



Contents

Personal Income Tax Changes
Page 1

Educational Outreach
What's New at
McIntyre & Associates
CRA's Prescribed Interest Rates
Page 2

To learn more about
McIntyre & Associates, visit us
online at: www.mcintyreca.com

Questions? Call (613) 726-7788
and we will be happy to
address any of your questions.

Personal Income Tax Changes

With tax season now behind us, it is a good time to look back and reflect on some possible oversights in 2012. It is also a good time to point out changes coming up in 2013.

Healthy Homes Renovation Credit

The Healthy Homes Renovation credit is still relatively new – it passed into law late in 2012. Very few people have taken advantage of it so far, but if your renovations improved safety and accessibility in your home, you may be eligible for this credit.

In addition to specific renovations, you must either be 65 years of age or older, or living with a family member who is 65 or older. The maximum claim for expenses is \$10,000. The maximum refundable credit is \$1,500 per year.

If your renovations are going to cost more than the maximum claim amount, consider planning it so that the project falls over two years.

The Trillium Benefit

There's incentive to file your returns on time if you are eligible for the Trillium Benefit. This benefit is a total of the Ontario Sales Tax Credit, Ontario Energy and Property Tax Credit and the Northern Ontario Energy Credit.

The Trillium Benefit is paid out in monthly installments, starting in July. This means that your tax return has to be filed and assessed on time to ensure that you receive the payment. If you file the return after July, you may miss several months' worth of payments, which could be hundreds of dollars.

Starting in 2013, you have the option to receive the Trillium Benefit as a lump sum. If you file late in 2013, it is a good idea to opt for the lump sum to ensure you receive the full amount. The catch is that the lump sum for 2013 is not paid out until June 2014.

Dividend Tax Rates and Gross Up Rates

The 2013 Federal Budget adjusted the dividend tax rates and gross up rates to effectively increase the tax on ineligible dividends (the type of dividends typically paid out by small business corporations) starting January 2014. If you receive dividends from your corporation, consider paying more dividends in 2013 to take advantage of the favourable tax rates.

Other Changes

The 2013 Federal Budget made several other changes, including eliminating the safety deposit box deduction, and increasing the lifetime capital gains exemption limit from \$750,000 to \$800,000.

Quebec has introduced a new top tax bracket at 25.75% for income above \$100,000. The province has also increased the health tax premium for people with incomes between \$130,000 and \$150,000.

If you wish to discuss these, or any other changes, please [contact us](#). ■

Educational Outreach

CRA to send education and intent-to-audit letters to selected taxpayers

The CRA has announced that it will continue to send education and intent-to-audit letters to selected taxpayers as part of its “educational outreach” campaign.

During the CICA National Conference on Income Taxes held in September 2012, the CRA noted that it was planning to send out a total of 33,000 letters on the following topics:

- Losses in the first year of rental operations
- Repair and maintenance expenses over \$5,000 (current versus capital)
- Losses in the first year of business operations; and
- High motor vehicle expenses claimed by businesses.

Intent-to-audit letters:

- Commissioned employees who claim high employment expenses;
- Rental losses claimed to reduce salary, business and professional income; and
- Businesses that claim losses in five consecutive years.

What's New at McIntyre & Associates

Our CA student, Travis Scott, is progressing through the CA study program. He is attending the School of Accountancy, in Toronto. Upon successful completion, Travis will be eligible to write the Uniform Final Exam in September.



Happy Retirement, Liz!

Elizabeth Evans is retiring in June. Liz will be returning to England to spend time with her family and friends. Elizabeth joined McIntyre & Associates in February 1999. We wish Liz all the best for a long and happy retirement!

CRA's Prescribed Interest Rates

The prescribed interest rates for the second quarter of 2013 are as follows:

- 1% to calculate a deemed interest benefit on subsidized employee and shareholder loans;
- 3% on refunds of income tax overpayments; and
- 5% on payments of overdue income taxes, insufficient income tax instalments, unremitted employee source deductions, CPP contributions or EI premiums, and unpaid penalties.

These rates are in effect from April 1, 2013 to June 30, 2013.

Reminder

Please note that our Office and Drop Box are closed on Fridays during July and August.

McIntyre & Associates Professional Corporation

The opinions and advice in this newsletter are provided for the general guidance and benefit of McIntyre & Associates clients, based on information that we believe to be accurate. We cannot guarantee its accuracy or completeness for individual circumstances. While we strive to provide reliable, information material herein, we cannot account for all industry conditions and legislative changes that occur.

Copyright ©2013 McIntyre & Associates. All rights reserved.

McIntyre & Associates
Professional Corporation

- 200 – 900 Morrison Drive
Ottawa, ON
K2H 8K7
- (613) 726-7788
- general@mcintyreca.com
- www.mcintyreca.com