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2000 PERSONAL INCOME TAX RETURN CHECKLIST

53(1)

Appendix A provides a checklist of information that will be needed to complete your *2000 Personal Income Tax Return*.



PERSONAL TAX

53(2)

MEDICAL EXPENSE

Canada Customs and Revenue Agency (CCRA) note that the Income Tax Act permits a medical expense for *tutoring services* that are supplementary to the primary education of the patient who has a learning disability, or a medical impairment, and has been *certified* as such. Also, the payment must be made to a person *ordinarily engaged* in the business of providing *such services*.

MOVING EXPENSES

In a *Tax Court* case, Mr. G *moved* from Victoria to Courtenay, British Columbia on June 22, 1998 to take up new employment. However, he could not sell his house in Victoria until December, 1998. The Court permitted moving expenses from Victoria to Courtenay, as well as \$2,572 of costs incurred in 1998 *maintaining his house* in

Victoria while he lived in Courtenay awaiting the sale of the Victoria house.

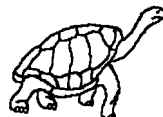
MOVING EXPENSES - FREQUENT FLYER POINTS

In a *Tax Court* case, the Court *disallowed* as a moving expense, air travel taken with *frequent flyer points*. The Income Tax Act permits a deduction for "*amounts paid*". The appellant failed to prove the actual amount of "travel costs" relating to the airline seat except that she testified that she flew that day. Also, meals and accommodation costs were dismissed because receipts were not provided.

EMPLOYMENT INCOME

53(3)

HOME OFFICE AND TRAVEL EXPENSES



In a *Technical Interpretation*, CCRA notes that where *40%* of the employment duties are carried out in the *home office*, the taxpayer would *not be entitled* to deduct home office expenses because the Income Tax Act requires the individual to *principally* (generally considered to be *50%*) perform the duties of employment from the home office.

However, where more than *50%* of the duties are performed in the home, the taxpayer may be eligible for home office expenses if there is a *contract of employ-*

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ment requiring the taxpayer to provide the home office although, this may be satisfied even without a written contract where it is *tacitly understood* by the employer and the employee that the home office is required to fulfil the duties of employment.

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However, where the employee is required to regularly and habitually attend staff or other meetings at a main office, travel between those locations *may* be viewed as *personal* in nature. The regularity of the reporting and the nature of the duties carried on at this location are more important than the fact that an employee may only report to the work location once or twice a month.

PAYROLL DEDUCTIONS

On October 23, 2000, CCRA introduced **RC4163** (Employers' Guide to Remitting *Payroll Deductions* in 2001) which notes that:

1. Regular remitters must pay payroll deductions by the fifteenth day of the month following the deductions. Also, if the remittance was due on, say, January 15, 2001, they will be considered late if they are paid with the T4 Return after January 15. Late penalties will be subject to a 10% or 20% penalty depending on whether it is a first, or subsequent failure.

However, small employers have the option of remitting source deductions quarterly if they have an average annual monthly withholding amount of less than \$1,000 in either the first or second preceding calendar year and, have a perfect compliance history in the previous twelve months and, have no outstanding GST/HST Returns or T4 Information Returns.
2. If the employer has an *average monthly* withholding amount of CPP, EI and tax of **\$15,000 to \$49,999** in the *second* preceding calendar year, the amounts deducted in the *first 15* days are due by the *25th* of the month and the amounts withheld from the *16th* to the end of the month are due by the *10th* of the following month.
3. If the average monthly withholding

amounts are **\$50,000** or more in the second preceding calendar year, the amounts must be remitted by the *3rd working day* after the end of the following periods, from the first to the seventh, from the eighth to the fourteenth, from the fifteenth to the twenty-first, and from the twenty-second to the last day of the month.

All remittances of *associated corporations* are considered in applying these thresholds.

Court Case

In an October 24, 2000 *Tax Court* of Canada case, the August and December, 1998 payroll remittances were *each late* by 6 days and 4 days respectively. CCRA *applied the penalties* to the late remittance for December, 1998.

MOTOR VEHICLE ALLOWANCE

In a *District Office Memo*, CCRA notes that where an employee's *expenses* exceed the *travel allowance* received from the employer, CCRA will permit the employee to *include* the allowance in income and *deduct the expenses*.

