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## TAX UPDATE

February 2021

### Fees

**All fees are due and payable upon completion of the tax return(s).** Tax returns will be required to be paid for, prior to being couriered or mailed. Tax returns that are picked up at our offices can be paid for at reception. We accept cheque, cash or electronic money transfer.

**Tax information submitted to us for tax return preparation after April 16<sup>th</sup> will incur an additional fee of \$50.**

### Tax Return Filing

For 2020 returns, we will be e-filing most personal tax returns in an effort to minimize the use of paper and improve our office efficiencies. Our experience has shown that tax returns which are e-filed result in quicker refunds, more timely assessments and do not incur a greater probability of audit. Any payments required for tax owing for a tax return that has been e-filed can be made with Form T7DR(A) which will be provided in your tax package or through CRA's website and the use of online banking via My Payment.

You will receive a summarized paper copy of your tax return, which will include the slips that would normally be sent to the government. You must keep the slips in case of a request from the Canada Revenue Agency ("CRA").

### E-filing Your Returns(s)

The CRA requires that we obtain a T183 Authorization Form in order to electronically file your income tax return. Once your return is complete, you will receive a T183 Authorization Form in your tax return package. You must sign the authorization form and forward a copy to us immediately either uploading to **Onvio**, our client portal, or by fax at 519-578-6507. Due to time constraints, we do not recommend using regular mail; however, you may courier the form or deliver it to our office in person.

### Referrals

We welcome referrals, so please feel free to pass our contact information along to family, friends and colleagues.

**PLEASE ADVISE US IF YOU ARE A U.S. CITIZEN OR GREEN CARD HOLDER**

## Personal Income Tax Appointments

The majority of income tax returns can be prepared from your information slips. If you require assistance with summarizing your business or rental activities, please let us know and we can provide you with a summary template. When complex situations arise, we need adequate time to analyze and properly prepare your tax return, so if an appointment is necessary, please **book one before March 31st**. To book an appointment, please contact us. At this time, we are still trying to limit the number of people coming in and out of our office, so we would prefer to have meetings virtually or via telephone if possible.

## Sending Your Information to Us

Tax slips and expense information may be sent to our office by mail, courier, or via **Onvio**, our client portal. If we have not yet received an invitation to **Onvio**, please contact Nancy, [nancy@hacockpc.com](mailto:nancy@hacockpc.com), so we can get you setup.

Please address your envelope or package to:

Nicole Hacock Professional Corporation  
1145 King Street East, Suite 204  
Kitchener, ON N2G 2N3

## Engagement Letter

Civil penalties now affect the tax accountants and preparers, which relate to making false statements or omissions in relation to income tax or HST matters. These penalties are also listed on the CRA website at <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/ic01-1.html>. We have enclosed an engagement letter which outlines our involvement as the preparer of your 2020 tax return(s) and your responsibility as a taxpayer. Please read and sign the enclosed engagement letter and return it to us with your tax information.

## What's New for the 2020 Tax Return

Many of the new items for the 2020 tax year relate to COVID-19 and have been included with our tax checklist.

**Canada Training Credit (CTC)** is a refundable tax credit that may be available to reimburse up to half of eligible tuition and fees associated with work-related training for individuals between the ages of 25 and 64. The maximum credit available in 2020 is \$250, based on \$500 of eligible expenses. There are certain conditions that must be met based on the 2019 tax year. If you would like more information on this credit, please let us know.

**Digital News Subscription Tax Credit** is a non-refundable tax credit based on up to \$500 of amounts paid for a qualifying digital news subscription (original written news content).

The **Home Accessibility Tax Credit (HATC)** continues to provide tax relief of **15% on up to \$10,000** of eligible expenditures incurred **after 2015** (renovations to a qualified dwelling to enhance mobility or reduce risk of harm) per calendar year, per qualifying person (65 years or older or eligible for Disability Tax Credit).

Starting with the 2016 tax year, going forward, taxpayers will be required to **report the sale of their principal residence**. Please provide the following information: proceeds of disposition, address of the property and the year the property was acquired. There will be no tax implications on this disposition, provided that the property was used as a principal residence for all of the years it was owned by the taxpayer and it was not used to earn income.

## Other News

The maximum **RRSP contribution limit** for 2020 is the lesser of \$27,230 and 18% of your 2019 earned income, plus any unused contribution room from prior years. If you are a member of a company pension plan, your limit is reduced by your pension adjustment which is reported on your 2019 T4 slip. **The deadline for making RRSP contributions for the 2020 taxation year is March 1<sup>st</sup>.**

The TFSA annual contribution limit remains at \$6,000 for 2021.

Taxpayers who owned **foreign investment property costing more than \$100,000** at any time during 2020 are required to report this information to the CRA.

Foreign investment property includes bank accounts, shares of foreign companies, foreign bonds or debentures, investment real estate and interest in non-resident trusts. This reporting **must be done** by April 30<sup>th</sup>. Failure to report or file the required form may result in **significant penalties**.

Foreign investment property does **not** include personal-use property, that is, any property used mainly for personal use and enjoyment, such as a vacation property, jewellery, artwork, or any other such property.

