

# The Tax Break

## 2013 FEDERAL BUDGET

Some of the provisions in the **2013 Federal Budget** include:

### FIRST-TIME DONOR'S SUPER CREDIT (FDSC)

Budget 2013 proposes a temporary FDSC providing an additional **25% tax credit** for a **first-time donor** on up to \$1,000 of donations.

A first-time donor will be entitled to a 40-per-cent federal credit for donations of \$200 or less, and a 54% federal credit for the remaining portion, not exceeding \$1,000.

An individual will be considered a first-time donor if neither the individual nor the individual's spouse or common-law partner has claimed a Charitable Donation Tax Credit in any taxation year after 2007.

The FDSC will be available in respect of donations of cash made on or after Budget Day (**March 21, 2013**) and may be claimed only once in the 2013 through 2017 tax years.

### THE CANADA JOB GRANT

Businesses with a plan to train Canadians for an existing job or a better job will be eligible to apply for a

Canada Job Grant. The Grant will provide access to a maximum \$5,000 federal contribution per person towards training at eligible training institutions.

As there are various bodies involved, **negotiations** must still take place to finalize the detailed design of the Grant.

### EXTENSION AND EXPANSION OF THE HIRING CREDIT FOR SMALL BUSINESS

Budget 2013 proposes to expand and extend for one year the temporary **Hiring Credit for Small Business**. This credit would offset up to \$1,000 of the increase in an employer's 2013 Employment Insurance (EI) premiums over those paid in 2012. Only employers with total EI premiums of \$15,000 or less in 2012 qualify.

### STOP INTERNATIONAL TAX EVASION PROGRAM

The CRA will **pay rewards** to individuals providing information on **major international tax non-compliance** to the CRA of up to 15 per cent of **federal tax** collected if

reassessments exceed \$100,000 in federal tax.



## PROPERTY INCOME

### SALE OF FAMILY HOMES

In a September 6, 2012 Tax Court of Canada case, the taxpayer was a police officer who had **three** unreported sales of **family homes** built in 2004, 2005 and 2007 in which **CRA assessed business income** of \$31,068, \$44,729 and \$29,872 and also assessed **gross negligence penalties**.

For the three properties, the ownership period between the date of purchase of the land and the date **listed for sale** varied between 67 and 110 days.

**Taxpayer loses** – The Court found that these homes were acquired and built with the **intention of selling** and were, therefore, **business income** and, that there was **gross negligence** in not reporting the income.

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## IT IS FINISHED!

Personal tax season is now over. Congratulations to **Frank B.**, who was this year's lucky winner of our **Early Bird Draw!** As Frank said, "*it pays to get in early!*"

We are also pleased to announce the completion of our website redesign! We invite you to check out our new site at <http://www.accountantsplus.ca>. And we solemnly promise to update the content more than once a decade.

*If you are receiving this newsletter by mail and would like to receive it by email instead (or vice versa), or if you no longer wish to receive our newsletter, please contact Julie at [julie@accountantsplus.ca](mailto:julie@accountantsplus.ca) or 604.299.9274.*

# EMPLOYMENT INCOME

## TAXABLE BENEFIT - EMPLOYER- PROVIDED MOTOR VEHICLES REQUIRED TO BE TAKEN HOME AT NIGHT

It was noted by the CRA in Income Tax Technical News No. 40 (June 11, 2009), that travel from **home to the office** for some **employer-provided motor vehicles** may still be considered **taxable benefits** even if the vehicles are **required to be taken home** and prohibited from any other personal use.

It should be noted that when calculating the benefit, the use of these vehicles is **not** considered **personal** if the employee proceeds **directly from home to a point of call** or returns home from that point of call.

## RENTAL OF TOOLS AND MOTOR VEHICLE

In a November 29, 2012 Technical Interpretation, CRA indicates that they may consider **rental payments** made to an **employee** for the use of his or her vehicle and tools to be income from **employment**, and not from property, on the basis that the payments are received by virtue of an **employer/employee relationship**.

## DOOR PRIZES

In a February 4, 2013 Technical Interpretation, CRA was asked about **door prizes** received by attendees at a company social event where every attendee received a door prize.

CRA indicated that their tax-free \$500 **gifts and awards policy** would apply to gifts received by the employee, the employee's spouse, and any other non-arm's length person.

The questioner suggested that **gift**

**cards** may be given. CRA noted these **near cash gifts** would **not** be included under their **gifts policy**. Therefore, the value would be **taxable** to the employees. CRA referred to the detailed discussion of their gifts and awards policy at [www.cra.gc.ca/gifts](http://www.cra.gc.ca/gifts).



# ESTATE PLANNING

## DEFERRING OLD AGE SECURITY (OAS)

A person **may defer** receiving the OAS pension by not applying for it at age 65. The pension amount will be increased by **0.6% per month** of deferral after your **65th birthday** or **July 1, 2013**, and stays in effect until your 70th birthday.

It also appears that a person that turns 65 before July 1, 2013 could consider delaying the receipt of OAS payments for up to five years beyond the 65th birthday. However, the OAS increase of 0.6% per month will not commence until July 1, 2013.



# PERSONAL TAX

## MEDICAL EXPENSES - TRAVEL

In a November 8, 2012 **Tax Court of Canada** case, CRA disallowed as a medical expense \$14,883 of **travel costs** related to 101 round trips that Mr. Jordan made from Weyburn to Regina to assist his wife in recovering from an aneurysm.

**Taxpayer wins** - The Court allowed the deductions on the basis that they

were incurred while his wife was receiving medical treatment and, therefore, should **not be restricted** to just the initial trip from Weyburn to Regina.

## DISABILITY TAX CREDIT

In a December 18, 2012 Tax Court of Canada case, the Court determined that the Appellant was **not** entitled to a **Disability Tax Credit** for the 2010 taxation year in respect of her diagnosis under **Attention Deficit-Hyperactive Disorder** and DSM-IV Learning Disability.

The Court noted that there is no doubt that the difficulties experienced by the Appellant are not insignificant, however, they are **not sufficiently serious** to meet the definition of **mental or physical impairment** required to claim the credit.



# WEB TIPS

## FINANCIAL CONSUMER AGENCY OF CANADA (FCAC)

The **FCAC** is an independent body working to empower Canadians to expand their **consumer education** in the **financial sector**.

FCAC operates a website, [www.fcac-acfc.gc.ca/eng/index-eng.asp](http://www.fcac-acfc.gc.ca/eng/index-eng.asp), with a host of information on various financial products and services available in Canada such as mortgages, credit cards, insurance products, and other banking services.

Consumer education on the site comes in the form of **toolkits and calculators, written commentary, pamphlets, and questions and answers**, all of which are fairly simple to use and understand.

*We recommend that you obtain professional advice before acting on information contained in this newsletter.*

**PagnaniniEdwardsLam**

CHARTERED ACCOUNTANTS

306 - 3701 Hastings Street • Burnaby, BC V5C 2H6 • t. 604.299.9274 • f. 604.299.9247 • info@accountantsplus.ca • www.accountantsplus.ca