

Lohn Caulder LLP

Comprehensive Checklist for Your 2014 Personal Income Tax Return

The filing due date this year will be Thursday April 30, 2015

Please fill in the information, or check the applicable boxes, and send this checklist along with your material. Thank you!

Full name: _____

S.I.N. _____

Birthdate _____

Marital status: _____

Citizenship _____

Mailing address: _____

Phone - home _____

Phone - cell _____

Phone - business/daytime _____

Email _____

Fax _____

Any family members disabled? _____

Northern Residents deduction? _____

Spouse

Spouse S.I.N. _____

Spouse citizenship _____

Child 1 name: _____

Child 1 birthdate _____

Child 1 S.I.N. _____

Post-secondary? Attach T2202 _____

Sports/recreations amts: _____

Child 2 name: _____

Child 2 birthdate: _____

Child 2 S.I.N. _____

Post-secondary? Attach T2202 _____

Sports/recreations amts: _____

New children this year? _____

Prior year's T1 (new clients) _____

Items of annual relevance:

- ☐ Please group together all of the two-part information slips you may have received (e.g. T-3, T-4 and T-5 slips) but do not separate the copies. **Note that if we do the accounting for your business, we may already have your most important T-slips stored in our files.**
- ☐ Please send us the information slips (RC62) you have received for the “Universal Child Care Benefit” (UCCB) for each of your children under the age of 6. This amounts to \$100.00 per month per eligible child, and is taxable to the lower income spouse.
- ☐ If you are a commissioned salesperson, summarize and list all **commission expenses** by type and amount. A one-page handwritten summary is all that we require. If an expense item claimed last year is not applicable this year, please so state. You do not need to send us the receipts backing up your summary, but you do need to keep them on hand should the Canada Revenue Agency (CRA) wish to review them. You must keep records for **6 years** from the date of assessment. As in prior years, you have a continued obligation to furnish us with Form T2200 - “Declaration of Condition of Employment”, authorized and signed by your employer, to substantiate your expenses (this form is not filed - rather, we retain it in our files should CRA request it).
- ☐ If you have invested in **Government of Canada T-Bills**, or made other forms of money market investments for which no T-5s are issued, please summarize your trading activity. Note that many brokers provide such summaries as a service to their clients.
- ☐ If you own **rental real estate**, please summarize your revenues and expenses, by property. Be sure to include interest expenses on debt incurred to acquire the property. If a property was bought or sold during the year, we need to know the breakdown of the cost or the proceeds into the land and building components. If you have a “purchaser’s or vendor’s statement of adjustments” from your lawyer, please send us a copy as this usually includes related costs otherwise overlooked.
- ☐ If you **sold any investments** during the year, please summarize for each security sold its name, the number of shares sold, the proceeds of sale (net of related commissions) and the cost of the security (including commissions originally paid on acquisition). Please attach the brokerage statements to your summary.
- ☐ If you have **self-employment or professional income**, please enclose the related financial statements or information slips, if applicable. If you wish to claim expenses against that income that have not already been deducted elsewhere, please notify us. If you wish to claim automobile expenses, include a summary of business kilometers driven over total kilometers driven in the year. Include information regarding the purchase or lease of any

new cars in the year. All unincorporated businesses must have a December 31st fiscal period end.

