

# 2011 Canadian Personal Tax Checklist

(Prepared for clients and professional colleagues of Personal Wealth Strategies)

This Checklist is designed to help you assemble information for your 2011 personal return. It is for your personal use and does not need to be completed in detail. Hopefully it will help you identify ways to reduce your income taxes. Please do not hesitate to call us if you have any questions. A personal tax preparation checklist for US citizens, residents and part year residents is also available. Our website [www.finplans.net](http://www.finplans.net) contains several newsletters on income tax.03/12

Name \_\_\_\_\_ A Birthdate \_\_\_\_\_ SIN \_\_\_\_\_

Spouse \_\_\_\_\_ B Birthdate \_\_\_\_\_ SIN \_\_\_\_\_

Address \_\_\_\_\_ Telephone \_\_\_\_\_

Email address \_\_\_\_\_ Excel Y/N \_\_\_ Word Y/N \_\_\_ .pdf Y/N \_\_\_

## 1. Marital Status

- |  |                                    |
|--|------------------------------------|
| <input type="checkbox"/> Married           | <input type="checkbox"/> Separated |
| <input type="checkbox"/> Divorced          | <input type="checkbox"/> Widowed   |
| <input type="checkbox"/> Living Common Law | <input type="checkbox"/> Single    |

## 2. Citizenship

- Canadian citizen
- US citizen
- Provide information to elections Canada
- Did you own property outside Canada with a total cost in excess of \$100,000.

<b>A</b>	<b>B</b>
_____	_____
_____	_____
_____	_____

## 3. Children

Name	SIN / SSN	Date of Birth	Income / Other

- Provide details of tuition fees for children if not claimable by them.
- Have you applied for the Canada Child Tax Benefit (CCTB) for all children \_\_\_\_\_
- Did you receive a Universal Child Care Benefit (UCCB) – Amount \_\_\_\_\_
- If you were a single parent on December 31, 2011, you can include all UCCB amounts received in the income of a dependant.

## 4. Child Care Expenses

Dependent Name: \_\_\_\_\_ Dependent Birth Date: \_\_\_\_\_ SIN: \_\_\_\_\_  
 Provider Name: \_\_\_\_\_ Provider Address: \_\_\_\_\_  
 Provider SIN: \_\_\_\_\_ Amount Paid: \_\_\_\_\_ If Camp # of Weeks: \_\_\_\_\_

### 5. Particular or New Information for 2011

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### 6. General Information

- Copy of 2010 tax return (if we did not prepare your 2010 return)
- Copies of your 2010 assessment notice any other information received from Canada Revenue Agency (CRA) in past year including instalment notices. Your notice of assessment from the previous year will indicate both your contribution room and any undeducted RRSP contributions.
- If do not use direct deposit and wish to please supply us with a void cheque.
- 2011 tax instalments paid (attach last receipt from CRA).
- Are any family members United States citizens or Green Card holders? (The IRS informally agrees to accept six years of returns if you have not been filing as required). If you don't voluntarily comply and are detected, the penalties are severe. Yes \_\_\_\_\_ No \_\_\_\_\_
- Rent / property taxes for year \_\_\_\_\_
- Family members who are not taxable should be filing tax returns for such reasons as GST credits, RRSP contribution room, Ontario tax credits, CPP contributions, etc.
- Should any income for which you receive information slips be allocated to a spouse or another family member?
- If you have any amount of business income your return is not due until June 15.

### 7. Foreign Assets – Form 1135

- Form T1135 – Foreign property holdings (excluding personal use property) with a total **cost** (at any time in the year) in excess of \$100,000 must be reported on this form. The form must be filed even if a personal tax return is not required for the year. If you are e-filing you must submit the form separately. Typical properties include shares in non Canadian corporations, investments in foreign based mutual funds, condo rental properties and foreign bank accounts but excludes an interest in most foreign pension plans. **Foreign property held in RRSP's and in Canadian mutual funds and Exchange Traded Funds do not need to be reported. Severe penalties can apply for non compliance. (See Schedule A attached)**

### 8. Income Sources

- |  |                                       |
|--|---------------------------------------|
| <input type="checkbox"/> Employment    | <input type="checkbox"/> Pension      |
| <input type="checkbox"/> Commission    | <input type="checkbox"/> Rent         |
| <input type="checkbox"/> Interest      | <input type="checkbox"/> Business     |
| <input type="checkbox"/> Dividends     | <input type="checkbox"/> Professional |
| <input type="checkbox"/> Capital Gains | <input type="checkbox"/> Trust Income |
| <input type="checkbox"/> OAS           | <input type="checkbox"/> Alimony      |
| <input type="checkbox"/> CPP           | <input type="checkbox"/> Foreign      |