PRIVATE HEALTH SERVICES PLAN (PHSP)

In a *Technical Interpretation*, CCRA note that where a PHSP makes a payment that is *not an eligible medical expense*, the entire plan will be *disqualified*. For example, premiums paid under the B.C. Medical Services Plan are not qualified medical expenses. Therefore, if paid by a PHSP, this disqualifies the plan.

BUSINESS INCOME

53(4)

PRIVATE HEALTH SERVICES PLAN (PHSP)

In a *Committee Report*, CCRA notes that *proprietors* may deduct certain PHSP premiums in calculating business income. However, an arrangement under which a sole proprietor (who has *no employees*) pays an administrator a fee to be *reimbursed* for the medical expenses is *not* considered to be a "*plan of insurance*" and is, therefore, *not* an eligible PHSP.

It was also noted that if the *Plan* provides coverage for *other employees*, this may constitute a "*plan of insurance*".

INCORPORATION - A PROBLEM



In a *District Office Memo*, CCRA note that where *mutual fund* and *insurance* sales people are earning *commission* income in their own name due to *provincial legislation* and, subsequently *assign* the income to a non-arm's length *corporation*, the amounts should *also* be included in income by the *individual* resulting in double taxation.

CONTRACTOR REPORTING

All individuals, partnerships and corporations whose *primary business* activity is *construction* must report payments made to *subcontractors* whose *primary business* is *construction*. This may be provided on a **T5018** Information Return or, in an *internally generated format*, as long as the amount paid, the name of the recipient, and the social insurance number or business number are included.

LOSSES - O.K.

In a *Tax Court* case, Mr. and Mrs. K car-

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ried on a *business* of maintaining and showing *horses* but, incurred losses of \$22,352, \$24,380 and \$22,519 in the years 1993, 1994 and 1995.

CCRA *disallowed* the losses on the basis that there was *no expectation of profit* but, the *Court permitted* the losses, noting that there was a *strong connection* between this horse business and their *insurance* business. Mrs. K testified that the insurance business maintained and obtained clients through the horse shows. This was all part of the “*nest prospecting*” and “*general prospecting*” referred to in the Life Underwriters Association Training Course.

OCTOBER 18, 2000 FEDERAL MINI-BUDGET

53(5)

On *October 18, 2000* Finance Minister Martin introduced a *Mini-Budget* including:



1. *Personal Tax Rates*

Effective January 1, 2001 the lowest and middle tax brackets will drop from 17% and 24% to **16% and 22%** and, taxable income between **\$61,509 and \$100,000** will drop from 29% to **26%**. The top rate of 29% will continue to apply to taxable incomes exceeding \$100,000.

2. *Surtax*

Effective January 1, 2001 the 5% *surtax* will be *eliminated*.

3. *Canada Child Tax Benefit (CCTB)*

The National Child Benefit will be increased by **\$300 per child** and the family income threshold increases to

\$32,000 in 2001.

4. *Mental and Physical Impairment*

This tax credit will increase to **\$960** from \$730 in 2001.

5. *Caregivers*

This tax credit will increase from \$406 to **\$560** in 2001.

6. *Education Tax Credit*

The *monthly* tax credit for *full-time* students will increase from \$34 to **\$64** and, for *part-time* students, from \$10 to **\$19** in 2001.

7. *Capital Gains*

The inclusion rate will drop from 75% to **66 2/3%** from February 28 to October 17, 2000 and to **50%** after October 17. The *tax rate* on *capital gains* is now significantly *lower* than on dividends.

These rates will also apply to stock options, eligible capital property and allowable business investment losses.

Net capital losses carried forward or back will be based on the *inclusion rate* of the year to which they are applied.

Also, *mutual* funds and *segregated* funds will have the *option* to treat their capital gains and losses as though they were *earned evenly* throughout the 2000 taxation year.

In addition, the capital gains inclusion rate on *donations of publicly traded securities* and *ecologically sensitive property* will continue to be *based on one-half* the relevant inclusion rate.

8. *Small Business Investment Rollover*

The 1999 Federal Budget provision allowing a *rollover* for capital gains on certain small business share investments will have an increased reinvested amount of **\$2 million** from

\$500,000 and an increased asset limitation from \$10 million to **\$50 million**.

9. *Corporate Tax Rates*

The general corporate rate tax rates for the years 2001, 2002, 2003 and 2004 will be **27%, 25%, 23%, 21%** respectively. This does not apply to income benefitting from other tax incentives.

