



H&R BLOCK

H&R BLOCK CANADA'S TOP 10 TAX QUESTIONS OF 2011

The Tax Advisory at H&R Block Canada answered more than 3,000 tax questions online in 2011. Here are the most popular questions from the past year:

- **I am a student with \$11,000 in tuition credits. How much will I get back on my tax return?** In order to receive a tax refund, you have to have paid income tax during the year. If you didn't work during the year, your tuition credits cannot create a refund. However, you can carry the credits forward to use in future years when you are earning more income.
- **I was born in the U.S. but I became a Canadian citizen 20 years ago. Do I need to file a U.S. tax return?** Unless you went to a U.S. embassy and officially renounced your citizenship, you are considered a dual citizen no matter how long you have lived outside of the U.S. If you are a U.S. citizen, the IRS expects you to file a Form 1040 and FBAR every year.
- **When can I efile my return?** The Canada Revenue Agency begins accepting returns electronically starting February 13, 2012 when the Netfile system opens. We always recommend that you wait until all your slips and receipts arrive before you file your return.
- **My father is giving me \$6,000. Do I need to report it on my tax return?** Gifts are not taxable and do not need to be reported on your tax return. However, if you deposit the gift into a savings account or investment, the income earned by the money would be reported on your tax return.
- **How much can I earn before I start paying tax?** In 2011, you can earn up to \$10,527 federally before you begin paying income tax.
- **If I moved from B.C. to Saskatchewan in December, can I still file a B.C. return?** Your province of residence is determined on December 31 of the tax year. So if you are living in Saskatchewan at the end of the year, you need to file a SK return.
- **My employer is not taking deductions from my pay. What should I do at tax time?** You are considered self-employed for tax purposes so you will need to complete a T2125 Form as part of your personal tax return. You will be able to report your business income as well as reasonable expenses you incurred to earn your income. Remember, you have to pay both the employer and employee portions of the Canada Pension Plan (CPP).

- **I have been separated from my husband for two years and I moved in with my boyfriend three months ago. What is my status?** Your marital status is determined on December 31 of the tax year so you should file as separated. Once you live together for 12 continuous months, you are considered common-law. You can let the Canada Revenue Agency know about your status change by filing a RC65 Form.
- **My mom passed away in 2009 and we sold her house in June 2011. Is the money taxable since it was an inheritance?** For tax purposes, the house is considered sold on the date your mother passed away. That portion is not taxable. But assuming you own your own home, this would be considered a second property and you will need to calculate your capital gain or loss based on how much your mother's house was worth when you became the owner and the actual selling price. You may be able to claim some of your expenses for improvements and real estate fees.
- **How do I claim stock that has lost its value?** Unless you have sold the stock and realized the loss or the stock is no longer listed, you cannot claim a stock value drop. If you have sold your stock, you need to report your capital loss on a Schedule 3. Capital losses can only be used to reduce capital gains.