### 9. Government Information Forms

- T4 - Employment
- T4A (OAS) - Old Age Security (Tax withheld \_\_\_\_\_)
- T4A (P) - Canada Pension Plan
- T4A - Other pensions including foreign pensions
- RC62 – Universal Child Care Benefit
- T4RSP – RRSP income and T4RIF – RRIF income
- T5 - Interest and dividends

- T3 - Trusts, estates, insurance policies, mutual funds, income trusts
- T4E - Employment insurance
- T600 - Canada Savings Bond interest
- T5003, T5004 and – Tax shelter information
- T5007 – Worker’s Compensation income
- T5008 – Investment income
- T5013 – Partnership and tax shelter slip
- T2200 – Employment travel expenses using personal automobile
- T2202 - Tuition fees and education credits
- T1141 and T1142 – Loans or transfers to non resident trusts and receipts from non resident trusts
- T1037 – RRSP Homebuyers plan repayments
- T215 – Past Service Pension Adjustment

#### 10. Other Income

- If you exercised a stock option and bought eligible securities after 4:00 pm on March 4, 2010 the election to defer the security option benefits is no longer available.
- Self-employment income less expenses (home office, auto, tools etc.)
- Alimony or child support received (provide details)
- Business, professional and partnership income (provide details of income and expenses for each business)
- Rental income (provide details of income, expenses, additions and disposals)
- Post secondary school *scholarships and bursaries* - full exemption from income tax starting in 2007
- Retroactive Lump Sum Receipts*: Lump sum amounts received after 2001 that relate to prior years may in certain cases be allocated back to those years to lower your tax bill. (Form T1198).
- Foreign investment and pension income (provide details) – there may be special Tax Treaty exemptions
- US Social Security* is 50 or 85% taxable.
- Income accumulating in most US pension plans (IRA’s etc.) is exempt from Canadian tax under the Canada/US tax treaty but income from non pension plans such as Roth IRA’s, education and medical plans is not.

#### 11. Tax Deductions

- Professional or union dues
- Alimony or child support paid (provide name & address of recipients and copy of agreement)
- Are total support payments (child and spousal) up to date and were any spousal support payments disallowed for previous years.
- Moving expenses (job change, school attendance – provide receipts)
- Childcare and child fitness expenses (name, address & SIN of babysitter and daycare fees, camp fees, etc.)
- Conferences and conventions
- Home office expenses (place used primarily to perform duties or used exclusively and on a regular basis)
- Employment expense details (supplies, professional memberships, tools, legal, home office, vehicle, travel – See T2200 above)
- Deduction for individuals for small tools which exceed \$1,000 (provide receipts)
- Details of any investment, business or capital losses in prior years not deducted in prior years can be carried forward to reduce current taxable income.

#### 12. Tax Credits

- Charitable donations* (attach official receipts) plus any unused donations from previous years
- Political contributions* (attach official receipts)
- Medical expenses* (including medical insurance premiums and full or part time care)
- Cosmetic procedures and related expenses* qualify as a medical expense when incurred after March 4, 2010 only if they are required for medical or reconstructive purposes.

- Medical expenses now include payments for *care and supervision in a group home and therapy* prescribed and supported by a doctor.
- Age Tax Credit* (\$6,537) – age 65 and older with ability to transfer to spouse
- Pension Income Tax Credit*: The \$2,000 tax credit for pension income applies to more income sources for taxpayers over 65 than those under 65. Qualified pension income for over 65 people includes annuity payments of various kinds and most RRSP and RRIF payments.
- Disability tax credit* (\$7,341) If you or any dependents suffer from severe or prolonged mental or physical impairments you may be entitled to a disability tax credit. Form T2201 must be completed by a physician.
- Adult eligible dependent with disabilities* (\$10,527)
- Child disability or infirm tax credit* (\$4,282)
- Children under 18* - \$2,131 tax credit available (regardless of level of parent's or children's income)
- Caregiver tax credit* (\$4,282) If you have a parent or grandparent, or an infirm child or relative over the age of 18 living with you with income less than \$14,624 this may entitle you to a special tax credit.
- Children's fitness tax credit* of up to a maximum of \$500 for each child under 16 who participates in a prescribed physical fitness activity program which must be a minimum of 8 weeks duration with a minimum of 1 session per week or in the case of a camp must be 5 consecutive days.
- Employment tax credit* \$1,065
- Student loan interest expense*
- Tuition fees, books and education* deduction amounts (Form T2202)
- Public transit tax credit* – retain monthly, weekly and electronic passes showing name of transit authority, amount paid for pass and identity of rider – do not need to be attached to tax return
- Work related expenses* – provide receipts \$1,000
- First time home buyers* (\$5,000)
- Tax Credit Transfers* - Certain tax credits such as tuition, pension income amount, disability tax credit and the age amount that cannot be used by a taxpayer can often be transferred to other family members (parents, grandparents, spouse, etc.) to reduce their taxes.