10. *Mining*

A **15% non-refundable investment tax credit** will be provided to individuals investing in flow-through shares on certain *surface exploration*.

11. *Foreign Spin-offs*

Canadian shareholders *receiving shares* in *foreign tax-free reorganizations* will be able to treat the shares as a reduction in adjusted cost base, as opposed to a dividend.

12. *Share-for-Share Exchanges*

After draft legislation has been developed, Canadians exchanging *Canadian shares* for *foreign shares* will be eligible for a *rollover* without having to go through the exercise of receiving “*exchangeable shares*”.

13. *GST Credit*

Each adult will receive an additional \$125, to a maximum of **\$250 per family**, if they are eligible for the GST credit.

14. *Canada Pension Plan/Quebec Pension Plan Deduction for the Self-Employed*

Under the CPP and QPP, *self-employed* individuals cannot deduct the employer share of CPP but must, instead, claim a credit at the lowest tax rate.

Commencing January 1, 2001, self-employed individuals may *deduct* this *employer portion*. The portion of

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CPP that represents the employee's share will continue to qualify for a tax credit.

MARRIAGE BREAKDOWN

53(6)

LIVING SEPARATE AND APART

In a **Tax Court** case, Mr. and Mrs. R signed a **separation agreement** in 1993 but continued to live in the **same house**. CCRA disallowed Mrs. R's GST tax credit on the basis that **Mr. R's income** must also be considered.



The Court **disagreed** with CCRA and found that they met the requirement of **living separate and apart**, even though they resided in the **same house** and noted that:

1. Mrs. R had **advised her employer** of her change in marital status with respect to superannuation and medical benefits.
2. Mrs. R had changed her **RRSP beneficiary** to her son.
3. Mrs. R **continued to live** in the lower part of the home because they could not agree on the value of the house. Her premises consisted of a bedroom, bathroom, family room and she had the use of the kitchen, telephone and laundry, had her own refrigerator, kept her food separately labeled and they never sat together for meals. Mrs. R performed no domestic services for Mr. R whatsoever.
4. Mrs. R testified that she **could not afford** to move out of the home prior to receiving her money for the house. Also, her son would not want to stay with her during alternate months if she had only a one bedroom apartment.

5. Since the parties had agreed to **joint custody**, each became responsible for the preparation of their son's meals and meeting his needs during alternate months.
6. When having surgery in 1995, she listed her son as her **next of kin**.
7. One witness testified that there appeared to be **limited communication** between them. When they were invited to the same party each was invited separately and, each attended in a different car with separate gifts.

The Court noted that spouses living under the same roof may well, in fact, be living **separate and apart** where the following circumstances exist:

- (i) occupy separate bedrooms,
- (ii) absence of sexual relations,
- (iii) little, if any, communication between spouses,
- (iv) spouse performs no domestic services for other spouse,
- (v) eating meals separately, and
- (vi) no social activities together.

EQUIVALENT-TO-SPOUSE CREDIT (ETSC)

In a **Federal Court** of Appeal case, the Court concluded that where Mr. Nelson has **joint custody** of a child but, is **required to pay** child support amounts for that child, he is **precluded** from making an ETSC claim.

Also, in a **Technical Interpretation**, CCRA note that in a **joint custody** arrangement where there are at least two children, generally one parent could claim the ETSC for one child and the other parent could claim the ETSC for the other child **assuming** that **child support payments** are **not paid** for the child claimed.

LEGAL FEES

In a **Tax Court** case, the taxpayer incurred \$4,176 in **legal fees** to alter a 1994 Child Support Agreement to **increase the amounts** and to bring it under the **post-1997 system** whereby the amounts would not be taxable, nor deductible. The Court noted that expenses incurred to quantify **child support** amounts may be **deducted** even if incurred to amend a previous child support agreement.

RRSP/RRIF/RESP

53(7)

RRSP - U.S. WITHHOLDING TAX

If a Canadian RRSP owns **U.S. securities** and dividends are paid to the Canadian RRSP, the U.S. payor may have withheld a **30% withholding tax**. However, the Canada-U.S. Tax Convention **exempts** RRSPs, RRIFs and pension funds from this withholding tax. Therefore, the RRSP trustee should **request a refund** of the tax.

