



You must accompany your inquiry with your MEMBERSHIP NUMBER (ID) and telephone number or e-mail address to have your question reviewed. Inquiries are responded to directly and the Q&A may be published here later. Hundreds of other Q&As are found on CanadianMoneySaver.ca.

Q I have a brother who suffered a severe head injury in 2006. He was deemed okay. But is not. A large amount of paranoia is now present and this impacts his willingness to seek medical aid as well as his involvement with the government. What happens if an individual stops filing and paying taxes? Is there a way a family member can know how much the individual may owe and cover that for them? My family has never had a large amount of money. I have worked hard and continue to work hard in order to help provide for my parents in their retirement. Unfortunately following my brother's head injury my father suffered a series of heart attacks, followed by his passing from lung cancer last year. Money with which I had planned to use to help him is now potentially available to help my brother.

— CMS Member

A If the brother is willing, he can sign an authorization form, the T1013 – Authorizing or Cancelling a Representative, to allow his sibling access to his tax information. <http://www.cra-arc.gc.ca/E/pbg/tf/t1013/t1013-fill-12e.pdf> Alternatively, if the family wishes to engage a professional accountant to handle the brother's tax matters, the brother can designate the accountant to access the tax information instead of the sibling.

If the family deems the brother to be unable to handle his own affairs due to mental incapacity, one of the family members may apply to be appointed a Guardian for the brother. More information about this type of situation can be found at the OPGT's website :

<http://www.attorneygeneral.jus.gov.on.ca/english/family/pgt/incapacity/default.asp>

I would suggest that the family consult with a Certified Financial Planner who is familiar with this type of situation

to assist the family in pulling together all these financial issues.

<https://www.fpsc.ca/directory-cfp-professionals-good-standing>

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Q I have just read the latest edition and have a question about tax treatment in a non-registered account. My wife and I are both 52. We both have full-time employment with taxable income, however my income is twice my wife's. After having topped out our RRSP and TSFA contributions, we are starting to invest in a non-registered account. I have opened it as a joint account in cash only as I am preparing to invest it. Until I read the latest issue, my understanding of how taxes owed in dividend paying shares were handled in a non-registered account have proven false. I am assuming that in a joint account that the income tax owing if I invest in dividend payers would have to be in the higher wage earners tax return.

Can I change or cancel this account, making it solely in my wife's name so that she pays the tax at a lower rate? Is this a legal way to reduce taxes owing?

— CMS Member

A CRA will attribute the investment income to the spouse who contributes the capital to the account. If the husband provides the money, the income will be taxed in his hands, regardless of whose name(s) is on the account.

There are a couple of strategies that they could use to build up the investment capital in the wife's name: use the husband's income for family expenditures and invest the wife's income, or make use of a spousal loan between the spouses.

The CRA prescribed rate of interest (currently 1%) must be charged by the husband to the wife on the loan. The wife must pay the interest to the husband no later than January 30th of the following year. The husband would report the 1% interest as investment income and the wife would deduct the interest paid on the investment loan. The loan must be evidenced by a promissory note.

If the investment income earned on the account exceeds 1% per year, a spousal loan may make sense. However, I would recommend that they seek professional advice before pursuing this strategy.

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