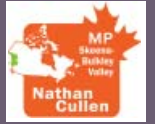




# Nathan Cullen, MP



Skeena-Bulkley Valley

March 2011

## 2010 TAX RETURN TIPS

Dear Friends,  
Tax season is upon us and this year I wanted to be sure you had some important information about your 2010 taxes well before the deadline for filing.

Now is the time to put together your tax information and take advantage of some of the changes introduced by the federal government to maximize your tax returns, or at least, minimize how much you have to pay! Filing your taxes can be an arduous and confusing

process, and it can be difficult to know what credits you are eligible for, or what expenses you can claim. Many people don't claim all that they are able to, and therefore don't receive all of the money to which they are entitled.

On that note, I've put together some tax tips and information about tax changes that you may be able to take advantage of this tax year. **I also encourage you to check out the Canada Revenue Agency's website at [www.cra.gc.ca](http://www.cra.gc.ca).**



**[cra.ca](http://www.cra.gc.ca) or call them at 1-877-959-1272 for more information on credits and deductions that may apply to you and your family.**

Nathan Cullen, MP  
Sk-B Valley

## WHAT'S NEW FOR 2010?

The following are the major changes for 2010, including income tax changes that have been announced but have not become law at this time. If they become law as proposed, they will be effective for 2010 or as of the dates indicated. For more detailed information on these changes, visit <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cm-pltng/whtsnw-eng.html>.

### Universal Child Care Benefits (UCCB)

If you were a single parent on December 31, 2010, you may choose to include all UCCB amounts you received in 2010 in the income of a dependant. For more information, visit <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cm-pltng/rprtng-ncm/Ins101-170/117-eng.html>.

### BC Sales Tax Credit

Effective for the 2010 tax year, the BC Sales Tax Credit has been eliminated. In its place, the BC HST Credit (BCHSTC) has been created. This new credit is a non-taxable refundable payment to help low-income individuals and families offset the impact of the sales taxes they pay.

The BCHSTC provides a maximum annual credit of \$230 per family member. Single individuals with no children whose adjusted net income is \$20,000 or less and families whose adjusted family net income is \$25,000 or less will receive the maximum credit. The BCHSTC is reduced by 4% of adjusted family net income over \$20,000 for singles and over \$25,000 for families.

The BCHSTC payment is combined with the quarterly payment of the federal GST/HST credit.

You may still claim a BC Sales Tax Credit for a previous tax year if you were a resident of British Columbia on December 31 of that year. Other eligibility criteria and information can be found at: [http://www.sbr.gov.bc.ca/individuals/Income\\_Taxes/Personal\\_Income\\_Tax/tax\\_credits/salestax.htm](http://www.sbr.gov.bc.ca/individuals/Income_Taxes/Personal_Income_Tax/tax_credits/salestax.htm).

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## WHAT'S NEW FOR 2010? (continued)

### Medical expenses

Cosmetic procedures and related expenses qualify as a medical expense when incurred after March 4, 2010, only if they are required for medical or reconstructive purposes. For more information, see Guide RC4064, Medical and Disability-Related Information.

### Home Buyers Tax Credit

The Home Buyers' Tax Credit (HBTC) is a non-refundable tax credit of up to \$750 for certain homebuyers who acquire a qualifying home after January 27, 2009, that is - closing after this date.

You can claim the HBTC if both of the following apply:

- you or your spouse or common-law partner acquired a qualifying home; and
- you did not live in another home owned by you or your spouse or common-law partner in the year of acquisition or in any of the four preceding years (first-time home buyer).

For more information, visit <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins360-390/369/menu-eng.html>.

### Scholarship exemption and Education amount

Post-secondary programs consisting mainly of research are eligible for the scholarship exemption and the education amount only if they lead to a college or CEGEP diploma, or a bachelor, masters, or doctoral (or equivalent) degree. Post-doctoral fellowships are taxable. For more information, see <http://www.cra-arc.gc.ca/E/pub/tg/p105/RE-ADME.html>,

### Election to defer security option benefits

If you exercised an option and bought eligible securities after 4:00 p.m. EST on March 4, 2010, the election to defer the security option benefits will no longer be available for those securities. For more information about security option benefits, see <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/rprtng-ncm/Ins101-170/101/scrty-eng.html>.