QUALIFYING SHARE INVESTMENT

In a **Technical Interpretation**, CCRA notes that **shares** may **qualify as RRSP investments** if, immediately after the time the shares were acquired by the Plan, the annuitant was not a "connected shareholder" and the shares were shares of a "small business corporation".

A "**connected shareholder**" includes a person who directly, or indirectly, holds 10% or more of the shares of any class of shares of the corporation, or of any corporations related to the corporation, unless the annuitant or related person either deals at arm's length with the corporation, or the related corporation, or the cost amounts to the annuitant and related persons of all the shares of the corporation, or related corpo-

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rations, *total less than \$25,000*.

To qualify as a “*small business corporation*” all, or substantially all, (90% or more) of the fair market value of the corporation’s assets must be attributable to assets that are:

- (a) used principally (50% of the time or more) in an active business carried on primarily in Canada by the particular corporation or by a corporation related to it,
- (b) shares or indebtedness of other small business corporations that are connected with the particular corporation, or
- (c) assets described in (a) and (b) above.



TRANSFER TO DEPENDENT CHILD

In a *Technical Interpretation*, CCRA notes that, on death, a RRIF may be transferred to a *financially-dependent child* and will be deducted from the income of the deceased and included in the income of the dependent child. The child may then transfer all, or a portion, of the amount to an RRSP, RRIF or an annuity under which the child is the annuitant. *Information Sheet RC4178*, entitled “Death of an RRIF Annuitant” provides information.

GETTING REMARRIED

In a *Technical Interpretation*, CCRA note that where a RRIF annuitant *gets married* to a spouse *fourteen years younger*, the prescribed factor for the minimum amount cannot be changed to reflect the spouse’s age. However, the existing RRIF may be transferred to a *new RRIF* which may use the spouse’s age in determining the minimum payment.

RESP

Guide *RC4092* CCRA discuss *RESPs* in-

cluding:

1. HRDC will pay a 20% *Canada Education Savings Grant* (CESG) on the first \$2,000 of annual contributions made to eligible *RESPs* of a qualifying beneficiary. The maximum CESG that a beneficiary may receive is \$7,200 (\$400 x 18 years). For more information contact 1-888-276-3624.
2. An *Educational Assistance Payment* (EAP) is any distribution made under certain conditions, of an *RESP’s* accumulated income and CESG amounts to a beneficiary of the *RESP*, to help finance post-secondary education. To qualify as an EAP, the beneficiary has to be:
 - (i) enrolled as a *full-time student* in a qualifying educational program at a post-secondary educational institution (includes distance education courses and correspondence courses) or,
 - (ii) enrolled in a *qualifying educational program* at a post-secondary educational institution and have a mental or physical impairment.
3. Subject to the terms and conditions of the *RESP*, all contributions made to the *RESP* by the subscriber can be *returned to the subscriber* when the contract ends or at any time before. Because they were not deductible when made, they will not be taxable when returned.
4. The maximum amount of EAPs that can be paid to a beneficiary initially is \$5,000. After the beneficiary has completed *thirteen consecutive weeks* in the qualifying educational program, there is *no limit* on the amount of EAPs that can be paid if the beneficiary continues to qualify to receive EAPs. The Minister of HRDC may increase the \$5,000 limit where, for ex-

ample, the cost of tuition for a program is substantially higher than the average. Such requests have to be made to the Minister by the *RESP* promoter in writing.

5. An *Accumulated Income Payment* (AIP) may be made to a *subscriber* where each beneficiary has died, or reached 21 years of age, and is not eligible to receive EAPs and the *RESP* has existed for at least *ten years*. However, the last two conditions may be waived if the beneficiary has a mental or physical impairment. These payments are subject to regular income tax plus an additional 20% tax. However, up to a maximum of \$50,000 may be contributed to his/her *RRSP* within sixty days following the year to avoid this tax.

FARMING

53(8)

LOSSES

In a *Tax Court* case, the Court permitted a *full deduction* for farm losses against other income and noted that:

1. Mr. and Mrs. D are true and *genuine* Saskatchewan farmers.
2. The Income Tax Act was not intended to destroy the spirit of such people. The Court viewed the years 1992 to the present as startup learning years and permitted a *full deduction* for the farm losses against the employment income.
3. Commencing in 1992 Mr. and Mrs. D commenced farming but Mr. D *continued to work* at IPSCO in Regina because he needed the money to become a full-time farmer.
4. The *losses* from 1992 to 1997 ranged from \$18,000 to \$28,000.

