THE GLOBE AND MAIL

Claim these new and little-used deductions and credits to save tax

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There's an old proverb that says: "A fool and his money are soon parted." As for the rest of us? We wait until tax time. But life shouldn't be that way. You can save tax dollars by using the five pillars of tax planning that I introduced last week. The first pillar is "deducting" to save tax. This is the idea of claiming deductions and credits to reduce your tax burden. Today I want to share some ideas that are new or little-used.

Canada caregiver amount

This credit is new for 2017 and replaces the infirm dependent, caregiver and family caregiver tax credits. If you're a caregiver for a dependent relative (parent, sibling, adult child or certain others) you can claim a 15-per-cent credit worth up to $1,032.45 on a base amount of $6,883. If it's a spouse, common-law partner or minor child (with an infirmity) you're looking after, the credit is up to $322.50 on a base amount of $2,150 for 2017. You don't have to be living with the dependent to claim this credit.

Home accessibility expenses

If you've incurred certain expenses to improve the accessibility of a principal residence for a qualifying person (seniors and those eligible for the disability tax credit) you may be entitled to a tax credit of 15 per cent on up to $10,000 of eligible home renovation expenses. This amount can be claimed for each qualifying individual in each qualifying residence. So, you could potentially claim the credit on more than $10,000 over all.

Tuition costs

If you have a child who attends postsecondary school in or outside Canada, or even online, you may be able to claim a tuition tax credit for up to $5,000 of tuition costs if the student's income is low enough that he or she can't utilize the full credit. The student should receive Form T2202A to support the tuition costs if the school is in Canada, or Form TL11A for a foreign university (you may need to ask the school to complete this form). Sorry, but the former education and textbook tax credits are no longer available in 2017 or later years.

Self-employment losses

You're able to deduct any costs incurred for the purpose of earning income from a business as long as they're reasonable in amount. When you start deducting a portion of your home-related costs, vehicle costs and more, you may have a loss to report. This loss will offset other income you might have, saving you tax. Just beware that the taxman doesn't like to see losses go on forever. It's understandable that you might have losses in the first couple of years in business, but if losses recur for too long, the taxman may take a closer look to make sure the business is not more akin to a hobby, and could deny your losses.

Home office costs

You may be able to claim expenses related to a home office if it's your principal place of work or the space is used solely for your work and used on a regular and continuous basis for meeting clients. For employees, you'll be limited to deducting a portion of any rent, utilities, repairs, maintenance and supplies. Commissioned sales people can add a portion of property taxes and home insurance to this list. If you're self-employed, you can add a portion of any mortgage interest as well. A word of caution: It's best to not claim any capital cost allowance (CCA, or depreciation) on your home since this could cause part of any profit on a sale of your home later to be taxable.

Vehicle costs

You'll be able to claim part of your vehicle costs if you're an employee, partner or business owner using your vehicle for work purposes. Costs including gas, maintenance, repairs, insurance, auto club dues, licence and registration fees, capital cost allowance (depreciation), interest on a car loan and lease costs are deductible. The deductible portion will be the amount of these costs multiplied by the percentage of your mileage driven for business purposes.

Child care costs

You're entitled to claim eligible child-care costs of up to $8,000 for each child under age 7, $5,000 for each child aged 7 to 16, $11,000 for a disabled child of any age (if they are eligible for the disability tax credit), and $5,000 for a disabled child older than 16 if they don't qualify for the disability tax credit. The taxman doesn't track specific expenses to specific kids, so regardless of which child you incurred the expenses for, you can claim them provided the total deduction for all children combined does not exceed the limits noted.

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