



2008 Deduction Checklist for Dentists

| Item | Deductible | Non-Deductible |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Automobile expenses | Self-employed: Prorate expenses, incl. depreciation; Incorporated: \$.52 for 1 st 5,000 km, \$.46 thereafter | Attributable to driving from home to clinic (associate/locum may claim home to clinic expenses). |
| Cell phone and pagers | Rental fees paid for practice use | Costs associated with personal use. |
| Books/library | Cost of library amortized at 20% per annum; individual books purchased fully deductible. | Any books/periodicals not related to your profession. |
| Conventions | Up to two conventions per year; don't need to be member. Attending spouse may be deductible | Conventions held outside its territorial scope; expenses for non-attending family members. |
| Courses | Expenses (tuition, travel, lodging, food) to maintain or upgrade skills; no limit on number of courses. | Tuition to acquire qualification (e.g. specialist training); costs amortized at 5.25% per year. |
| Conference meals | 50% of cost of meals, up to \$50 per day; | Cost of meals before & after conf.; meals of family members. |
| Meals and entertainment | 100% for up to 6 special staff events (e.g. Christmas party); while traveling on plane, train, or bus. | 50% of all meals, drinks, and entertainment incurred. |
| Club fees/dues | 50% of entertaining expenses at club if there is business purpose. | Membership dues for club providing dining, recreational, sporting facilities; green fees. |
| Equipment and instruments | Equipment: 20% per yr; Computer: 55%. Instruments <\$200 fully deductible. | Equipment and instruments not associated with your profession. |
| Home office | Reasonable house expenses, if space is used for patient visits or phone consultations. | If home office space is not used exclusively to see or consult with patients on a regular basis. |
| Insurance | Malpractice, office overhead; term insurance premiums, if policy is collateral for bank loan. | Life-and Disability insurance premiums. |
| Interest on student loans | Interest paid on loans designated Student Loans by regulation; 5-year carry-forward of expense. | Personal loans; loans where student is not the legal borrower; refinanced student loans. |
| Practice search | Travel, lodging, food costs of finding a new position. | Expenses related to accompanying family members. |
| Salary to spouse/relatives | Reasonable salary in terms of services provided; employment agreement recommended. | Unreasonable salary and bonuses. |
| Locum assignment | Travel, lodging, and 50% of meals in location other than regular place of practice. | Expenses incurred in location, which is no longer temporary. |
| Uniforms and cleaning | Cost of purchasing and cleaning special clothes (lab coats). | Any item which is considered street clothing. |

Meals and Entertainment

- Maximum amount that can be claimed is 50% of the actual cost of food, beverages and entertainment and incurred.
- The 50% limit also applies to gift certificates for food and beverages and tickets to sporting events and concerts purchased for patients or staff.
- 100% of expenses can be claimed if the event is available to all staff members. The employer is limited to six events per year.
- Meals and beverages served (and entertainment provided) while traveling on an airplane, train or bus are not subject to the 50% limitation if the cost is included in the travel fee. Food and beverages provided while traveling by boat or ferry are subject to the 50% limitation.

Club Fees and Dues

- Green fees or membership fees in a golf club are not deductible. There is an exception for expenses incurred for food and beverages at a restaurant, conference room, etc. of a golf club if they are incurred for genuine business purposes and the expenses are not incurred in conjunction with a game of golf or other recreational activity at the club. Such amounts are subject to the 50% meals and entertainment limit discussed above.

Home Office

- You can deduct expenses for the business use of a work space in your home, as long as you meet one of these conditions:
 - it is your principal place of business; or
 - you use the space only to earn your business income, and you use it on a regular and ongoing basis to meet your clients, customers, or patients.
- You can deduct a part of your maintenance costs such as heating, home insurance, electricity, and cleaning materials. You can also deduct a part of your property taxes, mortgage interest, and capital cost allowance. To calculate the part you can deduct (area used for business purposes only), use a reasonable basis such as the area of the work space divided by the total area of your home.

Interest on Student Loans

- Interest is deductible on loans received under
 - the Canada Student Loans Act;
 - the Canada Student Financial Assistance Act; or
 - a similar provincial or territorial government laws for post-secondary education.
- Interest is not deductible on
 - a personal loan or a line of credit;
 - a student loan that has been combined with another kind of loan; or
 - a student loan received from another country.
- Undeducted amounts may be carried forward five years.

Uniforms and cleaning

- Cost of purchasing and cleaning special clothing, designed for protection from the particular hazards of the occupation, are fully deductible.
- The cost of suits or other street clothing that can be used for both business and personal activities is considered to be a non-deductible personal or living expense by the CRA.

Practice search

- Cost of travel, lodging, and food associated with researching the new position or practice location are deductible.
- Costs incurred for family members are non-deductible.

Locum assignment

- You can deduct travel expenses you incur to earn professional income. Travel expenses include:
 - public transportation fares;
 - hotel accommodations; and
 - meals, however, the 50% limit applies to the cost of meals, beverages, and entertainment when you travel.
- Costs incurred for family members are non-deductible

