

2008 YEAR-END TAX PLANNING CHECKLIST

EMPLOYEES

The following checklist provides tactics you should consider as part of your year-end tax planning. If you need further explanation, please contact Chaplin & Co., Chartered Accountants at 416 667 7060.

- Income deferral** - Defer the receipt of certain employment income if your personal tax rate will be lower in 2009 than in 2008.
 - Job-related courses** - Ask your employer to pay for job-related courses directly rather than paying you additional remuneration. If you pay for post-secondary courses related to your current employment, you can claim the **Education Tax Credit**.
 - Canada Employment Credit** - there will be a non-refundable credit to a maximum of \$1,019 to help alleviate the cost of certain employment related expenses
 - Employee loans** - Ensure that any interest you intend to pay relating to employee loans for 2008 is paid on or before January 30, 2009. This will reduce any taxable interest benefit you may face in 2008.
 - Home office** - If you work out of your home try to arrange your employment terms so that you can deduct expenses related to your home office. Your employer must sign form T2200 as evidence of this requirement.
 - GST rebate** - Claim a GST rebate to recover GST included in employment expenses you have deducted (e.g. home office expenses, supplies and automobile expenses).
 - Employee home purchase loans** - Consider taking out or negotiating an employee home purchase loan to take advantage of the low prescribed rate.
 - Deductible expenses** - If you are remunerated at least in part by commission, consider leasing rather than purchasing your cellular phone, computer or fax machine. You are not entitled to claim capital cost allowances on these items.
 - Reduce withholding** - Consider applying to CRA early in year for a waiver from tax withholdings at source if you expect to have substantial tax deductions.
 - Company car** - If you have a company car, you may be able to reduce your operating cost benefit and/or your standby charge benefit. To reduce your operating cost benefit on a company car:
 - Reimburse your employer for some or all of the operating costs.
 - Reimburse your employer for 100% of the personal use portion of the actual operating costs.
 - Minimize your personal driving.
- To reduce your standby charge benefit:
- Reduce the number of days the car is available to you.
 - Have your employer sell the automobile and repurchase it or lease it back.
 - You should keep automobile records to identify personal and business kilometers.
- Defer tax on stock options** - Consider deferring the tax on up to \$100,000 of stock options you exercised this year. You will have to notify of your intentions by January 16, 2009 so that the deferral can be properly reported on your T-4.
- Compensation packages** - When negotiating an employee compensation package, consider employee benefits which are not subject to tax.
- Retirement allowance** - Consider making direct transfers of retiring allowances to an RRSP (up to the deductible amount) to avoid withholding tax.
- Public transit passes** - Retain your transit passes to be eligible for the Public Transit Tax Credit. You can claim for passes for yourself, spouse and children who are under 19 at the end of the year.
- Tradespeople's tools** - Deduct up to \$500 of tools [Cell phones and computers will not qualify for this deduction]