### Special relief for tax deferral elections on security option benefits

You may elect for special relief in respect of gains from a disposition of eligible securities on which you elected in a previous year to defer the security option benefits. For more information, see <http://www.cra-arc.gc.ca/E/pbg/tf/rc310/RE-ADME.html>.

### U.S. Social Security benefits

If you received U.S. Social Security benefits in 2010, you may be eligible to claim a deduction of 50% of the benefits received. For more information, see <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins248-260/256/ncm-xmpt-eng.html>.

### Employment Insurance premiums on self-employment and other eligible earnings

You may be able to enter into an agreement with the Canada Employment Insurance Commission through Service Canada to participate in the new Employment Insurance (EI) Measure for Self-Employed People. For more information see <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins300-350/317-eng.html> or contact Service Canada.

### Investment tax credit

Eligibility for the mineral exploration tax credit has been extended to flow-through share agreements entered into before April 1, 2011. For more information, see <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins409-485/412/menu-eng.html>.

### Rollover of RRSP proceeds to a registered disability savings plan (RDSP)

As of July 1, 2011, for deaths occurring after March 3, 2010, the existing RRSP rollover rules will be extended to allow a rollover of a deceased individual's RRSP proceeds to the RDSP of the deceased individual's financially dependent infirm child or grandchild. These rules will also apply to amounts transferred to an RDSP from registered retirement income fund (RRIF) proceeds and certain lump-sum amounts paid from registered pension plans (RPP). In addition, where the death of an RRSP annuitant occurs after 2007 and before 2011, special transitional rules will allow a contribution to be made to the RDSP of a financially dependent infirm child or grandchild of the annuitant that will provide a similar result to these measures.

To be eligible, the contribution to an RDSP can only be made after June 30, 2011, and, when the death of the annuitant occurs after 2007 and before 2011, the contribution must be made before 2012. This means individuals will have six months in which to make the contribution to an RDSP. For updated information on these changes, go to <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/rdsp-reei/menu-eng.html>.

## STUDENT TAX INFORMATION

If you were a student in 2010, you may be able to reduce the amount of income tax you pay by claiming some of the expenses you've incurred while attending

school. You can claim credits for your tuition, your textbooks, and an amount for each month that you were studying. To claim these credits, you will need to have

an official tax receipt or a Form T2202A, Tuition, Education, and Textbook Amounts Certificate, so make sure your school has sent you one of these documents!

### Tuition Tax Credit

Tuition for a course will generally qualify if it was taken at the post-secondary level or if it develops or improves skills in an occupation and the institution where you studied has been certified by Human Resources and Social Development Canada (HRSDC). Not all fees can be claimed (see <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins300-350/323/lgbl-eng.html> for more details about eligible fees) and the tuition fees for the year must total more than \$100.

### Education Tax Credit

With some restrictions, you can claim the Education Tax Credit for each whole or part month in 2010 that you were enrolled in a qualifying post-secondary institution. If you were enrolled full-time or enrolled part-time and qualify for a disability credit (line 316), you can claim \$400 per month. If you were enrolled part-time but do not qualify for a disability credit, you can claim \$120 a month. Be sure to check the CRA website for more information.

### Textbook Tax Credit

If you are eligible for the Education Tax Credit, you can also claim some of the money that you spent on textbooks - an additional \$65 per month you were enrolled in full-time studies, and \$20 per month of part-time (while this barely scratches the surface of textbook costs, you should take advantage of any deductions you can get).

### Interest paid on your student loan

You may be eligible to claim most of the interest paid on your loan in 2010 and/or the preceding five years if you received it under:

- the Canada Student Loans Act;
- the Canada Student Financial Assistance Act; or
- a similar provincial or territorial government laws for post-secondary education.

