

# 2012–2013 Personal Tax and Financial Planning Guide

This personal tax and financial planning guide is intended to provide you with useful tax facts and planning information that may help you with your 2012–2013 tax planning. We encourage you to consider seeking qualified tax planning advice prior to implementing any tax planning strategies, to ensure you are following the options appropriate to your unique circumstances.

## 2012–2013 Major Canadian Tax Deadlines and Dates

### December 2012

<b>Dec. 15</b>	Final quarterly tax instalment payment for 2012 (for individuals other than certain farmers and fishermen).
<b>Dec. 24</b>	For <b>disposition of investments to realize accrued capital gains or losses</b> in 2012, ensure the settlement date (not the trade date) is <b>on or before December 31, 2012</b> . For the Canadian securities market, ensure the sale is initiated <b>on or before December 24, 2012</b> .
<b>Dec. 31</b>	Final payment date for amounts that may be claimed as 2012 <b>tax credit or deduction</b> .
<b>Dec. 31</b>	Registered Disability Savings Plan (RDSP) and Registered Education Savings Plan (RESP) contribution deadline to benefit from the 2012 grants and bonds.

### January 2013

<b>Jan. 30</b>	If you loan money to your spouse/common-law partner or family member at the prescribed interest rate, the interest must be paid back annually by January 30 of the following year to avoid attribution rules.
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### March 2013

<b>March 1</b>	Deadline for making deductible contributions to a registered Retirement Savings Plan (RSP) or a spousal RSP for 2012.
<b>March 1</b>	Deadline for making Home Buyer's Plan (HBP) and Lifelong Learning Plan (LLP) repayment.
<b>March 15</b>	First quarterly tax instalment payment due for 2013 taxation year. Remainder instalment payments for 2013 are due on June 15, September 15, and December 15, 2013.

### April 2013

<b>April 30</b>	Deadline for filing the 2012 personal tax return and balance owing to avoid paying interest and late filing penalty.
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### June 2013

<b>June 15</b>	Deadline for filing the 2012 tax return for self-employed persons (including spouse or common-law partner). However, balance owing for 2012 is still on or before April 30, 2013.
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### Due date for a final return

If death occurred between January 1 and October 31, 2012, the due date for the final return and balance owing is April 30, 2013. If death occurred between November 1 and December 31, 2012, the due date for the final return and balance owing is 6 months after the date of death. Exceptions to due dates apply if the deceased or the deceased's surviving spouse/common-law partner carried on a business in 2012.

Note: When a tax payment or filing due date falls on a Saturday, Sunday or holiday, the due date will be the following business day.

## 2012–2013 Tax Planning Tips and Reminders

**Tax Loss Selling:** Consider selling unprofitable securities and using the realized losses to offset capital gains realized in the current year.

Capital losses in excess of capital gains in a given year may be carried back for three years or carried forward indefinitely.

Note: In order to claim a capital loss on the disposition of a security, you should make sure that the loss is not a *superficial loss*<sup>1</sup>.

**Pension Income Splitting:** Consider allocating up to 50% of *eligible pension income*<sup>1</sup> with your resident spouse/common-law partner for income tax purposes.

### Other income splitting opportunities may include:

- Making contributions to a spousal RSP.
- Paying a reasonable salary from a family business to family members for actual services rendered.
- Gifting cash to your spouse/common-law partner and/or adult children to contribute to a tax-free savings account (TFSA).
- Investing Child Tax Benefit and Universal Child Care Benefit payments in an account for your children.
- In order to maximize the spousal tax credit, consider electing to transfer taxable Canadian dividends to a spouse/common-law partner.

### Maximize Your Tax Credits and Deductions

- Take advantage of all available tax deductions and credits available to you to reduce your personal and household tax bills. For example:
  - Annual union, professional, or like dues
  - Child care expenses, children's fitness and arts amounts
  - Charitable donations
  - Foreign tax credits
  - Investment counsel fees and interest expenses.
  - Medical expenses
  - Public transit passes
  - Safety deposit box fees
  - Tuition and education amounts
  - Pension income amount

<sup>1</sup>For details, please visit [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

**For more tax planning tips, contact your TD Waterhouse advisor today for a copy of our 2012 Year-end Tax Planning Tips publications.**



