The most overlooked tax deductions and credits

Every year in Canada, millions of dollars in tax deductions and credits go unclaimed. It is easy to overlook some of the ways you can reduce your tax liability. Tax rules are many and complicated. Some of the most overlooked items that may reduce your taxes are:

Medical expenses

Medical expenses are hidden everywhere for example:

- additional amount you pay for gluten-free food if recommended by a doctor
- house renovation you need to make to accommodate a disabled person
- premiums paid for Private Health Insurance

Medical expenses can be grouped into the best 12-months period ending in the tax year. It is usually the best to claim these cost on the return of the spouse with the lower income.

Home buyers’ amount

If you purchased a home and you have not lived in a home owned by you or your partner in any of the four-preceding years, you might be eligible for a $5,000 tax credit—worth up to $750.

Capital Losses

Don’t miss reporting capital losses on your investments. A capital loss is the loss resulting from the sale of a capital asset, such as stocks, bonds, art, stamp collections, and real estate. It can only be used to reduce or eliminate taxable capital gains. When you file your tax return, any capital losses must first be used to offset capital gains you’ve incurred in the current tax year. Any remaining losses can be carried back up to three years, or carried forward indefinitely to offset future capital gains.

Moving expenses

If the move is within Canada and at least 40 kilometres closer to a new location to start a new job or business you can get a tax credit for your moving expenses. One of the most frequently overlooked moving expenses is the real estate commissions you paid to your realtor when selling your old home. Students, who move to attend university, or move away from university for employment purposes when studies are completed, may claim certain amounts as well.

Students

There are many benefits for students to file a tax return. At 16 they may qualify for a provincial sales tax credit. They will accumulate RRSP room, and once they turn 19 they also qualify for the HST tax credit.

Tuition transfers

The student's tax return must be completed first, and they have to authorize amounts to be transferred on their return.

Caregiver/Infirm Dependant Credit

If you are supporting a child, grandchild (17 or older) or parent, including in-laws, (65 or older) you may qualify for this credit.

Charitable donations

The 2013 federal budget introduced temporary credit for first time donors effective for donations made on or after March 21 2013. First time donors are eligible for 40% tax credit for their first $200 in donations and 54% credit for donations in excess of $200, up to $1000. First time donors are defined as such if neither they nor their spouses claim charitable donations tax credit for the previous five years.

Fixing error from prior years

You can recover missed credits and tax refunds by filling an adjustment to prior filled tax returns up to 10 years back.

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