

Tax Traps & Tips



TAX TIPPERS... some quick points to consider...

- Make your **RRSP contributions** by March 1, 2019 to ensure the amount is deductible for the 2018 calendar year. Only the last year of CPP survivor benefits can generally be accessed for late applications. Don't delay submission!
- Certain rules regulate the degree **charities** can participate in political activities. Is your charity onside? See www.cra-arc.gc.ca/chrts-gvng/chrts/cmmnctn/pltcl-ctvts/menu-eng.html.
- Are you a **US Citizen, Resident** or **Green Card Holder**? Information exchange and U.S. filing requirements have many implications

Contact us if you have further questions or wish to discuss!



MEDICAL EXPENSES: Travel Costs

An individual can generally claim **reasonable travel costs** incurred for medical purposes as a medical expense only where substantially **equivalent medical services** are **unavailable** where the **taxpayer resides**. The following two Technical Interpretations discuss the Canada Revenue Agency's (CRA's) position on this matter.

In an April 5, 2013 Technical Interpretation, CRA considered whether **initial travel costs** incurred to participate in a **foreign medical experimental drug** research project and subsequent foreign travel costs after the **drug became available** in his locality would be considered a **valid medical expense**.

When the drug became available in Canada, the taxpayer's **Canadian doctor advised** the taxpayer to **continue monitoring with the foreign doctor** who had more expertise with the taxpayer's condition and the specific drug. **CRA agreed** that the **reasonableness test was likely met** even though medical services were available in a closer location and would be considered a medical expense.



MARITAL STATUS: Am I married?

In an October 3, 2013 **CRA Release** (Marital Status), CRA noted that:

A **spouse** is a person to whom you are legally married.

A **common-law partner** is a person who is **not your spouse** but with whom you are living in a **conjugal relationship**, and to whom at least **one** of the following situations applies. Your partner:

(i) has been living with you in a conjugal relationship, and this relationship has lasted at least **twelve continuous months**;

(ii) is the **parent of** your child by birth or adoption; **or**

(iii) has **custody and control** of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on that person for support.

You are "**separated**" when you **start living separate and apart** from your **spouse or common-law partner** because of a **breakdown** in the relationship for a period of at least **90 days** and you have not reconciled.

If you continue to **reside** in the **same household** and continue to **share parenting** and financial responsibilities, CRA will **not** consider a **separation** to have occurred for the purposes of the Canada Child Tax Benefit (**CCTB**) or the **GST/HST credit** legislation. An **exception** to this may occur when **separate living quarters** are self-contained in the same household.

Where there is a **marital status change**, CRA will **recalculate** your benefits based on the number of children you have and their ages, your province or territory of residence, and your revised family net income based on your **marital status change**. Your benefits will be adjusted **the month following** the month in which your marital status changed.

CCTB: If you or your new spouse or common-law partner have children who are residing with you, CRA will move all the children to the **female parent's account**. If you are married or living common-law with a person of the **same sex**, one of you will receive the CCTB for all of the children