5 tax-filing tips – INVESTORS

2018 tax year (Individual filing due Tue Apr 30, 2019)

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Among the costs of managing an investment portfolio, taxes can reduce your returns by as much as half if you're not careful. You can alleviate this impact with the foreknowledge of how, when and to what those taxes will apply. Good recordkeeping is critical when it comes to proving your claims if called to account, so keep these key items in mind.

1. Fees & interest

You may deduct fees for investment advice in non-registered accounts. Advice for RRSPs, RRIFs or TFSAs is not deductible, nor is financial planning or tax planning advice. Interest on money borrowed to earn non-registered income is normally deductible.

2. Dividends

Foreign dividends are fully taxable, but Canadian dividends are taxed at effective rates up to 24% lower. By the way, if you claim your spouse as a dependant, you can claim both spouses' Canadian dividends yourself if it increases your spousal credit amount.

3. Capital gains & losses

Capital gains are not taxed year-to-year, but instead are taxed on disposition (usually a sale), and only half of the gain is taxable. If you have capital losses in a year, you can apply them against capital gains this year, 3 years back, or any time in future.

4. Superficial losses

Be careful if you realized a capital loss then quickly got back into the market. If you, your spouse (including RRSP/RRIF), your trust or corporation acquired the same security within 30 days either side of your transaction, the loss is denied/added back to the ACB.

5. Tracking adjusted cost base (ACB)

You must track your ACB on non-registered investments so you can correctly report capital gains or losses on eventual dispositions. Remember that reinvested dividends increase your ACB and any return of capital (not to be confused with a capital gain) decreases your ACB.

For more, click here or search "Investment income" on canada.ca.

For more tax tips, speak to a Meridian Wealth professional or search at meridiancu.ca-good-sense:

❒ First-time filers	❒ Parents	❒ Spouses	❒ Students	❒ Homeowners
❒ Seniors/retirees	❒ Disability needs	❒ Self-employed	☑ Investors	❒ Estates