BMO Nesbitt Burns

NEWS
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BMO Nesbitt Burns: Plan Ahead and Save on Taxes This Year

- *Understanding lesser known tax credits and deductions can leave more in your wallet and less on your 2012 tax bill*
- *Credits and deductions to explore include charitable donations, equivalent-to-spouse credit and moving expenses*

TORONTO, August 23, 2012 - As summer draws to an end and the 2012 tax season enters its final months, BMO Nesbitt Burns reminds Canadians to consider their taxes year-round and take advantage of all eligible tax credits and deductions before it's too late.

"Tax planning should be a year-round activity, not a last-minute afterthought," said John Waters, Vice President, Head of Tax & Estate Planning, BMO Nesbitt Burns. "There are many ways Canadians can reduce their 2012 tax bills, particularly if they act before the end of the calendar year. By being forward-thinking, doing some research, and identifying the credits and deductions that apply to you, you can keep more money in your pocket."

BMO Nesbitt Burns identifies some tax credits and deductions that are often overlooked:

Charitable Donations: If you make a donation to a registered charity, the federal and provincial governments will give you portion of it back in return. For a bigger tax break, spouses can pool their contributions, and donations can be claimed in the tax year they were made or carried forward for up to five years.

Childcare Expenses: Fees for daycare, summer camp or boarding school for children under 16 can be deducted if parents are either working or attending school full time. Generally the parent with the lower income should claim the deductions.

Medical Expenses: You can reduce your tax by claiming either all or part of an expense related to a medical impediment. Among the lesser-known medical expenses are hearing aids, guide dogs for the blind, bathroom aids, attendant care for people with a disability, an air conditioner to ease a severe respiratory ailment, incremental expenses to provide accessible housing (such as home renovations to ease mobility), incremental costs of acquiring gluten-free food products for those with celiac disease and tutoring services for those with a certified learning disability. Spouses who share the costs can pool their claims for greater savings.

Equivalent-to-Spouse Credit: If you are single, divorced or separated, you may be able to claim your child under 18, or another family member who lives with you and is a dependant, as an "equivalent-to-spouse" for tax purposes.

Disability Credit: Those with a severe or prolonged mental or physical disability can apply for this credit if it significantly impedes their ability to perform routine tasks of daily life. The disability must be certified by a medical doctor or related health professional such as an optometrist, occupational therapist or psychologist. If you were eligible in the past but did not apply for the credit during that tax year, it may be possible to retroactively apply as long as a health professional can certify the date of the onset of the disability.

Moving Expenses: If your move brings you a minimum of 40 km closer to your new job, expenses such as movers, renting a truck, cost of breaking a lease, storing furniture, legal fees, real estate commissions and the cost of food and hotels while moving can be claimed as deductable expenses.

Caregiver Tax Credit: Canadian families providing in-home care for a dependant adult relative, including an aging parent, or other relative with a physical or mental impairment, may be eligible for a caregiver tax credit, provided the dependant's net income is below certain threshold amounts.

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