- ☐ Please gather together all of your receipts for **charitable and/or political donations**, **RRSP** contributions (including any made in the first 60 days of 2015), **union or professional dues** not summarized elsewhere, **tuition** fees (must exceed \$100.00 per institution) and **medical expenses** (including un-reimbursed dental fees). You may claim only the excess of medical expenses over the lesser of \$2,171 and 3% of your net income (line 236 of the return).
- ☐ If you had to incur **child care expenses** to enable you to work or go to school, please provide the name and S.I.N. of the care giver or the name of the relevant institution. Also please provide us with the names, birthdates, and S.I.N.s (if applicable) of all of your children if we do not already have this information.
- ☐ Please provide full information as to the net income and available deductions for your children. College-age children can, under certain circumstances, **transfer their unutilized tuition fees** and education amounts (to a maximum total of \$5,000) to their parents' tax return, but this can only be done if the child's income information is available.
- ☐ Students take note: all scholarships, fellowships and bursaries received are completely exempt from tax. There are also tax credits available for each month in full or part-time attendance at a post-secondary educational institution, and a flat amount for textbooks, which is automatically granted in conjunction with the attendance credit. Your eligibility for these credits is communicated through a **tuition certificate** (Form T2202) issued by the relevant educational institution, so it is important that you send us that certificate.
- ☐ **Registered education savings plans** are tax-exempt savings vehicles, to which subscribers can make non-deductible contributions for the benefit of any person (usually, a child or grandchild). The contribution limits were recently raised to \$50,000 per beneficiary. Income earned inside the plan will, in most cases, eventually be declared as income by the student. The original contributions come out tax free. Please advise us if you or one of your children has had an RESP withdrawal in the year.
- ☐ The cost of **public transit passes** acquired for you, your spouse, and any child under 19 can be claimed as a tax credit. To be eligible, transit passes must have been good for at least one month of public transit. Clients will be responsible to retain these passes for CRA verification purposes, but we ask that you just send us the total, rather than the receipts themselves. There is no limit to the dollar amount of the credit.
- ☐ Summarize all of your deductible investment-related expenses, such as **investment counsel or management fees and accounting fees**.
- ☐ Please send us the details of all **tax shelters** owned. Most will advise you of the deductible amount by way of special information slip. The information must include the

CRA “Tax Shelter Identification Number”. If not already obvious, we also need to know the number of units of the shelter that you own.

- ☐ If you pay court-ordered **alimony or spousal maintenance**, please provide us with a summary of all payments made, together with the name, S.I.N., and address of the recipient. Do not send to us, but keep handy all cancelled cheques or other proof of payment, since this deduction is frequently reviewed by CRA. Most child support payments are now non-deductible (if negotiated or re-negotiated in the past few years), so it is important to distinguish between deductible spousal support and non-deductible child support. If your arrangement changed during the year, please notify us.
- ☐ If you paid **tax instalments** during the year, please enclose the most recent statement from CRA confirming the amount paid for the year.
- ☐ If you have participated in the **RRSP “Home Buyers’ Plan”** by withdrawing funds from your RRSP to purchase a home, you should have received a statement from CRA regarding this matter - please send that statement to us. Most clients deal with their repayment obligations under this plan by “forfeiting” deduction of a portion of their cash RRSP contributions for the year. Please advise us if you wish to repay the minimum amount, or something more. You are free to repay any amount, from the minimum, to the entire outstanding balance. If, like most people who have taken advantage of this program, you took the maximum amount allowable (\$20,000 until January 29, 2009, and after that date, \$25,000), and wish to repay the loan over the maximum period (15 years), then you must repay at least \$1,333.33 per year (\$1,666.67/year if \$25,000 was withdrawn after January 29, 2009).
- ☐ Please provide us with a copy of your **assessment notice for the prior taxation year**, as this allows us to pick up interest paid on refunds and other items which must be declared on this year’s return.
- ☐ Please clarify two addresses for us: the one you wish to be used on the face of your tax return, and the address to which we will send your return and other materials when ready. Also please provide telephone numbers where you can be reached during the day and evenings. **If your address has changed, please let us know.**
- ☐ If you have a tax refund and wish to have it **directly deposited** to your bank account, please send us a voided cheque for the relevant bank account, if you have not already set up this facility. If you have, there is no need to send in any more voided cheques, unless you wish to have the payments switched to a different bank account. Please note that the CRA will require direct deposit of any refunds starting in April 2016.
- ☐ The **“foreign property”** reporting requirements make it necessary for our clients with interests in foreign trusts, or significant interests in foreign corporations or other foreign investments, to disclose same on their personal income tax return. The minimum

threshold that requires the foreign property reporting is a minimum total cost of \$100,000 Canadian of your combined foreign assets at any one point in the calendar year. Securities that are held in foreign funds require information regarding the highest fair market value achieved within the calendar year, the fair market value at the end of the year, and the total of all income received from the securities for the year (it is best to send in your monthly statements for your investment accounts). If you have any questions regarding any foreign assets you may own please contact us regarding this complex area.

- ☐ If you are new client for us, or this will be the first year we will be preparing your personal return, please send us a complete copy of your return for the prior taxation year. We will copy it to our files and return the original to you.
- ☐ Children under the age of 18 who receive certain types of income may be subject to the “kiddie tax”, which subjects certain types of income to the highest applicable tax rate. However, many types of income are not covered by the kiddie tax, including capital gains, interest, and employment earnings. Please advise us of all income pertinent to your children.

