## The majority of Canadians remain unfamiliar with deadlines for charitable donations, final RRSP contributions and TFSA withdrawals

*By IE Staff |*

*According to a study released today by BMO Nesbitt Burns, Canadians may be leaving dollars on the table by not considering key end-of-year-tax deadlines.*

*The study found that fewer than a quarter of Canadians (24 per cent) think about income tax return-related issues prior to the end of the year, while overall, 85 per cent think about these issues by the start of the new year (50 per cent) or by the period just before the April filing deadline (35 per cent).*

*"Important tax deadlines occur at or before the end of the year that Canadians should be considering," says John Waters, vice president, head of tax & estate planning, BMO Nesbitt Burns. "The end of December marks an important time for many who are looking to minimize the amount of taxes they pay on their income this year."*

*Waters also notes that tax planning should be considered a year-round activity and, more generally, the end of the year is an opportune time to review and plan one's overall financial situation.*

*The study also found that the vast majority of Canadians (88 per cent) feel that they are familiar with income tax deadlines (compared to 93 per cent last year). However, when asked about various specific tax deadlines, many could not identify the correct dates:*

- *Charitable donations and tax credit/deduction deadline (68 per cent unaware of the correct date, up from 61 per cent last year).*
- *RRSP contribution deadline for those turning 71 (75 per cent unaware, up from 70 per cent last year).*
- *Payment of quarterly tax installments deadline (82 per cent unaware, up from 73 per cent last year).*
- *TFSA withdrawal deadline (83 per cent unaware, up from 78 per cent last year)*
- *Tax-loss selling deadline (90 per cent unaware, up from 85 per cent last year).*

*BMO Nesbitt Burns offers the following year-end tax-saving strategies for advisors to share with clients:*

***1. Payment of Quarterly Tax Installments - Deadline: December 15***
*Clients whose estimated income tax payable for the year, or payable for either of the two preceding years, exceeds \$3,000 (\$1,800 for Quebec residents) may be required to pay income tax installments. Personal tax installments are due four times a year, with the final installment due December 15.*

***2. Tax-loss Selling - Deadline: December 24***
*If clients have investments that have depreciated in value, ask them to consider selling these investments before year-end to offset capital gains realized earlier in the year to reduce your overall tax bill. It is important to ensure that a sale makes sense from an investment perspective, since stocks sold at a loss cannot be repurchased until at least 31 days after sale to be effective.*

***3. Charitable Donations & Other Tax Credits/Deductions - Deadline: December 31***
*Ensure all charitable donations are made before December 31, in order to receive a tax receipt for 2013.*

*Instead of donating cash to charities, consider donating appreciated publicly-traded securities (this provides a tax credit and could potentially eliminate any capital gains tax on the accrued gain on the security).*

*December 31 is also the final payment date for a 2013 tax deduction or credit for expenses such as childcare, medical, tuition and the recently-introduced children's fitness and arts tax credits.*

***4. TFSA Withdrawals - Deadline: December 31***
*If clients are planning a withdrawal from their Tax-Free Savings Account (TFSAs), ask them to consider making this withdrawal in December instead of waiting until the New Year; a withdrawal would result in additional TFSA contribution room for the following year.*

***5. RRSP Contributions for those turning 71 - Deadline: December 31***
*Individuals who turned 71 years of age in 2013 must collapse their RRSP by the end of the year. Such individuals should consider a final RRSP contribution, assuming any unused contribution room exists.*

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