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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.

It Pays to File

There are a number of tax credits for young people that are forgone when a personal income tax return is not filed. The credits with the most short term impact are the Goods and Services/Harmonized Sales Tax credit and the Ontario Sales Tax credit.

The basic credit for 2010 was \$618 – \$253 for GST/HST, \$265 for Ontario Sales Tax and an additional \$100 for the Ontario transition tax benefit. These credits are paid out to all individuals who filed a tax return, as long as they are aged 19 or older at the end of the year. These credits start to decrease in value at \$20,360 of income for the Ontario sales tax credit and \$32,961 of income for the GST/HST credit.

"There are both short and long term advantages to filing an annual tax return from a young age."

At lower levels of income, employers quite often withhold too much income tax, EI and CPP. These amounts will not be refunded unless a tax return is filed.

If an individual rents, pays property tax or lives in a student residence, those amounts can also be used to generate an Ontario refundable tax credit. For example, an individual living in a student residence is eligible for a flat \$25 credit regardless of the actual amount paid for residence.

It is particularly important for young adults pursuing education to file tax returns in order to accumulate and track all of the eligible tuition fees. While most students transfer the maximum allowable portion to their parents and grandparents, the rising tuition costs ensure that there's a significant amount left for the student to carry forward.

Continued on page 2



We've revamped our website!

Visit our new website to learn more about the McIntyre & Associates team, our expertise and the range of services that we offer.

We believe that our site should be constantly evolving and we welcome your feedback and ideas.

It Pays to File (continued from page 1)

Without filing the tax return, the student may not keep track of all of the fees and may miss out on potentially significant tax savings in the future.

It is important to note that the Tax Free Savings Account contribution room continues to accumulate whether or not a tax return has been filed, however this is not the case with RRSP room. RRSP room is based on earned income and therefore depends on the filing of the individual's tax return. While this may not result in any short term benefits, it

will allow the individual to carry the additional room to later years when this room is at a premium.

As an example, an individual earning \$10,000 will not pay any income tax. Any income tax withheld will be refunded, in addition to the \$618 of sales tax credits. The RRSP room will increase by \$1,800 (18% of earned income). The resulting future RRSP deduction can decrease future income tax payable in the range of \$360 to \$828. The total benefit is therefore between \$978 and \$1,446 – a benefit that might not be received without filing a tax return.

There are both short and long term advantages to filing an annual tax return from a young age. It may also be a good way for a young person to learn about and understand their tax responsibilities and options before they begin working full time.

If you have any questions, please [contact us](#). ■

Ride the Rideau is Fast Approaching

Join the McIntyre & Associates Team for Ride the Rideau on Saturday, September 10, 2011.

This year Jim and Judy McIntyre are leading McIntyre & Associates' Team Velo-city in Ride the Rideau. We are looking for riders and volunteers to join the team and be part of a great day on the road!

Our goal is to raise \$20,000 to support cutting-edge research at the Ottawa Hospital Research Institute. Any contribution towards our goal is greatly appreciated!

To volunteer, email Judy: judymcintyre@mcintyreca.com

To join the team, go directly to the [online team registration](#) or send an email to judymcintyre@mcintyreca.com

To sponsor the team, visit the [online donation page](#)

McIntyre & Associates
RIDES THE RIDEAU!

Join the McIntyre & Associates Team for **RIDE THE RIDEAU**, on Saturday, September 10th, 2011.

We're out to raise some **SERIOUS FUNDS** FOR CUTTING-EDGE CANCER RESEARCH right here in Ottawa, at the *Ottawa Hospital Research Institute*.

Last year's event raised over \$940,000 with 315 riders.

THIS YEAR'S GOAL is \$1.8 million and double the riders.

McIntyre & Associates
PROFESSIONAL CORPORATION

The Ottawa Hospital Foundation / Le Fonds de la recherche en oncologie de l'Hôtel-Dieu

What's New at McIntyre & Associates

We are happy to announce that Amy Deluco had a healthy baby boy. We wish Amy and her family all the best.

We are pleased to welcome Mike Nazarov and Kayla Muise to the McIntyre & Associates team.

Mike joined our team in March 2011 and helped us through our busy season preparing tax returns. Mike is now working in our assurance group performing audits and reviews.

Having passed the Chartered Accountant Uniform Final Exam in September 2010, he is working towards completing the work experience hours required for the Chartered Accountant designation.

Many of you will have noticed a new face in our administration group. Kayla Muise has assumed Amy Deluco's responsibilities while Amy is away on maternity leave. ■

Summer Has Arrived!

Please note our office hours for July and August

Monday to Thursday - 8:30 am to 4:30 pm
Friday - Closed

During summer office hours, our client drop box is open
Monday to Thursday - 7:00 am to 6:00 pm
Friday - Closed

CRA's Prescribed Interest Rates

The prescribed interest rates for the third quarter of 2011 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 July 1, 2011 to September 30, 2011.

Has your contact information changed?

If your contact information has changed recently, please let us know.

contactupdate@mcintyreca.com

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 material herein, we cannot account for all industry conditions and legislative changes that occur. Should you have any questions or concerns regarding the contents of this newsletter, please contact us.

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