

2008 YEAR-END TAX PLANNING CHECKLIST

PARENTS AND SPOUSES

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 splitting** -
 - If you have excess cash to invest and a lower-tax bracket spouse or children, consider an income-splitting plan.
 - Deposit child tax benefits payments into a bank account in the name of your child so that income earned thereon is taxed in the child's hands.
- Registered Education Savings Plan (RESP)** - Contribute to an RESP for your child. You are allowed to contribute up to \$4,000 each year for each college or university student. You are not able to carry-forward unused contributions.
- Consider giving investments to a child** - Consider transferring investments to a child where that investment has dropped in value. This will trigger a capital loss that parent can use and any future growth will be taxed in the child's name. Capital gains are not attributed to the parent.
- Personal residence** - For each personal residence owned by our family that was acquired before 1982, consider
 - the need to establish the value of the residence at December 31, 1981; and
 - the need for separate rather than joint ownership.
 - Where more than one residence is owned by a family, the personal residence designation should generally be used for the property with the largest gain per year. However, the timing of the tax liability must also be considered.
- Childcare expenses** -
 - Pay childcare expenses for 2008 before December 31, 2008 and get a receipt.
 - Boarding school and camp fees qualify for the child care deduction (subject to certain limits) as does the cost to advertise or use a placement agency to find a child care provider.
- Employment leave by spouse** - If your spouse is leaving the workforce, time contributions and withdrawals from a spousal RRSP to provide your family with extra disposable income.
- Contribute to a spousal RRSP** - Review each spouse's RRSP and make RRSP contributions designed to equalize RRSPs so that each spouse will have the same retirement income
- Separation agreements** -
 - Review terms to ensure that you will be entitled to the maximum deduction or the minimum income inclusion.
 - Segregate child support component from alimony. Otherwise, the entire amount will be considered child support and will not be deductible.
- Alimony payments** - Ensure that all alimony or maintenance payments for the year are made by December 31.
- RRSPs** -
 - Contribute by deadline of first 60 days of year to be able to claim deduction in previous tax year.
 - To maximize your 2009 RRSP contribution of \$21,000, your earned income must be at least \$116,667 in 2009. [2008 - RRSP limit is \$20,000 and earned income should be \$111,111]
- Children abroad** - Consider whether your will and estate plan need to be updated for children who no longer reside in Canada.
- Children under 6** - Ensure that you made the claim for the Universal Child Care Benefit of \$100 per month.
- Children's Fitness Tax Credit** - A non-refundable credit based on up to \$500 of eligible fees for physical-activity-programmes.
- Child Tax Benefit** - Ensure claims are made for the child disability benefit if eligible; the benefit is \$2,395 per year.