

Lohn Caulder LLP

Comprehensive Checklist for Your 2016 Personal Income Tax Return

The filing due date this year will be Monday, May 1, 2017

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? _____ |
| Primary Residence sold? _____ | Previous year's tax return (new clients) _____ |

New Items for 2016:

- Starting in 2016, there is a new requirement to disclose all **sales of principal residences**. Previously, CRA did not require disclosure of such transactions (which are normally tax-free), no matter the size of the deal, or the circumstances. Now, at least a minimum of information is requested: the address of the property, the year it was acquired, and the proceeds of sale. In and of itself, this is not enough information to calculate a net gain or loss, although interestingly, the schedule on which this information is to be provided is an adjunct to the 'capital gains schedule' of the T1 tax return. Perhaps, a coincidence? For now, it seems there are no overt penalties for failure to provide this information, although the normal 3-year limitation against most forms of reassessment exposure will not apply to such transactions.
- The **school supplies tax credit** of up to \$150 per year (claim up to \$1,000 of expenses x 15%) is for elementary and secondary school teachers that made non-reimbursed purchases for supplies during the year for use in schools to teach or help students learn. CRA may request a certification from your employer to support these purchases.
- The **home accessibility expense** credit is a tax credit up to \$10,000 for home renovations that allow access to, improve mobility within, or reduce risk of harm within a dwelling for an individual who is 65 and older or qualifies for a disability tax certificate.

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). This amounts to \$160.00 per month per eligible child under the age of 6 and \$60.00 per month per eligible child aged 6 through 17, and is taxable to the lower income spouse. Note that UCCB received by a single parent can be include in the income of the child for whom the benefit is received, rather than in the parent's income.
- 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 **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). Note that many brokers provide this service for their clients.
- Be sure to emphasize to us any capital gains you may have realized which are eligible for the “**lifetime capital gains exemption**” of \$824,174 for the disposition of qualified small business corporation shares and \$1,000,000 for the disposition of qualified farm and fishing properties. Huge tax savings are possible in this area.
- 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 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 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.
- If you are a commissioned salesperson, summarize and list all **commission expenses** by type and amount. 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).

- Please gather together all of your receipts for **charitable and/or political donations**, **RRSP** contributions (including any made in the first 60 days of 2017), **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 \$2,237 and 3% of your net income (line 236 of the return).
- 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.
- 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.
- 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.
- 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
- The **children’s art amount** provides a tax credit for enrolling your child in an ongoing, supervised program that promotes artistic or cultural activities. The credit covers up to \$250 of eligible expenses per child under the age of 16, so be sure to let us know if you incurred any such expense during the year.
- The **children’s fitness credit** provides a tax credit for enrolling your child in an ongoing, supervised program that requires significant physical activity. The credit covers up to \$500 of eligible expenses per child under the age of 16, so be sure to let us know if you incurred any such expense during the year.
- The **children’s fitness equipment credit** is a British Columbia income tax credit equal to 50% of the amount claimed for the children’s fitness credit (see above)

- The **education coaching credit** is a British Columbia income tax credit available to teachers and teacher assistants in a qualified school who carry out at least 10 unpaid hours of extracurricular coaching activity in the tax year. The credit amount is \$500. Please let us know if you think you qualify for this.
- 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. Your eligibility for these credits is communicated through a **tuition certificate** (Form T2202) issued by your educational institution, so it is important that you send us that certificate.
- 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 valid for at least 5 consecutive days, and then 20 days per 28 day period. While you still need to save the receipts, we ask that you just send us the total expense amount.
- **First-time home buyer's tax credit**: this is a \$750 benefit (a \$5,000 credit x 15%) available to one person per family. To qualify, you must have acquired a home during the year without having owned and lived in another home in any of the preceding 4 calendar years. Be sure to let us know if you think you qualify for this credit.
- You can **split pension income** between spouses and common-law partners. The limit is 50% of eligible income. If we prepare the returns for both you and your spouse or common law partner, you do not need to send us anything other than your regular income slips. If your spouse or common law partner has their return done elsewhere, you will need to send us their taxable income (line 260) from their tax return.
- 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. Hold onto all cancelled cheques or other proofs payment, since this deduction is frequently reviewed by CRA. Most child support payments are now non-deductible, 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.
- 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 2017, 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.

- If you paid **tax instalments** during the year, please enclose the most recent statement from CRA confirming the amount paid for the year.
- Please provide us with a copy of your **“Notice of (Re) Assessment”** 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.
- If you have a tax refund and wish to have it **directly deposited** to your bank account, and have not already set up this facility, please send us a voided cheque for the relevant bank account.
- 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 are a **new client** of ours, 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.
- 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.**
- **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, 2017**, 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 18th, 2017**. 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 2016.

□ Canadian residents who receive certain **U.S. Social Security benefits** are allowed either a 50% or 15% deduction in respect of these benefits, dependent on when they began collection. If you did collect U.S. Social Security benefits, let us know if you began collecting these prior to January 1, 1996, so we can ensure you receive the correct deduction.

□ **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. As you will note in another article in this newsletter, we are soliciting 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