☐ **U.S. Citizens, ‘Green Card’ holders, or Individuals with U.S.-Sourced Income:**

If you reside in Canada, the deadline to file your U.S. personal income tax return is **June 15th, 2015**, unless you were employed by a U.S.-based employer and were subject to U.S. income tax withholdings. In that case, you must file by **April 15th, 2015**. Please enclose the various I.R.S. forms you may have received, such as the W-2, 1042-S, and 1099s and any additional information that would facilitate the preparation and completion of these returns. Also, we need to know your Social Security Number. U.S. citizens must declare their worldwide income to the I.R.S., but many of these persons completely avoid U.S. tax due to the “foreign earned income exclusion”, or other tax treaty-based exemptions. **Regardless, all U.S. citizens and green card holders must file annual returns with the I.R.S.** If you have any concerns regarding this, please contact us.

- ☐ U.S. citizens resident in Canada would almost certainly have financial accounts (bank accounts, brokerages, etc.). These accounts require separate disclosure to the IRS. The required disclosures include the type of account, account number, name and address of the financial institution, and the highest dollar balance (or value) in that account during 2014.
- ☐ The children’s art credit provides a tax credit for enrolling your child in a program that promotes artistic or cultural activities. The credit covers up to \$500 of eligible expenses.
- ☐ Taxpayers who previously elected to defer the taxation of stock option benefits until the securities are disposed of and find that the value of the securities is less than the

deferred tax liability of the benefits, may elect, for securities sold before 2015, to pay a special tax equal to the proceeds of disposition of the securities. Also, where an employee disposes of a right under a stock option agreement for cash, the 50% deduction relating to the stock option benefit will be denied unless the employer elects to forgo the deduction of the associated cash payment.

- ☐ The Universal Child Care Benefit received by a single parent can be included in the income of the child for whom the benefit is received, rather than in the parent's income.
- ☐ Canadian residents who receive certain U.S. Social Security benefits are allowed an additional 35% deduction in respect of benefits.
- ☐ The medical expense tax credit is now no longer permitted for procedures that are purely cosmetic.
- ☐ First-time home buyer's tax credit: this is one per family, and is limited to \$750 (15% x \$5,000). To qualify, you must not have owned and lived in another home in the year of purchase, or any of the 4 preceding calendar years.
- ☐ The non-refundable **tax credit for children** who did not reach age 18 by December 31st, 2014. Since we may not know about all the children in your family, please be sure to note their name, date of birth, and social insurance number (if they have one).
- ☐ There is also a non-refundable **children's fitness tax credit** of up to \$1,000 times the lowest tax bracket for expenses relating to a program of "prescribed physical activity" for children under the age of 16 (or 18 if the child is eligible for the disability tax credit). Prescribed physical activity must be:
 - ongoing (either a minimum of 8 consecutive weeks long, or, for children's camps, 5 consecutive days long);
 - supervised;
 - suitable for children;
 - inclusive of a significant amount of **physical activity** that contributes to cardio-respiratory endurance, plus one or more of: muscle strength, muscular endurance, flexibility, or balance.

We will only need your summary of these expenditures, not the receipts themselves. You should, however, keep them for your records.

- ☐ You can **split pension income** between spouses and common-law partners. The limit is 50% of eligible income.
- ☐ Be sure to emphasize to us any capital gains you may have realized which are eligible for the "lifetime capital gains exemption" of \$750,000 (applies to the disposition of

qualified small business corporation shares and qualified farm and fishing properties). Obviously, huge tax savings are possible in this area.

All Personal Tax Returns must file Electronically, now:

Many of our clients have chosen to file their personal returns electronically for several years. **Now, it is mandatory for everyone** (with very limited exceptions). That process involves Lohn Caulder transmitting your data directly to CRA via secure transmission over the Internet. Please take note that we solicit electronic submission of the source documents (T slips, receipts, etc.), so it is possible we may never have original documents in our possession. Either way, we remind you that there is a 6-year requirement to maintain records to substantiate everything contained in your tax filings.



Engagement Letter for Preparing Personal Tax Returns

We ask that you sign and include the enclosed T1 engagement letter with the material you send us. For simplicity, we ask that one person sign as the responsible person for the entire family.

The Lohn Caulder Team