

Maximizing Your Personal Tax Credits

Accounting & Assurance

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You can claim your medical expenses and charitable donation as a tax credit on your personal income tax return. In this article we discuss some of the unique features of these tax credits that are not as commonly known.

MEDICAL EXPENSES

Most people are aware that you can claim your eligible medical expenses on your personal tax return. If you are required to travel more than 40 KM (one way) for medical services that are not available locally, you may be eligible to claim your travel expenses related to your medical trip. If you are travelling greater than 80 KM (one way) you are also able to claim meals, lodging, and parking fees related to the medical trip. If you have not kept specific receipts related to your travels, no worries. As long as you can substantiate the travel, the Canada Revenue Agency offers a simplified method for calculating vehicle usage and meals based on the kilometers travelled and days away.

You can also claim medical expenses for any 12 month period ending in the current tax year. Did you have some minor medical expenses near the end of 2016? You may be able to combine these expenses with your 2017 medical expenses to increase your overall claim.

Did you know that you can get a summary of your prescription purchases from your local pharmacy? Getting this summary makes it much easier to keep track of all of your prescriptions and make sure you don't miss any receipts.

DONATIONS

You may want to donate to a local charity this year. Common sense says you just donate cash and receive your donation receipt but there may be more tax advantageous ways of making your donation. Many charities accept securities, such as stocks and mutual funds, as donations. Not only do you get a donation tax credit equal to the value of securities at the date of donation, but you also do not have to pay tax on the increase in value of the donated security. If you have securities with very large gains, this could be a significant tax savings while also benefiting your favourite local charity.

If you forgot to report a donation in the past, or are planning on making a very generous donation, don't forget that donations can be claimed in the current tax year or carried forward for up to five years.

Are you considering making a financial contribution to your preferred political party this year? Tax credits are available for contributions to a registered Federal or Provincial political party.

Your Roth Mosey advisor will work with you to ensure you are claiming all available tax credits on your personal tax return. Please contact your Roth Mosey advisor for more information.

ABOUT THE AUTHOR



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Alan is currently a tax manager and provides guidance in the areas of personal and corporate tax planning, preparation of corporate, personal, and trust tax returns, estate and succession planning, and assisting with the cross border tax implications of individuals and corporations with Canadian and U.S. filing requirements. Alan also assists clients in the development of business plans, financial projections, and applications for government assistance.

Alan joined Roth Mosey & Partners as a co-op student in 2011, received his Honours Bachelor of Business Administration degree from Wilfrid Laurier University in 2012, received his CPA, CA designation in 2015, and completed CPA Canada's In-Depth Tax Course in 2017.

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