

Lepore & Company Chartered Accountants

2007 Tax Season

As with last year, we request your assistance in ensuring the accurate, timely preparation of your 2007 income tax return. A review of your prior year's return will assist you in providing us with the most relevant information necessary to prepare your return.

Once again this year, we will be offering the Efile process to electronically file tax returns, at no additional cost to you. Most returns last year were eligible for this process, which accelerates the processing of your return as well as the receipt of your assessment and refund.

Additional information may be required for 2007 returns due to changes and proposed changes in legislation:

- **Pension income splitting** - If you or your spouse or common-law partner received pension income that is eligible for the pension income amount, you may be eligible to split it for income tax purposes. Our office will make this determination and will do whatever is best from a family perspective. If you prefer not to take advantage of tax savings through pension splitting, please advise us in advance.
- **Children's fitness amount** - You can claim to a maximum of \$500 per child, the fees **paid in 2007** that relate to the cost of registering your or your spouse or common-law partner's child in a prescribed program of physical activity. The child **must** have been under 16 years of age at the beginning of the year. We will require an official receipt to make this claim.
- **Instalment payments** - For 2008 and later years, the instalment threshold for individuals has increased. For 2008 and later years, the instalment threshold for individuals has increased to \$3,000. You will be notified by the Canada Revenue Agency if you are required to make instalments for 2008.
- **Scholarships and bursaries** - Elementary and secondary school scholarships and bursaries are no longer taxable.
- **Registered retirement savings plan** - The age limit for contributing to an RRSP is increased from 69 to 71. Beginning in 2007, a registered retirement savings plan (RRSP) must mature by the end of the year in which the annuitant turns 71 years of age. Similarly, registered pension plans (RPPs) and deferred profit sharing plans (DPSPs) will generally be required to commence the payment of benefits to members by the end of the year in which the members turn 71 years of age (previously 69 years of age).
- **Capital Gains** - You may be able to claim a capital gains deduction for gains realized on the disposition of qualified small business corporation shares, qualified farm property, and disposition of qualified fishing property. The lifetime capital gains exemption limit has increased for capital gains arising on the disposition of qualified farm and fishing property and qualified small business corporation shares made after March 18, 2007 to \$750,000 from \$500,000.
- **Child Tax Credit** - A new non-refundable child tax credit of \$2,000 will provide up to \$310 for each child under 18 years of age at the end of the taxation year.

In order to avoid any possible delays, please bring or send your information to us at your earliest opportunity, so that we may prepare your return before the April 30, 2008 filing deadline. **No appointment is necessary.** We suggest that you get your information to us before April 15th to ensure that we are able to meet the filing deadline. We look forward to serving your tax needs once again this year. **If you need extra copies of our tax checklist, please call our office or a copy can be downloaded from our website address below.**

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