#### ***New for 2011***

- Children's arts tax credit* – to a maximum of \$500 for each child for eligible expenses paid for the registration or membership in a prescribed program of artistic, cultural, recreational or developmental activities.
- Volunteer firefighters tax credit* – of \$3,000 if they have completed at least 200 hours of eligible volunteer time.

### **13. Registered Tax Plans**

- For deaths occurring after March 3, 2010 the existing RRSP rollover rules are extended to allow a rollover to the RDSP of the deceased individual's financially dependent infirm child or grandchild. Special transitional rules will apply where the death of an RRSP annuitant occurs after 2007 and before 2011 and contributions must be made before 2012.
- Registered Retirement Savings Plan (RRSP)* contributions (attach official receipts) including prior years undeducted contributions. *CRA has been assessing RRSP over contributions. If you over contributed before you became a client we would have no way to find this out – carry forward balances on assessment notices would be incomplete.*
- Did you withdraw funds under the RRSP Home Buyer's Plan or for education either during the year or in a previous year? If yes, please provide details of repayments in 2011. Did your spouse withdraw RRSP funds from a spousal plan?
- Registered Education Savings Plan (RESP)* – The annual \$4,000 limit has been removed allowing the lifetime contribution limit (increased from \$42,000 to \$50,000 per child) to be made at any time. Calculations show that a contribution of the full amount at an early age is of greater benefit than periodic contributions that qualify for the annual Canadian Education Savings Grant (CESG) (increased from \$400 to \$500).
- Pension Adjustment Reversal (PAR)* – If you left your job with an employer with whom you were a

member of a pension plan, your RRSP contribution limit may increase substantially due to the PAR calculation.

#### 14. **Capital Gains**

- Were any of the securities received as gifts or bequests?
- Were any elections ever made under the Income Tax Act that might affect the ACB of securities sold?
- If you moved to Canada from another country, the value of property at the date of immigration is its cost for tax purposes.
- Was a 1994 Capital gains election made to increase ACB up to \$100,000?
- If any of these securities were managed by a previous investment advisor did your current advisor record the ACB at its original amount or did they use market value.
- Were any of these securities owned previously by your spouse and did your investment advisor correctly record the cost of securities now owned by you.
- If you inherited the securities, does the ACB properly reflect the cost to you at the time the estate was wound up?
- If any of the securities sold are held in foreign accounts what is the ACB of these securities in Canadian dollars at the time they were originally purchased.
- Does the reported ACB include all costs incurred at the time of purchase?
- Capital gains (attach schedule of cost and proceeds of each security / asset sold – your investment advisor should provide an appropriate schedule of security sales and capital gains
- Details of any investments which have become worthless during the year (page 5)*
- Lifetime Capital Gains Exemption* – Sales of qualified small business corporation shares and qualified farm and fishing property qualify for a capital gains exemption of \$750,000.
- Capital Gains Election* – Did you file an election (Form T664) to increase the cost of properties owned on February 22, 1994 by the unused portion of the \$100,000 capital gains exemption available at that time. If so please provide us with a copy of Form T664.
- Principal Residences* – If you and your spouse own two residences such as a home and a cottage, you may be able to increase the tax free amount by making changes to the ownership. Two principal residences were allowed up to December 1981 under certain circumstances.

#### 15. **Investments Income and Deductions**

- Interest on money borrowed to earn investment income
- Interest, dividends & other income for which no slips were received
- Rental income (provide details of income & expenditures, interest expense and other carrying costs) (Form T776)
- Investment counsel fees, safety deposit box and accounting expenses (tax return preparation)
- Tax sheltered investments (limited partnerships, labour sponsored corporations, flow through shares, royalty trusts)
- Losses on investments in previous years claimed but not used (capital loss carry over)*
- Investments and Mutual Funds* – If you sold any mutual funds during the year you should obtain details of their cost and any selling expenses.
- Children - Non Listed Shares* – If a child receives dividends or benefits relating to shares not listed on a stock exchange this income is taxed at the maximum tax rate (Kiddy Tax – Form T1206).

