

Year End Tax Tips

www.taxsupport.ca

- Tax savings can increase your income by 20%.
- Small business and Corporations can recover tax paid in past years to CRA.
- Being self employed full or part time has tax advantages.
- Employees can adjust their source withdrawal and increase take home pay.
- Canadians pay about 50% of their income in direct and indirect taxes.
- Highest Federal Tax rate on individual income is 29%.
- Highest Federal Tax rate on Corporation income is 29%.

Happy Holidays and Seasons Greetings from us at Five Star Tax Services

Five Star Financials – Trusted Income Tax Advisors since 2003. 604-764-7864
www.taxsupport.ca, info@taxsupport.ca

Canada Income Tax Revenue to be Down

With the high rate of unemployment, Federal government revenue from Income Tax return for 2009 will be significantly down from previous years. According to StatCan sources 70% of federal revenue is collected in one form or another from consumers. And 65% of the federal revenue is directly collected from personal income taxes. Corporations and business contribution to federal revenue is less than 20%. If the Federal government cannot significantly increase income from other sources, the current deficit is expected to go up to \$100 billion in few months. The only way to bring down deficit is to impose more taxes on personal income. Imposing increased tax on corporations does not generate the desired revenue, because corporations have expertise to reduce their income tax liability by engaging professionals. Also government provides incentives to corporations to carry on business, because of their impact on keeping the economy running. In the end it will be the individual tax payer who will be paying for deficits. But by taking pro active action and tax planning, individuals can reduce their tax burden

HRTC will be hard to get

Many home owners are investing money in renovation hoping to take advantage of HRTC, disregarding the fact there are strict guidelines for this tax credit. Eligible home renovation expenditures must take place by February 1, 2010. A 15% tax credit to a maximum of \$1,350 per family is available for eligible expenses. HRTC will not create a tax refund; it will only offset your tax liability. CRA is taking this matter very seriously and gearing up for 100% audit of HRTC claim. To prove your eligibility for the HRTC you will have to provide 100% of the expense documents (receipts, invoices, contract etc.) to CRA at a later date. Once CRA is satisfied with your supporting documents, they will approve the credit, otherwise it will be denied. With the expected low CRA revenue it the CRA officers will be under pressure to disallow as many HRTC claim as possible. Every claim they disallow will mean up to \$1,350 revenue for the federal government.

Buy a New Computer

There is another new tax incentive for self employed and business owners for tax year 2009. If you buy new computer equipment for your business by February 1, 2010, you do not need to capitalize the expense. You can write off 100% of the cost of new computer and peripheral equipment in your 2009 income tax return.

I love Tax Refund! Time to go Shopping
<http://www.taxsupport.ca>



“Today, it takes more brains and effort to make out the income-tax form than it does to make the income..”



We can prepare income tax return for all Canadian Provinces, including Quebec from 1998 to 2009.

We are IRS authorized Income Tax Preparer for USA.

Consumer Warning

Your income tax contains all the personal and financial confidential information about you and your family. It is very important to get your income tax done only by professional tax preparation services. Identity theft is a common problem during tax time.

WE PROTECT YOUR INFORMATION WITH HIGHEST CONFIDENTIALITY.

Often Forgotten Tax Deductions

Here is a list of expenses that are tax deductible but often we forget to take advantage of these or do not keep proper records. Including these expenses in your income tax may reduce your marginal income tax rate and lower your tax liability.

1. Interest expense to earn an income.
2. Child care expenses.
3. Dependent care expenses.
4. Moving expenses.
5. New Job Search expenses.
6. Professional training and certifications for present job.
7. Union/Professional dues.
8. Public transit passes.
9. Charitable donations.
10. Political contributions.
11. Interest on student loan.
12. Unused tuition carried forward from previous

- years.
13. Paid income to foreign country.
14. Child Support.
15. Medical expenses.
16. All job related expenses
17. Investment loss
18. Travel expenses related to job, not reimbursed by the employer.
19. Tax consulting fees.

CRA Tax Audit

Income tax is the revenue source of federal government and CRA is the unit that manages this revenue flow. With its 50,000 plus permanent and seasonal employees, CRA make sure that they can collect the maximum amount of taxes from us. Since taxes in Canada are self assessed, CRA goes through Pre-assessment Review, Processing Review and Matching steps. During the

matching steps, CRA starts the audit process of your income tax return. Sometime they just request for additional documents to support your claim. In cases, CRA will come to your premises, go through your physical records, bank statements and will request information from third party sources. So, to begin with it is very important to keep all records of your income

and deductions claim. Do not panic if you are requested to submit supporting documents. If documents are missing, acknowledge the fact and request CRA to make necessary adjustments. While representing our clients to CRA, we have found them to be cooperative and courteous. We can represent you to CRA and prepare an audit reply for you.

What you said about our service

“I did not know that your consultation is such a bargain”

“I wasted my money on buying tax software. You not only saved me from paying more tax, but your tips will be very helpful next year.”

“ I did not know that was a tax deductible expense. I did not take advantage of that all this time.”

“ Thank you for being available on my convenient time”

“ Your expertise sure

helped me get more refund this year. See you next March.”