

From the Tax Corner...

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business; we'll look after
the books"*

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community for over 20
years!

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exceptional client service
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businesses.

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Check out our website
acsmith.ca

Happy 2016! As we prepare for the year ahead we are reminded that Income Tax filing season is just around the corner. A few things to consider as we start to prepare for the 2015 income tax filing season:

Rate Increase

Our Base Rate has increased to \$70. All HollisWealth Investment clients from the Niagara Street branch will receive a 10% discount.

Important Dates for the 2015 Income Tax Year

- 2016 is a leap year! You have until February 29, 2016 to make an RRSP contribution that may be deductible on your 2015 taxes.
- T4, T4A, T4E, T4A(P), T4A (OAS), T4RSP, T4RIF, T5, T5007, T5008 and RC62 slips to be mailed by February 29, 2016.
- T3 T5013 and T5013A slips to be mailed by March 30, 2016.
- **Your 2015 Income Tax return is due to be filed by April 30, 2016.**

2015 Tax Tips

- For medical expenses, contact your pharmacist and/or dental office for a summary of your purchases for 2015 to ensure all eligible expenses are claimed. (Additional charges may apply if a summary is not included).
- Tuition and education receipts (Form T2202) (Form TL11A is required for foreign tuition fees). *Please make sure Form T2202 is signed if transferring credits to parent/grandparent*
- Obtain a Year-end Trading Summary. Your Adjusted Cost Base (ACB) is required in order to calculate the capital gain (or loss) for tax purposes when you sell a security. The ACB only matters for non-registered investments; for registered accounts it's irrelevant because there are no capital gains taxes. Please check to see that your ACB is recorded on your summary.

Did you know?

- All Trust Returns are now subject to a December 31st year end. The filing deadline is 90 days after. This year's deadline is March 30, 2016 due to it being a leap year.
- The Government of Canada is switching to direct deposit for all payments that it issues. If you need to set-up direct deposit, please provide us with your banking information when you drop off your return and we can do it for you.
- Tax Free Savings Account (TFSA) annual contribution limits were reduced for 2016, back to \$5,500 from the 2015 maximum room of \$10,000. However, there has been a reinstatement of indexation for 2016 and subsequent taxation years. There is no deadline for contributions to a TFSA, as the unused contribution room is carried forward into the next year. A withdrawal in any year increases the TFSA room in the following calendar year. If, at any time in a month, you have an excess TFSA amount, you are liable to a tax of 1% per month which will continue to apply for each month that the excess amount remains in the TFSA.
- Changes to the combined Federal and Ontario tax brackets and tax rates for all taxpayers – the middle income bracket is reduced from 31.15% to 29.65% while a new high-income rate will apply to those with taxable income over \$220,000 up to 53.53%.
- Universal Child Care Benefit (UCCB) payments have increased to:
 - \$160/month for each child under six years of age (\$1,920/year); and
 - \$60/month for each child aged six to 17 (\$720/year).

A retroactive lump sum payment for January to June 2015 was made in July 2015, and subsequent payments have been adjusted to reflect this change. **These benefits are taxable to Canadians.**

The Liberal platform proposed to replace the UCCB program with the Canada Child Benefit (CCB) program, which would be a tax free benefit paid to Canadians with children under 18. However, unlike the UCCB, the CCB will be income tested and, therefore, families with combined income over \$200,000 will not receive any benefits under this proposed plan.

- \$6,400 maximum per annum per child under the age of six; and
- \$5,400 maximum per annum per child aged six to 17.

The CCB would be increased for inflation each year and adjusted based on prior year income.

- Family Tax Cut (Family Income Splitting) not to be confused with Pension Splitting: The Liberal platform proposed to remove the Family Tax Cut, which allowed families who have spouses in different federal tax brackets, and at least one child under age of 18, to artificially split up to \$50,000 of income for a maximum tax savings of \$2,000.
- We've updated our website, check us out www.acsmith.ca