#### 16. **Tuition Expenses and Scholarships**

For a Canadian institution, attach T2202 slips. Ensure that the student completes the back. In the case of non Canadian institution, complete the following, and call us so that we may send you Form TL-11A

Student Name: \_\_\_\_\_ Net Income: \_\_\_\_\_ Tuition Period: \_\_\_\_\_

Educational Institution: \_\_\_\_\_ Amount Paid: \_\_\_\_\_

- Scholarships:** Elementary and secondary school scholarships not taxable.

**17. US Tax Issues**

- If you received US Social Security benefits in 2011, you will be eligible to claim a deduction of 15% or 50% of the benefits received. Tax treaties often have special rules for taxation of foreign pensions and other income.
- US Investment Income* – Canada will not provide a tax credit for tax withheld on investment income in excess of 15% of income from most treaty countries. The United States provides Form W-8 BEN to be sent to foreign payers to reduce the rate to 15%

**SPECIAL SITUATIONS AND TAX ELECTIONS****Capital Gains/Losses and Business Income/Losses**

- Capital gains in prior three years that current capital losses can be applied against.
- Capital losses in all prior years that can be applied against future capital gains.
- Business losses in prior years (up to 10) that can be applied against current business income.

**Bad Debts and Shares of Insolvent Corporations (see February 2009 Tax Alert Issue-1-09)**

- Election to have a deemed disposition of a worthless share
- Election to have a deemed disposition of a bad debt

**Change of Use (Principal Residence)**

- Election to ignore change of use to income earning purpose
- Election to ignore change of use from income earning purpose to principal residence

**Deceased Taxpayers**

- Election for property to pass to spouse on death at fair market value (no form)(Section 70(8.2))
- Election to claim certain reserves where property passes to spouse on death
- Election by representative of a deceased taxpayer to deem losses of estate to be those of the taxpayer
- Election to transfer RRSP Home Buyer's Plan repayment liability from the deceased taxpayer to the surviving spouse

**Emigration / Immigration**

- Election to deem property to be taxable Canadian property on emigration
- Election to deem property not to be taxable Canadian property on emigration
- Elections by a returning individual to reverse departure tax
- Election by an emigrating individual to be deemed to have disposed of certain property on emigration otherwise not subject to deemed disposition

**Spousal Issues**

- Joint election to split pension income - Form T1032
- Transfers between spouses elected to occur at fair market value
- Election to have dividend income included in spouse's income (no form)

**Other Issues**

- Capitalization of the cost of borrowed money
- Preferred beneficiary election
- Election to defer recapture or capital gain where capital property is replaced
- Election to ensure that stock market transactions are treated as capital gains (T123)
- Election to have income taxed in a trust rather than to the beneficiary.
- Election of property as principal residence (T2091)



## **US TAX FILING OBLIGATIONS**

### **US Tax Compliance (A separate US questionnaire is available if US issues are significant)**

- Are you or any member of your family a US citizen or Green card holder? \_\_\_\_\_
- Do you qualify as a US long term resident? \_\_\_\_\_
- Did you spend a significant amount of time in the US each year (four months or more)? If yes please provide details of days and part days present in the US in the last three years. (US Form 8840) \_\_\_\_\_
- Did you derive any rental income from US property or sell US real property? \_\_\_\_\_
- Did you receive US Social Security (15% deduction) \_\_\_\_\_

### **Part Year US Residents**

- It is possible for a taxpayer to be considered a resident of the US for part of the year (1040) and a non-resident for the balance of the year (1040NR). For example a Canadian moving back to Canada in say April and surrendering his Green Card in July (accepted in October) would be a US resident until October and a non US resident until December (See US publications 515 and 519)