Only you can claim most of the interest paid on your student loans even though someone related to you may have paid it. Do not claim interest that you have already claimed. Amounts that you do not claim this year can be carried forward to any of the next five years.

You cannot claim interest paid on any other kind of loan, such as:

- a personal loan or a line of credit;
- a student loan that has been combined with another kind of loan; or
- a student loan received from another country.

In addition, you cannot claim interest paid in respect of a judgment obtained after you failed to pay back a student loan. See <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins300-350/319-eng.html> for more information.

### Moving expenses

You can deduct moving expenses only if you move to take courses as a full-time student and you can only deduct these expenses from the taxable part of your scholarships, fellowships, bursaries, certain

prizes, and research grants. You can also deduct moving expenses if you move to work, including summer employment, or to run a business. However, you can only deduct these expenses from employment or self-employment income you earned at the new location. Your new home must be at least 40 kilometres closer to the new educational institution or place of work. You can also claim moving expenses when you move back after a summer break, or a work semester in the case of a co-operative student, provided you meet the previously stated requirements.

### Transferring and carrying forward amounts

Did someone else pay for your tuition? Do you want to be sure they get the tax break? Would you prefer to save your tuition, education, and textbook amounts to use in a future tax year? While you first have to claim these amounts on your own return, even if someone else paid your fees, you may be able to transfer part or all of these amounts to your spouse or common-law partner or to your or your spouse or common-law partner's parent or grandparent. You can also carry forward indefinitely and claim in a future year the part of your tuition, education, and textbook amounts you cannot use (and do not transfer) for the year. However, if you carry forward an amount, you will not be able to transfer it to anyone. For more information, visit the CRA website.

## TAX INFORMATION FOR EVERYBODY

### Public Transit Amount

If you use public transit, you can claim the cost of annual or monthly public transit passes for travel on Canadian public transit during the year. These passes must permit unlimited travel on local buses, streetcars, subways, commuter trains or buses, and local ferries.

You can also claim the cost of shorter duration passes if each pass entitles you to unlimited travel for an uninterrupted period of at least 5 days and you purchase enough of these passes so that you are entitled to unlimited travel for at least 20 days in any 28-day period. Finally, you can claim the cost of electronic payment cards when used to make at least 32 one-way trips during an uninterrupted period not exceeding 31 days.

If you are filing jointly with your spouse/common-law partner, only

one of you can claim the public transit amount. You don't need to file your receipts but make sure to hold on to them in case the CRA asks for them later.

### Caregiver Amount

If you live with a relative of yours, or your spouse's or common-law partner's, who is dependent on you because of a physical or mental impairment, or in the case of a parent or grandparent, born in 1944 or earlier, you may be able to claim the caregiver amount. You may be able to claim the caregiver amount, up to a maximum of \$4,223 (per dependant). This dependant could be your child, grandchild, sibling, niece or nephew, aunt or uncle, parent or grandparent. They must also have been 18 or over when they lived with you and had a net income of less than \$18,645.

### GST/HST Credit

The GST/HST credit is a tax-free rebate (paid out in quarterly payments) intended to help those with low or modest incomes offset all or part of the GST/HST that they pay. You have to apply for it every tax year, even if you received it the year before. In order to apply, you must fill out a tax return, even if you have no income to report, and check "yes" in the GST/HST credit application area.

### Medical Expenses

You can claim a long list of eligible medical expenses, from contact lenses to prescription drugs, which you or your spouse/common-law partner paid for in any 12-month period ending in 2010, for expenses not claimed in 2009. These expenses could be incurred by you, your spouse, or your dependant children.

## TAX INFORMATION FOR WORKERS

There are many deductions and credits available to workers in different fields. I have included a few here, but I strongly recommend you contact the CRA to see if your occupation qualifies you for any such deductions or credits, especially those of you working on commission or salary, or those of you employed in forestry, transportation, or the trades. You may be eligible to claim deductions for transportation, meals, lodging, or many other expenses incurred in your line of work. And make sure to keep your receipts! Visit <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins206-236/229/menu-eng.html> for more information.