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5. The Court accepted the taxpayer's *projections* which show them earning over \$50,000 per year after the year 2010.
6. The entire family earnings went *into the farm*, after maintaining their family.

SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (R&D)

Taxpayers that incur R&D costs are eligible for *immediate deductions* and, *tax credits* - individuals up to 20% and corporations up to 35%.

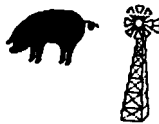
Some *case studies* which illustrate successful *farm related R&D* claims include:

Case Study 1

A *seed grower* recovered about \$40,000 per year since 1994 on agronomic research related to *test plots* for various trials on *seed varieties, chemicals, etc.* The R&D costs include shareholder wages based on time spent on the research, wages paid to workers for their time, cost of seed, chemicals, pesticides, etc., new equipment for the research operation and other related costs.

Case Study 2

A *hog finishing* operation recovered \$10,000 on the development of a new device to vaccinate livestock.



Case Study 3

A *forage processing* company conducted a qualifying experiment to determine if circulation of natural air in a storage shed could assist to dry baled forage.

Case Study 4

A *greenhouse company* recovered a significant portion of costs incurred to conduct an experiment to improve produce

quality. The company was trying to develop a growing protocol to control the bacteria growth that caused root rot.

Case Study 5

Several farm operations made successful claims in the field of developing new or improved *breeding stock*.

FAMILY FARM CORPORATION SHARES

In a *Technical Interpretation*, CCRA note that to qualify as a share of the *capital stock of a family farm corporation* (eligible for up to a \$500,000 capital gain exemption), all, or substantially all, of the fair market value of the property owned by the corporation must be attributable to property used by the corporation or, another eligible person, *principally* in the course of carrying on *farming in Canada* in which the person (i.e. the shareholder) or a spouse, child or parent of the person was actively engaged on a regular and continuous basis.

INTERNATIONAL

53(9)

REMUNERATION PAID TO CANADIAN FOR WORK IN THE UNITED STATES

In a *Technical Interpretation*, Canadian resident *employees* provided services in the U.S. to third parties. The *Canadian employer* bills the U.S. clients.

Provided that the Canadian employee is not present in the U.S. for more than 183 days, and his/her remuneration is not borne by an employer who is a resident of the U.S., nor by a permanent establishment of his/her employer in the U.S., the employee will *not be taxable* in the U.S.

ARTICLE XIII

In a *Federal Court of Appeal* case, the Court noted that the Canada-U.S. Tax Treaty makes United States and Canadian residents liable for *capital gains tax* on dispositions of real property in the other country but, only for gains arising after December 31, 1984. The 1980 Convention provides for either valuing property as of *December 31, 1984*, i.e. "safe start" date or, at the taxpayer's *option*, calculating the amount by which proceeds of disposition are to be reduced for tax purposes by *application of a formula* the scheme of which is to exclude gains up to December 31, 1984.

BANK INTEREST

A Canadian with a *deposit in a U.S. bank* must complete and file *Form W-8BEN* with the U.S. Bank commencing *January 1, 2001* to avoid U.S. withholding tax on interest paid to a Canadian resident by a U.S. bank. If the bank does not receive this Form, technically it is required to withhold tax on interest payments.



WITHHOLDING TAX

In certain instances, *interest payable* by a resident of Canada to an *arm's length non-resident*, where they did not have to pay more than 25% of the principal amount within five years, is *exempt* from withholding tax.

In a *Federal Court - Trial Division* case, the notes were *substantially altered* thereby creating new obligations the terms of which did not meet the exemption. Therefore, the *withholding tax* was required to be paid.

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GST

53(10)

SELF-SUPPLY RULES

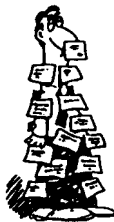
Where a taxpayer acquires a newly-constructed residential property for lease to others, *GST applies* on the purchase price. However, when the property is *constructed by the owner*, the owner is subject to GST on the *fair market value* of the property at the time it is put into rental use. (self-supply rules) However, input tax credits for the GST paid may be claimed. The *self-supply rule* is to attract GST on the profit element and other costs which would not normally be subject to GST such as interest expense and salaries.