# 2012–2013 Tax Facts and Figures

## Federal Tax Brackets

Taxable Income	2012 Tax Rate	Taxable Income	2013 Tax Rate
Up to \$42,707	15%	Up to \$43,561	15%
\$42,707 – \$85,414	22%	\$43,561 – \$87,123	22%
\$85,414 – \$132,406	26%	\$87,123 – \$135,054	26%
Over \$132,406	29%	Over \$135,054	29%

## Amounts Used in Federal Tax Credit Calculations

Personal Amounts	2012	2013
Basic Personal Amount	\$10,822	\$11,038
Age Amount – 65 and older	\$6,720	\$6,854
Net Income Threshold	\$33,884	\$34,562
Spouse or Common-law Partner Amount (max.)	\$10,822	\$11,038
Eligible Dependents (max.)	\$10,822	\$11,038
Children under 18 (max. per child)	\$2,191	\$2,234
Infirm Dependents (18+ Age) per dependent	\$6,402	\$6,530
Net Income Threshold	\$6,420	\$6,548
Caregiver (max. per dependant)	\$6,402	\$6,530
Net Income Threshold	\$15,033	\$15,334
Disability Basic Amount	\$7,546	\$7,697

Source: Canada Revenue Agency

## Registered Plans: Contribution Limits

Retirement Plans	2012	2013
<b>Registered Retirement Savings Plans (RSP)</b>		
Dollar Limit <sup>1</sup>	\$22,970	\$23,820
<b>Money Purchase Registered Pension Plans (MP RPP)</b>		
Contribution Limit <sup>2,4</sup>	\$23,820	\$24,270
<b>Deferred Profit Sharing Plans (DPSP)</b>		
Contribution Limit <sup>3,4</sup>	\$11,910	\$12,135
<b>Other Plans</b>	<b>2012</b>	<b>2013</b>
<b>Tax Free Savings Account (TFSA)</b>		
Contribution Limit <sup>5</sup>	\$5,000	\$5,500
<b>Registered Education Savings Plan (RESP)</b>		
Lifetime Contribution Limit	\$50,000	\$50,000
<b>Registered Disability Savings Plan (RDSP)</b>		
Lifetime Contribution Limit	\$200,000	\$200,000

<sup>1</sup> An individual's contribution room is calculated as the lesser of 18% of earned income from the previous year and the current year's dollar limit (the dollar limit is indicated in the above table) plus unused RSP contribution room carried forward from the previous year. RSP contribution room may be reduced by pension adjustments (PA) and Past Service Pension Adjustments (PSPA), and increased by Pension Adjustment Reversals (PAR).

<sup>2</sup> Annual contributions to a MP RPP are limited to the lesser of 18% earned income from the current year and the contribution limit for the year. The contribution limit is indicated in the table above.

<sup>3</sup> Annual contributions to a DPSP are limited to the lesser of 18% of earned income and the contribution limit for the year. The contribution limit is indicated in the table above.

<sup>4</sup> MP RPP and DPSP limits for pension adjustment purposes are also restricted to 18% of earned income.

<sup>5</sup> An individual's TFSA contribution room is calculated as the current year's contribution limit (the contribution limit is indicated in the above table) plus unused TFSA contribution room carried forward from the previous year plus the total amount of TFSA withdrawals made in the preceding year.

**Tax Tip: Contribute to an RSP, RESP, RDSP and TFSA earlier in the year to maximize the benefits of these tax-assisted plans.**

## CPP/QPP Maximum Contributions, Rates & Exemptions

	2012 CPP	2013 CPP	2012 QPP	2013 QPP
Max. Annual Pensionable Earnings	\$50,100	\$51,100	\$50,100	\$51,100
Basic Exemption	\$3,500	\$3,500	\$3,500	\$3,500
Max. Contributory Earnings	\$46,600	\$47,600	\$46,600	\$47,600
Employee Contribution Rate	4.95%	4.95%	5.025%	5.10%
Max. Annual Employee Contribution	\$2,306.70	\$2,356.20	\$2,341.65	\$2,427.60
Max. Annual Self-Employed Contributions	\$4,613.40	\$4,712.40	\$4,683.30	\$4,855.20

Source: Canada Revenue Agency

**The Wealth Advisory Services – Tax Services team offers assistance with personal, estate, trust and corporate tax planning and return preparation. To find out more about our tax planning and preparation services, contact your TD Waterhouse advisor today.**