### Tradesperson Tools Deduction

You may be able to deduct the cost of eligible tools you bought in 2010 to earn employment income as a tradesperson (including apprentice mechanics). This cost includes any GST and provincial sales tax, or HST, you paid.

### Artists' Expenses

If you engaged in an eligible artistic activity (for example, wrote a play, performed as an actor or singer, or created a painting), you can deduct expenses you paid in 2010 to earn employment income from an artistic activity.

### Working Income Tax Benefit

The Working Income Tax Benefit

(WITB) is a refundable tax credit intended to provide tax relief for eligible working low-income individuals and families who are already in the workforce and to encourage other Canadians to enter the workforce. You can claim the WITB if your working income is over \$4,750; you are 19 years of age or older on December 31, 2010; and you are a resident of Canada for income tax purposes throughout 2010. If you are eligible for the WITB and the disability amount, you may also be eligible to claim an annual disability supplement. Contact CRA for more information.



## TAX INFORMATION FOR PARENTS

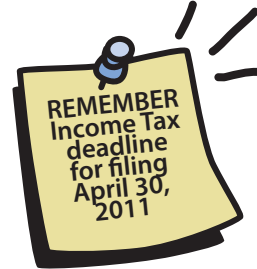
### Children's Fitness Tax Credit

For fees paid in 2010, you can claim a maximum of \$500 per child for the costs of registering your child (under 16 years of age or under 18 years of age if eligible for the disability amount) in a prescribed program of physical activity. An eligible fitness expense must be for the cost of registering or membership (not, for example, equipment or supplies) in a prescribed program of physical activity. Generally, to be eligible, such a program must be ongoing (a minimum of eight weeks duration, or five consecutive days in the case of children's camps), supervised, and require significant physical activity.



### Child Care Expenses

Parents may be able to deduct eligible childcare expenses they incurred in 2010 for children who are under the age of 16, or who are dependent on them and have a mental or physical infirmity. You may also be able to claim childcare expenses if you or your spouse/common-law partner paid to have someone else look after an eligible child so that one of you could work, run a business, or attend school. In order for a child to be considered eligible, they must be under 16 and either you or your spouse/common-law partner's child (or a child dependent on either of you, whose net income in 2010 was \$10,382 or less). The age limit does not apply if the dependant child was mentally or physically infirm.



## TAX INFORMATION FOR SENIORS

### Age Tax Credit

If you were 65 as of December 31, 2010, and have a net income of \$32,506 or less, you can claim the full amount of \$6,446. If you make more than \$32,506, but less than \$75,480, you can claim a partial amount (the exact amount of your partial credit is found by completing line 301 on the Federal Worksheet; again, see the CRA Website or call them for more details). If you made over \$75,480, you are not eligible for the Age Tax Credit; however, you may still be able to benefit from this credit by transferring all or some of your age amount to your spouse or common-law partner. Don't forget to claim the corresponding provincial

non-refundable tax credit you are entitled to as well.

### Pension Income Splitting

If you are married or living com-



mon-law and both you and your partner are residents of Canada on December 31st (again, see the CRA website for more details and restrictions), you may be eligible to split your pension income on

your tax return in order to pay less in taxes. You can split up to 50% of eligible pension income, which according to the CRA website includes the taxable part of annuity payments from a superannuation or a registered pension plan (at any age), and, if the recipient is 65 or over, income from registered retirement income funds (RRIFs), Life Income Funds (LIFs), and Registered Retirement Savings Plans (RRSPs).

### Pension Income Amount

Additionally, if you are over 65 and reported eligible pension, superannuation, or annuity payments on line 115, line 116, or line 129 of your return, you may be able to claim up to another \$2000 for the Pension Income Amount.

## DISCLAIMER

I've tried to condense a lot of tax information into a small space, so be sure to contact the Canada Revenue Agency for more information or for

clarification on any of these programs by phone at 1-800-959-8281, or see their website at [www.cra.gc.ca](http://www.cra.gc.ca). In addition, if there is any discrepancy

between the information included in this letter and the Canada Revenue Agency, the Canada Revenue Agency should be considered correct.