In a *Tax Court* case, the taxpayer constructed five rental buildings and reported GST under the self-supply rules as at January 31, 1996 based on a value of **\$36,757 per unit**. However, CCRA argued that the value was **\$42,000 per unit** and assessed GST accordingly. This *fourteen page* Decision reviewed the various valuation methods, concluded that the *taxpayer was correct* and, allowed the taxpayer's appeal.

DUE DILIGENCE DEFENSE

In a *Federal Court of Appeal* case, the Court found that if a person has exercised *due diligence*, the GST penalty is not exigible.

CCRA has now issued a *Policy Statement P-237* which notes that a person must show that a *sincere attempt* to comply with the law has occurred in accordance with the "*reasonably prudent person*" test. There must have been *genu-*



ine uncertainty regarding the application of the GST which prevented compliance, not just a calculation error or error because of failure to maintain adequate records. CCRA also note that there is no defense for late remittance, or reliance on incorrect advice from a third party, unless sufficient uncertainty occurred.

NEW RESIDENTIAL RENTAL PROPERTY REBATE

The *February 28, 2000 Budget* proposes to introduce a *new residential rental property rebate*, generally equal to a maximum of **2.5%** of tax for newly constructed, substantially renovated or converted *residential rental* accommodations. ($36\% \times 7\% = 2.52\%$) The rebate will be available on rental accommodation including single unit and multiple unit rental housing, additions to multiple unit rental housing and, land leased for residential purposes - provided the rental accommodation or land is used, or intended to be used, as an individual's primary place of residence on a *long-term* basis.

The rebate could also apply to a *temporary rental unit* where the taxpayer is intending to sell the unit as soon as possible. However, if the unit is sold to a purchaser who will not be occupying it as a place of residence, the rebate will have to be repaid.

The rebate is also for *co-operative housing* units and *land leased* for residential purposes.

The *deadline* for claiming the rebate will be *two years* from the month where the GST is triggered - or two years after the legislation is enacted. The rebate application form may be filed together with the GST return thus, in effect, you will be remitting GST of only **4.48%**, instead of 7%.

Even though the rebate will apply to costs incurred *after February 27, 2000*, we understand that CCRA will not make any payments until the legislation has received Royal Assent.

DID YOU KNOW

53(11)

CCRA RELEASES

November 28, 2000 - This CCRA Fact Sheet reminds investors of *risks* associated with *tax shelters* and notes that:

- (i) If *no real* business activity is carried on, or there is *no reasonable* expectation of profit, losses will be *disallowed*.
- (ii) If losses claimed by an investor exceed the amount *at risk*, the losses will be reduced to the at-risk amount.

November 28, 2000 - CCRA *warns* Canadians against *tax myths* and challenges assertions made by "*detaxers*" and "*untaxers*".

CAPITAL LEASE VS. OPERATING LEASE

It was noted at the 2000 *Canadian Tax Foundation* Conference that CCRA are taking the position that *leases* should generally be treated based

on their *form*, rather than substance. Therefore, in most situations "*leases*" will be considered as *operating leases* - not capital leases.



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The preceding information is for educational purposes only. As it is impossible to include all situations, circumstances and exceptions in a commentary such as this, a further review should be done. Every effort has been made to ensure the accuracy of the information contained in this commentary. However, because of the nature of the subject, no person or firm involved in the distribution or preparation of this commentary accepts any liability for its contents or use.

APPENDIX A 2000 PERSONAL INCOME TAX RETURN CHECKLIST

INFORMATION REQUIRED INCLUDES:

