

Tax  
Talk

SCOTT TAYLOR



# Tax checkup: The more things change

**L**ast month, I wrote about the new requirement to report the sale of real estate on your personal income tax return.

In the past, you had to report real estate sales other than your principal residence. Starting with your 2016 filing you must report all sales, period. In my opinion that's the biggest change on personal income tax filings this year.

But there are actually many other changes to know about as you prepare your 2016 return:

**Children's fitness tax credit:** You can claim up to \$500 per child for eligible fees, down from \$1,000 last year. This credit has been eliminated for 2017, so this is your final chance to claim your kid's participation in such things as hockey, soccer, baseball, and swimming.

**Children's arts amount:** The maximum eligible fees per child under the age of 16 is \$250 for 2016.

This amount has also been reduced

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from last year and will also be eliminated for 2017. Organize your receipts for your kid's music lessons, art classes, and Girl Guides one last time.

**Family tax cut:** This is gone entirely now. It was a tax reduction or leveling of taxes if one spouse made \$50,000 more income than the other. If that's you, you've lost up to a \$2,000 tax reduction.

**Eligible educator school supply tax credit:** If you're a teacher at an elementary or secondary school, you can claim a 15% refundable tax credit on out-of-pocket expenses for up to \$1,000 of classroom supplies.

**Tradesperson's tools expense:** You can deduct the cost of eligible tools bought in 2016 to earn employment income as a tradesperson.

You have to spend more than \$1,161 to qualify, and then only \$500 is eligible.

So as a tradesperson, you have to spend almost \$1,700 to get a \$500 deduction, but a teacher can spend only \$1,000 and get to claim it all? Does anyone else see an inconsistency here?

**Home accessibility expenses:** If you renovate your home to make it safer and more accessible for someone with a disability or who is over 65 years of age, you may be able to claim up to \$10,000 of eligible expenses including building materials, permits, and labor.

**Public transit amount:** You can claim the cost of monthly public transit passes for yourself, your spouse, and your kids under 19 as long as the passes allow unlimited travel. Check with CRA

to make sure you have the right documentation to back up your claim.

**Medical premiums and other expenses:** I always remind people that if you or your spouse pay into a private healthcare plan, either through an employer or directly, the premiums are deductible medical expenses the same as a drug prescription or an eye exam.

CRA publishes quite the list of eligible medical expenses on its website ([www.cra-arc.gc.ca](http://www.cra-arc.gc.ca), search for Medical and Disability-Related Information).

The agency also lists expenses that are not allowable, like health club



memberships and over-the-counter meds.

Some things never change at CRA.

The vehicle capital cost limit for CCA expense for business or for employment expense remains at \$30,000. It's been that way since the year 2000.

Another thing that hasn't changed is there are CRA auditors who are out of touch with reality.

I had a rather loud conversation with a GST/HST auditor who disallowed approximately \$6,000 of HST on a client's trailer purchase because the financing was in his personal name and not the corporation's name like everything else.

We'll file a notice of objection and months from now the client will get his money.

Sometimes even a square peg doesn't fit into one of CRA's square holes.

So, talk to your accountant about how the new tax rules affect your personal life and your business. There's no better time to do it. ●

*Scott Taylor is vice-president of TFS Group, providing accounting, bookkeeping, tax return preparation, and other business services for owner-operators. Learn more at [www.tfsgroup.com](http://www.tfsgroup.com) or call 1-800-461-5970.*