

Lohn Caulder LLP

Comprehensive Checklist for Your 2009 Personal Income Tax Return

The filing due date this year will be Friday, April 30th, 2010

Please help us give you the best value! To do that, we ask that you send us complete information, as soon as possible. This checklist is intended to assist you in that process.

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

Full name _____	Spouse _____
S.I.N. _____	Spouse S.I.N. _____
Birthdate _____	Spouse citizenship _____
Marital status _____	Child 1 name _____
Citizenship _____	Child 1 birthdate _____
Mailing address: _____	Child 1 S.I.N. _____
_____	Post-secondary? Attach T2202 _____
_____	Sports/recreations amts _____
Phone - home _____	Child 2 name _____
Phone - cell _____	Child 2 birthdate _____
Phone - business/daytime _____	Child 2 S.I.N. _____
Email _____	Post-secondary? Attach T2202 _____
Fax _____	Sports/recreations amts _____
Any family members disabled? _____	New children this year? _____
Northern Residents deduction? _____	Prior year's T1 (new clients) _____

Relatively new Items to Note:

- For one year only, the Federal Government is allowing a tax credit of 15% of home renovation costs. Briefly, the credit applies to expenditures of \$1,000 to \$10,000, incurred between January 28, 2009, and January 31, 2010. So, the maximum credit possible is \$1,350 ($15\% \times (\$10,000 - \$1,000)$) - of course, you may have spent more, but the credit limit caps out, as illustrated. Only one credit claim is allowed per family, but recreational properties are OK, although rental properties (for which you claim deductions) are not. Please see the 'newsletter' section of Lohn Caulder's website (April 2009) for detailed information on how this credit works. You need to maintain good records to support the claim, but do not need to send anything to CRA, unless they ask for it. You may, therefore, decide whether you wish Lohn Caulder to add up your receipts for you, or to simply supply us with a global figure to enter on your personal tax return. We expect that the majority of eligible clients will simply claim \$10,000 in expenses, since most renovations cost vastly more than that !
- A second housing-related incentive is new for 2009: the first-time home buyer's tax credit. Again, this is one per family, and is limited to \$750 ($15\% \times \$5,000$). 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. Please be sure to tell us if you are eligible, as this one is easy to miss !
- There is a non-refundable **tax credit for children** who did not reach age 18 by December 31st, 2009. This is calculated as $\$2,089 \times 15\%$ (a federal-only credit). 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 \$500 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.
- Do not forget to emphasize 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).

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 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 2010), **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 \$2,011 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 **safety deposit box fees, 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.
- 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. 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, 2010**, 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, 2010**. 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.

□ **Electronic Filers Please Note:**

Many of our clients choose to file their returns electronically, by having us transmit the return directly to CRA via secure transmission over the Internet. Obviously, no paper backup whatsoever goes to CRA in an electronic filing. However, it is CRA’s practice

to spot-check electronic filers. This involves CRA requests for copies of various receipts. To meet these requests in the most efficient way possible, Lohn Caulder retains, for one year, the original copies of various forms in our files for all electronic filers, provided space permits. In most cases we still return one copy to you, since these forms (such as T4s and RRSP receipts) tend to be produced in duplicate. To keep our filing cabinets from overflowing, we return all receipts by no later than the subsequent year, and it is your responsibility to keep such receipts until the end of your audit exposure period. Generally, there is a 6-year requirement to maintain records.

We consult with all clients after a tax return is prepared to determine if they wish to electronically file. CRA requires that we obtain written authority to make such filing, so those electing this option will receive the necessary forms in their package of materials. We ask that you sign these forms, and return them to our office by regular mail.

□ **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.

Please do not hesitate to contact us if you have any questions.

The Lohn Caulder T1 Team