

Simeen Gaidhar-Bhanji, Financial Expert Columnist



Simeen Gaidhar-Bhanji, CA is a Partner of Simeen Bhanji Chartered Accountant that offer a variety of services to corporations and individuals ranging from tax planning and consulting, compilation, reviews and audits of financial statements, corporate and personal tax returns, GST/PST services, and consulting for internal control, financing and tax.

Great tips for saving cash on personal taxes

It's that time of year again where your personal taxes are due. Many of you are scrambling to find ways to reduce that balance owing to Revenue Canada so that perhaps you can purchase a big-screen TV or take that long-awaited vacation.

Along with the regular yearly paperwork you give your accountant, here are some new ways to save on your tax bill for the 2009 year.

Home Renovation Tax Credit

Fixing up your house can give it a boost and leave a little money in your pocket. A claim can be made for renovations on a home that you own, provided they happened between January 27, 2009 to February 1, 2010. The minimum claim is \$1,000 and the maximum claim is \$10,000. This will result in a maximum non-refundable tax credit of \$1,350 (hmmm, a nice TV or tickets for two somewhere warm...).

The amount can be shared between taxpayers in the house but the combined amount cannot exceed the maximum. To get further information on the type of expenses that you can claim, the Canada Revenue Agency website is a great source.

First Time Home Buyers' Tax Credit

Were you brave enough to buy a home in 2009, and do you want some of that money back in your wallet? If so, and you have not owned a home for at least four years prior, you can claim up to \$5,000 as first-time home buyer. This amount can be claimed between you and your spouse as long as the combined amount does not exceed the maximum.

The closing of the purchase had to have taken place January 27, 2009 or later to be eligible.

Children's Fitness Tax Credit

For each child, you can claim up to \$500 in costs for a program that ensures physical activity. Please keep these receipts and submit them to your Accountant.

Public Transit Tax Credit

It is great to see that our tax system supports going green. For those of you who use public transportation, dig up all of those monthly passes as these can be claimed on your 2009 return for the full amount that

you paid. Remember to give the original passes to your Accountant.

Tradesperson's Tools Expense

Calling all tradespeople. For those of you who have invested into your tools and trade, you can claim up to \$500 for 2009. Submit your actual receipts and your earnings to your accountant so they can calculate the maximum claim.

Pension Income Splitting

Are you retired? Spending your days perhaps golfing or preparing a bucket list of all the things you have always wanted to do?

To add more money into your bank account so that you can accomplish what you want to do in your retirement, you can split your pension income with your spouse who is at a lower tax bracket. This is quite simple and effective at saving money. Just let your accountant know that you want to split your income, sign on the dotted line and enjoy your extra cash.

What to do with all that moolah?

Now that I have told you how to get more money back on your tax returns, the bigger question is, what to do with your tax refunds?

While many of you will spend your money on a big screen TV, vacationing or knocking items off that bucket list, there are other options.

Consider using the refund to invest in a Tax-Free Savings Account. You can contribute up to \$5,000 in a tax-free savings account. The money earned in this account is not taxable as long as your investments qualify. If your income in this account is substantial, it is tax-free money that you can withdraw and spend in future years.

Your accountant and broker can assist you in setting up this account and planning for your future.

The above is for information purposes only, and therefore prior to making any decisions, please contact your accountant for advice.

Simeen Gaidhar-Bhanji, CA, owns Simeen Bhanji Chartered Accountants, which offers a variety of services to corporations and individuals ranging from tax planning and consulting, compilation, reviews and audits of financial statements, corporate and personal tax returns, GST/PST services, and consulting for internal control, financing and tax.