

Dread Your Taxes- Tips to make life easier!

Written by Janine Purves

Taxtime. As a financial advisor, I deal with taxes. I refer to accountants, and guide people on appropriate tax strategies. However, true confessions; it is my most dreaded time of year. Maybe you have finished your taxes. Maybe, you are still scrambling to get them done. Either way, let's ensure life is easier next year! Here are a few ways to make things easier and ensure you take advantage of the most commonly missed deductions

- 1) **Stay Organized all year.** Have a Tax Receipt file available all year round! Most people plan this in January. However, in January, you may have forgotten many of the small things you did all year. Those items can add up. The \$20 receipt you got for donating to Joey's Hockey Club. The \$50 receipt for the cancer fund at work.
- 2) **Medical Expenses are one of the most overlooked tax credits.** Have a medical file to ensure you review all medical expenses paid in the calendar year. While you may be lucky enough to have a healthcare plan, often there are some items that are not covered or you must pay the deductible. As soon as you have more than 3% of your income in expenses, you can qualify for a tax credit. Note, this is all the medical expenses in the family. If you have somebody that went for therapy sessions totalling \$1500 and your plan only covered the first \$500; that \$1,000 now qualifies towards the tax credit. Keep this in mind when you have multiple family members or dependents.
- 3) **Business Expenses.** There are a number of items that qualify for deduction even for employees. Professional fees, union dues, and any amounts paid for an exam or update that's required for your profession. You can also deduct a home office or other expenses incurred to complete your job. If you are an employee, then a signed T2200 is required to allow the home office deductions.

- 4) **Charitable Deductions:** As I mentioned above, most of us do small amounts to many charities each year. They all add up. Once you have donated more than \$200, you can deduct them all together for both spouses, and get the maximum tax credit. That means over 46% no matter what your tax rate. This is also something that we can plan easily by throwing that receipt into the file. One person can claim for both spouses, and you can defer and claim them all in 1 year to maximize your tax deduction.

- 5) **Student loans interest.** Interest expense is deductible on these as long as you retain the classification of “student loan”.

- 6) **Have a non-registered investment account?** Request a summary of receipts from your Financial Advisor. By ensuring that you know what receipts you should have, you can verify that all is ready to file. ETF’s have exploded and most have until March 31st to issue their T-slips. Re-filing is expensive and a hassle. Verify all income and receipts before completing your taxes.

- 7) **Use an accountant.** For many it’s manageable to do themselves. However, if you procrastinate, stress over it, or just don’t understand, then hire an expert. I salute all the accountants today who are working ridiculous hours to help us all meet our CRA requirements!

Good luck. And here’s to a smooth tax season for 2018.

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