

Tips and Tidbits

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Your RRSP Contribution Limit

Your maximum annual RRSP contribution limit for any year is based on *earned income* in the previous year. Earned income is defined in the Income Tax Act, and includes salaries, disability pensions, business income, taxable alimony and maintenance payments and rental income. It is reduced by business losses, rental losses and alimony or maintenance payments deducted. Retiring allowances, capital gains or losses, pension income and investment income or losses, do not impact the calculation of earned income.

Making the maximum RRSP contribution in 2002, will require earned income of at least \$75,000 in 2001. To check your RRSP contribution limit, note the amount shown on your Notice of Assessment that CCRA would have sent you, after your 2001 personal tax return as processed.

Plan wisely to pay the least amount of income tax, legally possible.

Identity Theft

Identify theft occurs when someone "steals" the credit history of an unsuspecting victim and purchases items charged to the person.

To lessen your chances of being the victim, follow these steps:

- ◆ Ensure no one but you knows the PIN numbers of your various bank and credit cards;
- ◆ When getting rid of old bank and credit card statements, either burn them or run them through a shredder. Thieves gain valuable information from sifting through garbage;
- ◆ Review your credit and debit card statements when they arrive to ensure that all charges were made by you. Report any unauthorized charges to the credit company as soon as possible;
- ◆ Keep a record (separately from your wallet or purse) of all debit and credit card numbers, along with the relevant telephone numbers of the credit companies, so that in event of a loss or theft, you can readily cancel the cards.

Don't be paranoid : just be cautious!

Disclaimer

The information provided is of a general nature and is not intended to construe an opinion. As each taxpayer's situation is unique, no one should act upon any of the above without first obtaining professional advice, from a Chartered Accountant, concerning the particular facts of their situation.

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