Taxes & Keeping your Cash

Simon Fraser University
Faculty of Graduate and Postdoctoral Studies

Your Presenters:
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March 4, 2015
Agenda

1. Residency
   1.1 Resident or Non Resident?
   1.2 Residential Ties

2. Canadian Income Tax Return
   2.1 Scholarships
   2.2 Research Grants
   2.3 Deductions & Credits

3. Tax Treaties and Specific Questions
1. Residency
Are you a Canadian Resident?

Canadian tax system is based on **Residency**.
- Canadian residents are taxed on their world wide income.
- Non residents are taxed on their Canadian source income only.

**Residential Ties**
- **Primary Residential Ties:**
  - A home in Canada
  - A spouse in Canada
  - Dependents in Canada
- **Other indicators of residency:**
  - Social ties
  - Economic ties
  - Personal properties
  - Residential ties that you maintain or establish in another country

**Example of Secondary Indicators:**
- A Canadian driver’s licence
- Provincial health insurance
- Canadian bank accounts or credit cards
- Membership to a professional association
- Employment arrangements
Resident or Non Resident?

Do you have Residential ties to Canada?

Yes
- Resident
  - Taxed on World Wide Income

No
- Have you stayed in Canada for more than 183 days?
  - Yes
    - Deemed Resident
      - Taxed on World Wide Income
  - No
    - Non Resident
      - Taxed on Canadian Source Income
1. Article IV- Tie Breaker Rules

1. Location of home
2. Centre of vital interest
3. Country of Citizenship
4. Competent Authority
2. Canadian Income Tax Return
Canadian Tax Return – General Information

Forms:

Forms are available on the Canada Revenue Agency Website. [www.cra.gc.ca/forms]

Efile Information

Obtaining a Social Insurance Number (SIN):

Contact Service Canada for a SIN number to file your return. [www.servicescanada.gc.ca]

Due date:

April 30 of the following year.

What to include in your return:

- Information Slips (T4, T4A, RRSP contribution slips)
- Medical Expenses
- Donation slips
- Must retain records for 6 years
## 2014 Income Tax Rates

<table>
<thead>
<tr>
<th>Federal Tax Rate</th>
<th>Tax Bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>Up to $43,953</td>
</tr>
<tr>
<td>22%</td>
<td>$43,953 - $87,907</td>
</tr>
<tr>
<td>26%</td>
<td>$87,907 - $136,270</td>
</tr>
<tr>
<td>29%</td>
<td>$136,271 and over</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>British Columbia Tax Rate</th>
<th>Tax Bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.06%</td>
<td>Up to $37,606</td>
</tr>
<tr>
<td>7.70%</td>
<td>$37,606 - $75,213</td>
</tr>
<tr>
<td>10.50%</td>
<td>$75,213 - $86,354</td>
</tr>
<tr>
<td>12.29%</td>
<td>$86,354 - $104,858</td>
</tr>
<tr>
<td>14.70%</td>
<td>$104,858 - $150,000</td>
</tr>
<tr>
<td>16.80%</td>
<td>$150,001 and over</td>
</tr>
</tbody>
</table>
Scholarships (including bursaries and artist’s project grants)

Full Exemption Available only if:

- Scholarship was received in connection with the enrolment and duration of the period of study related to the scholarship
- Must be enrolled in a qualifying educational program and eligible for the education amount on Line 323
- Must still be reported in Box 105 of the T4A Slip

$500 Exemption if:

- First $500 exempt if you are not eligible for the education amount on Line 323

Part-time Programs:

- Scholarship exemption amount is equal to the amount of tuition paid for the program plus program related materials
- Must be eligible for part-time education amount
Research Grants

No Exemptions

• Report Research Grants on line 104 of your return

• May claim eligible expenses such as

  - Travelling expenses
  - Meals & Lodging while away from home in the course of research work
  - Fees paid to assistants
  - Equipment, laboratory fees and charges

• May not claim expenses such as:

  - Personal and living expenses (other than travelling expenses mentioned above)
  - Expenses that have been reimbursed or paid on your behalf
  - Expenses that are otherwise deductible when calculating your income for the year
Employment Expenses

Report on Form T777

• Common expenses include:
  
  - Accounting & legal fees to collect salary/wages
  
  - Motor vehicle expenses
  
  - Travelling expenses
  
  - Supplies
  
  - Work-in-home
T-2125 Statement of Business or Professional income

Are you Self-Employed?

Self Employment Test

1. Ultimate Authority
   • Determination of work, hours, vacation and schedule

2. Economic Reality
   • Who bears the risk of loss/benefit?

3. Ownership of Tools & Equipment

4. Integration
   • Role in the organization.
   • Other employments

Due Dates:

Payment due date: April 30
Filing due date: June 15

Refer to CRA Guide T4002 for more information
Deductible Expenses

“incurred for the purpose of earning income from business”

• Expenses must be reasonable!

Home Office Expenses

• Principal place of business; or

• Space used only to earn business income, and used on a regular and ongoing basis to meet clients, customers, or patients

• Prorate by sq. ft. and / or hours of use

• Do not create or increase a loss
## Deductibility of Expenses

<table>
<thead>
<tr>
<th>Deductible Expenses</th>
<th>Employee</th>
<th>Self-Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Travel</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Car expenses (including CCA)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>- Meals</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Consumable Supplies</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Professional/Union dues</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Assistant</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(must be required by employment contract)</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Current Expenses to Earn Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Meals &amp; Entertainment</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>- Leases of Equipment</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>- Advertising</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>Office in Home expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(cannot be used to create a loss)</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>CCA (not including CCA on vehicles)</strong></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
Federal Credits & Deductions

- Registered retirement savings plan (RRSP)
- Tax Free Savings Account (TFSA)
- Tuition, Education and textbook amounts
- Interest paid on student loans
- Public Transit Amounts
- Moving Expenses
- Children's Fitness / Arts Credit
- Child Care Expenses
- Donations
- Canada Child Tax Benefit (CCTB)
- Universal Child Care Benefit (UCCB)
- Family Tax Cut
Provincial Credits & Deductions

- BC Family Bonus (BCFB)

- BC Early Childhood Tax Benefit (BCECTB)

- BC Low Income Climate Action Tax Credit (BCLICATC)

- Medical Expenses
  - Medical Insurance Premiums & Pharmacare
  - Payments must be to a Qualifying Medical Practitioner including:
    - Massage Therapist
    - Traditional Chinese Medicine Practitioner
    - Acupuncturist
  - NOT considered as payment to Medical Practitioner:
    - Registered Nutritionist
    - Respiratory Therapist
    - Medical Lab and X-Ray Technologists
1. **Available for lower income individuals and families**

   - Federal and Provincial

   - British Columbia Residents- Receive up to $268 for each family member

   - No longer have to apply on tax return. When a 2014 return is filed, CRA will automatically determine eligibility.
3. Tax Treaties & Specific Questions
Thank You

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