### **US Forms for Canadian Snowbirds, Owners of US Property and Those Carrying on Business in the USA**

- US residence IRS form to keep snowbirds from becoming tax filers in the US as a deemed US resident for both US income tax and estate tax – file Form 8840 with the IRS annually.
- US Condo Rental income – tenants are required to remit 30% withholding to IRS. Canadians can elect to write off expenses and pay tax on the net income from the property and avoid the 30% withholding. The claim to elect and report only the net income must be made by October 15 of the following year (US Form 4424). The 1040NR return is due June 15.
- 1040NR – Sold US real estate, have US rental income, US employment income on which taxes are not fully paid or wishing to get a refund of withholding taxes improperly levied. If you sell US real estate you can apply for reduced withholding tax on the sale by filing Form 8288-B with the IRS prior to the sale.
- 1040NR – Carrying on business in the US – If you conduct business in the US and travel there on consulting assignments you may be required to file a 1040NR tax return. To claim an exemption from US tax under the Canada US tax treaty you should file Form 8833 with your 1040 return
- Form 8840 – Present in the US 183 days or more by adding days in current filing year, one third of days in previous year and one sixth days in second previous year to prevent you being considered a US resident
- W-8BEN - File with broker to reduce withholding tax rate on US investment income from 30% to Treaty rate – usually 15%
- US Estate tax return – Required if asset in the United States (US situs assets) exceed \$60,000. The exemption from US estate tax is currently at \$3,500,000 (pro rated US to total asset) but if your US assets exceed \$60,000 when you die (even if you are not a US citizen) you must file a US estate tax return for the year of death.
- US Gift Tax Return - Required if there is a gift of US real estate.

### **US Tax publications 515 and 519 contain helpful information for US aliens**

### **US Citizens and Green Card Holder Living Outside of USA**

- If you are a US citizen you will always be subject to US income tax and estate tax. Providing your annual income is less than approximately \$3,000 (adjusted annually) you do not have to file a US tax return. If you have not filed your US returns as required, US policy is usually to accept seven years of past returns. If you are caught not filing, the US disallows certain exemptions and tax credits and will levy full penalty and interest charges –it's best to file past years returns.
- Even if you are not required to file US income tax return you may be required to file certain other forms
  - TDF90-221 Non US Bank Account Information (includes RRSPs) (June 30)
  - Form 8891 Information to report RRSP contributions and withdrawals and defer RRSP income

- Form 3520 Gifts given or received over \$100,000 and ownership interests in non US trusts
  - Form 3520A – Ownership of Non US trusts (March 15)
- ☐ If you lived in the United States as a green card holder for eight of the last 15 years you are considered to be a US long term resident and required to file a tax return unless you claim Canadian residence under the Canada/US tax treaty and file certain forms with the IRS.

*Personal Wealth Strategies*  
*205-30 Dupont Street East, Waterloo*  
*Phone: 519-884-7087 Toll free: 877-883-3970 Fax: 519-884-5741*  
[www.finplans.net](http://www.finplans.net)





## FOREIGN PROPERTY STATEMENT – FORM T1135

• **Types of Property and Cost**

	Less Than \$100,000	\$100,000 to \$300,000	\$300,000 to \$500,000	\$500,000 to \$700,000	\$700,000 to \$1,000,000	Over \$1,000,000
<b>Funds Held Outside Canada</b>	_____	_____	_____	_____	_____	_____
<b>Shares of nonresident corporations</b>	_____	_____	_____	_____	_____	_____
<b>Indebtedness owed by nonresidents</b>	_____	_____	_____	_____	_____	_____
<b>Interest in nonresident trusts</b>	_____	_____	_____	_____	_____	_____
<b>Real Property outside Canada</b>	_____	_____	_____	_____	_____	_____
<b>Other property outside Canada</b>	_____	_____	_____	_____	_____	_____

• **Location of Investments**

USA	<input type="checkbox"/>	Southern Asia	<input type="checkbox"/>
UK	<input type="checkbox"/>	Caribbean	<input type="checkbox"/>
Europe other than UK	<input type="checkbox"/>	Other	<input type="checkbox"/>

• **Total income from above assets during the taxation year** \_\_\_\_\_**CRA Examples of Foreign Property**

**Funds Held Outside Canada** – money on deposit in foreign bank accounts, money held with a foreign depository for safekeeping, money held by any other institution.

**Shares of Nonresident Corporations** – shares of non-resident corporations whether or not they are listed on a stock exchange or are physically held inside or outside Canada.

**Indebtedness Owed by Nonresidents** – all amounts owed to you by a nonresident person, includes all promissory notes, bills, bonds, commercial paper, loans, mortgages and indebtedness issued by a nonresident person.

**Interest in Nonresident Trusts** – any interest in a nonresident trust. You do not have to report your interest in the following – a trust that is governed by a US Individual Retirement Account (IRA), a non resident trust that neither you nor a person related to you had to pay for in any way, a non resident trust principally providing superannuation, pension, retirement or employee benefits primarily to a nonresident beneficiaries, that does not pay income tax.

**Real Property Outside Canada** – any real estate holdings that you have outside of Canada, other than real estate used in an active business or for personal use. If you have a property you rent outside Canada it should be included.

**Other Property Outside Canada** – precious metals or bullion, precious stones situated outside Canada, commodity or future contracts, options or derivatives.