**Please contact us if the foreign property filing requirement applies to you.**

## Instalments

For individuals required to pay **instalments**, a reminder that the payment due dates for 2021 are March 15<sup>th</sup>, June 15<sup>th</sup>, September 15<sup>th</sup>, and December 15<sup>th</sup>.

If you are required to make payments, you should have received an instalment reminder notice from the CRA. You do not have to make instalment payments if your net tax owing is \$3,000 or less.

## GST/HST Returns

Self-employed individuals with worldwide sales in excess of \$30,000 must collect and remit GST/HST. If you are required to file a GST/HST return for 2020, please ensure to inform us when providing your tax information. **Please provide us with the gross revenue excluding GST/HST collected and the amount of GST/HST collected thereon separately.**

## Students

Most educational institutions now provide the **Form T2202** online. This form is needed to claim the **Tuition credit**.

This letter is provided for general information purposes only. Although we believe the information to be accurate, we recommend that you consult with us before embarking on any suggestions contained herein.

## To Our Clients:

### 2020 Income Tax Preparation - Checklist

We have compiled this checklist to help you assemble the information we will need to prepare income tax returns for you and other family members for the year 2020. In addition to the items on the checklist, **please let us know if you have moved, had a change in marital status, had a child, or changed employment in 2020.**

#### Income Sources:

All income support and benefits received under **COVID-19** relief programs (**CERB, EI, CRB, CRSB, CRSB, CESB, CEWS, CERS, CEBA**). Some of these supports will generate a tax slip, others will not, so if you received support for which there is no slip, please provide details.

Employment or self employment	<b>T4, T4A, T4PS, T5018, details of tips received</b>
Self employed – no T4A	<b>Income summaries and GST/HST returns for 2020</b>
Pensions, RRSP's, CPP & OAS	<b>T4A(P), T4RIF, T4RSP, T4A (OAS), Foreign pensions</b>
Investment income & mutual funds	<b>T5, T3, mortgage interest, treasury bills</b>
Limited partnerships/tax shelters	<b>T5013s</b>
Rental income	<b>Rental income and all expenses, e.g. mortgage interest, property taxes, repairs, utilities, insurance, etc.</b>
Other income	<b>T4As, T4E, WSIB, amount of child support if taxable, alimony, other tax slips, etc.</b>
Capital gains or losses	<b>We need the cost of the items sold and the proceeds of the sale. Year-end statements from brokerage firms are very helpful. If you provide a summary of the transactions, it will reduce the cost of preparing the returns. Where you have sold property, not including your principal residence, we will need copies of the closing documents provided by the lawyer for both the purchase and the sale.</b>

If you own investments that were located offshore or in the United States, if you transferred or loaned property to a non-resident trust, or if you received a distribution from a non-resident trust during 2020, please provide us with the details.

If you are aware of any other sources of income, please provide us with the details. Note that as a Canadian resident, you are taxable on any income earned worldwide.

Please advise us if you are a U.S. citizen or hold a valid U.S. Green Card.

## **Deductions & Credits:**

RRSP's	<b>Official receipts for 2020 and first 60 days of 2021</b>
Child care	<b>Original receipts showing addresses, names and social insurance numbers as applicable</b>
Prof. dues, donations & medical exp.	<b>Official receipts</b>
Tuition expenses	<b>T2202A, signed on back of copy 2 by <u>student</u>. Do <u>not</u> complete the calculation.</b>
Moving expenses	<b>Original receipts</b>
Spousal or child support	<b>A copy of the court order or a copy of the signed agreement. Also provide court receipts or cancelled cheques.</b>
Carrying charges & loan interest	<b>Interest paid on investment loans, etc.</b>
Business Expenses	<b>A summary of all expenses incurred during the year to earn business, professional or commission income.</b>
Others as applicable	<b>T2200/T2200S from your employer, (if claiming expense) Public transit receipts - only applicable to seniors Notice of Assessment for 2019 Details of instalments paid in 2020 Details of other dependants or disabilities Completed Form T2201 – Disability Certificate</b>
<b>Other:</b>	
<b>Sale of principal residence</b>	Please provide the following information: proceeds of disposition, address of the property and the year the property was acquired.

## **Working from home during COVID-19 – if you have question or require more information, please advise**

Option 1 – Flat Rate Method (Employees Only) – available for employees that worked from home more than 50% of the time for at least 4 consecutive weeks in 2020 due to COVID-19 and were not fully reimbursed for expenses, can deduct \$2/day that employee worked from home. Please provide number of days worked, no employer certification required.

Option 2 – Detailed Method (Employees and Non-Employees) – must meet one of the following:

- The home was where the individual mainly (more than 50% of the time) did their work (for employees, this test can be met for a four-week period); or
  - The individual used the space exclusively to earn business/employment income and used it on a regular and ongoing basis for meeting clients, customers or other people in respect of the business/employment.
- T2200 or T2200S required from employer, also provide details of portion of home used, time used and expenses for the period, for example, home internet access fees, rent, utilities, and office supplies.

This is a partial list. Any information, which you feel is relevant but is not listed here, should also be provided to us.