1. All *information slips* such as T-3, T-4, T4A, T4A(OAS), T4F, T4PS, T4RIF, T4RSP, T4U, T-5, T-10, TFA1, T101, T600, CTB, T5003, T5013, T5018 (Subcontractors) and corresponding provincial slips.
2. Details of *other income* for which no T slips have been received such as:
 - other employment income (including stock option plans),
 - business income,
 - partnership income,
 - rental income,
 - alimony, separation allowances, child maintenance,
 - pensions,
 - interest income earned but not yet received - example Canada Savings Bonds, Deferred Annuities, Term Deposits, Treasury Bills, Mutual Funds, Strip Bonds, Compound Interest Bonds
 - professional fees,
 - director fees,
 - scholarships, fellowships, bursaries.
3. Details of *other expenses* such as:
 - employment related expenses - Provide Form T2200 "Declaration of Conditions of Employment",
 - interest on money borrowed to purchase investments,
 - investment counsel fees,
 - moving expenses - including costs of maintaining a vacant former residence,
 - child care expenses,
 - alimony, separation allowances, child maintenance,
 - safety deposit box fees,
 - accounting fees,
 - pension plan contributions,
 - film and video production eligible for tax credit,
 - business research and development.
4. Details of *other investments* such as:
 - real estate or oil and gas investments - including financial statements,
 - labour-sponsored funds,
 - registered education savings plans.
5. Details and *receipts* for:
 - Registered Retirement Savings Plan contributions (note that eligible foreign content is increasing from 20% to 25% for 2000 and 30% for 2001),
 - professional dues,
 - tuition fees - including mandatory ancillary fees, and Form T2202,
 - charitable donations,
 - medical expenses (including medical related modifications to new or existing home),
 - political contributions.
6. Details of *capital gains and losses* realized in 2000 - including the *actual date* of disposition. This affects the *inclusion rate* of 3/4 or 2/3 or 1/2.
Also, new rules now permit *rollovers* for various reorganizations related to foreign shares.
7. Details of previous *capital gain exemptions* claimed, *business investment losses* and *cumulative net investment loss* accounts.
8. Name, address, date of birth, S.I.N., and province of *residence* on December 31, 2000.
9. *Marital/common-law status* and spouse's income, S.I.N. and birthdate.
10. List of *dependents* - including their incomes and birthdates.
11. If one of your dependents was in full time attendance at a *college or university*, details concerning name of institution, number of months in attendance, tuition fees, income of dependent, Form T2202.
12. Are you *disabled or are any of your dependents* disabled? Provide Form T2201 - disability tax credit certificate. This

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also includes extensive therapy such as kidney dialysis and certain cystic fibrosis therapy. Also, the *transfer rules* are broadened commencing in 2000 to include relatives such as brothers, sisters, aunts or uncles.

13. Details regarding residence in a prescribed area which qualifies for the *Isolated Area Deduction*.
14. Information regarding *child tax credit* receipts.
15. Details regarding RRSP - *Home Buyers' Plan* withdrawals.
16. Receipts for 2000 income tax *installments* or, payments of tax.
17. Copy of 1999 personal tax *returns*, 1999 Assessment *Notice* and any other correspondence from Revenue Canada, Taxation.
18. 2000 *Personalized Tax information* which Revenue Canada may have sent you.
19. Do you want your *tax refund or credit* deposited directly to your account in a financial institution? Yes/No.
To start direct deposit, or to change banking information, attach a "void" personalized cheque or your branch, institution and account number.
20. Details of *carry forwards* from previous years including losses, donations, forward averaging amounts, registered retirement savings plans.
21. Details of *foreign property* owned at any time in 2000 including cash, stocks, trusts, partnerships, real estate, tangible and intangible property, contingent interests, convertible property, etc..
22. Details of *income* from, or *distributions* to, *foreign entities* such as foreign affiliates and trusts.

23. Details of your "*Pension Adjustment Reversal*" if you have ceased employment after 1996 and were in a Registered Pension Plan or a Deferred Profit Sharing Plan. (T10 Slip)
24. If you provided *in-home care* for a *parent or grandparent* (including in-laws) 65 years of age or over, or an infirm *dependent relative*, a federal tax credit is available if the dependent's net income is less than \$14,047.
Also, the caregiver may claim related *training costs* as a medical expense credit.
25. Individuals carrying on a *business* may deduct amounts paid for *Private Health Service Plan* coverage.
26. *Alternative Minimum Tax* paid since 1994 on RRSP contributions will be *refunded*.
27. Interest paid on qualifying *student loans* is eligible for a tax credit.
28. *Retroactive lump-sum payments*

The 2000 Federal Budget proposes that individuals receiving qualifying retroactive *lump-sum payments* over \$3,000 after 1994 be allowed to use a special mechanism to compute the tax.

Eligible income sources include:

- (i) Income from an *office or employment* or because of the termination of an office or employment;
- (ii) *Superannuation or pension* benefits, other than non-periodic benefits;
- (iii) *Spousal* or child *support* amounts;
- (iv) *Employment insurance* and other benefits that may be *prescribed*.

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