

Top 10 Year-End Tax Planning Strategies for Taxpayers

As we approach the end of 2014, it is the time to review your tax-saving opportunities before December 31. The following information may assist you in the review process. Please consult a qualified tax advisor or contact me before you implement any tax planning strategies mentioned in this newsletter.

Marginal Tax Rates

The federal tax brackets for 2014 are (for ordinary income and interest):

Up to \$11,138	0%	\$87,908 to \$136,270	26%
\$10,527 to \$43,953	15%	\$136,271 or more	29%
\$43,954 to \$87,907	22%		

Child Fitness Tax Credit (CFTC)/ Child Arts Tax Credit (CATC)

There is a \$500 non-refundable credit for children under 16 at the beginning of the year (under 18 if the child is eligible for the disability amount) and enrolled in an eligible program of physical activity. You need a receipt dated in 2014 from the organization providing the program. The CFTC is similar to the CATC except it is for prescribed programs of artistic, cultural, recreational or developmental activity.

Charitable Donations

The amount of your donations in 2014 that is in excess of \$200 results in non-refundable credits calculated at the highest marginal rate.

Medical Expenses

Expenses in excess of the lesser of \$2,171 or 3% of your net income may be eligible for a non-refundable credit. The expenses must have been paid in any 12-month period ending in 2014. Procedures for purely cosmetic purposes are no longer eligible medical expenses.

Income Tax Installments

If you are required to make quarterly installment payments, your final remittance for the current year is due December 15, 2014. The government charges interest on late payments.

RESP Contributions

December 31, 2014 is the last day you can contribute to an RESP and receive a Canada Education Savings Grant (CESG) for 2014. CESG grants are calculated at 20% of your RESP contributions, subject to an annual limit of \$500 per child under the age of 18.

Registered Disability Savings Plan (RDSP)

You can set up a RDSP for a child if he or she qualifies for the disability tax credit. Maximum lifetime contributions of \$200,000 per child are not tax deductible to the contributor. Income earned inside the plan is exempt from tax and withdrawals are taxable to the beneficiary.

Defer a Bonus

If you are going to receive a bonus for 2014, you may want to talk to your employer about deferring the bonus until January of 2015. That way, you will defer paying income taxes on the bonus for a full year.

Moving Expenses

If you moved within Canada during the year, your moving expenses may be deductible. In order to qualify, you must start working or operating a business at a new location, and your new home must be at least 40 km closer to the new location than your old home.

Estate Planning

If you haven't updated your will and life insurance during the year, it is the time to review the taxes your estate will be burdened with upon your death.