



ADAMS AND ASSOCIATES LTD

2011 Personal Income Tax Return Questionnaire

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ELECTRONIC FILING

Once again we will be E-FILEing your return **unless you specifically tell us not to**. The Canada Revenue Agency requires that we obtain a signature from you, **after** your return has been completed, to authorize the office to E-FILE for you. Please remember to return the signed E-FILE forms ASAP as **we cannot E-FILE for you until we receive those signed documents**. This is especially true of returns completed in the last week of April. It is your responsibility to get to the office to sign your documents. They will NOT be filed without your signatures. FAXED authorization forms will allow us to efile your return but they are no longer acceptable to CRA. If you fax your forms to speed up my processing please remember we MUST have the original signed documents delivered or mailed as well. Parents are NOT allowed to sign for ANYONE over 19 years of age UNLESS they have their power of attorney.

Please bring in your tax papers as soon as possible. We would like to get things completed and filed or E-FILED for you as early in 2012 as possible. Please remember that we cannot guaranty that your return will be filed by April 30th if we have not received **all documentation** before April 23rd. All returns received after April 23rd will be put into a separate box and will be prepared on a first in, first out basis after all returns received in a timely manner are completed.

*****ONGOING SERVICES*****

Our practice is continuing to expand. If you have been satisfied with the services provided to you in the past, please feel free to recommend our office to your friends or associates. If you have not been satisfied, please let us know how we can improve our services to you.

ESTATE AND EXECUTOR SERVICES

Our services include estate management and executor services. If you feel you have the need for an impartial, local executor or just want to sit down and discuss the plans for your estate we would be happy to help.

Although it is difficult to believe, you may not live forever. There are many ways to structure your estate to reduce or eliminate taxes if they are done early and properly. Ignoring the planning of your estate does not guaranty immortality.

A number of clients have visited the office this year to discuss estate planning. The most often asked question is: "How do we keep from paying too much income tax on the family cottage". There are a number of options available to reduce income tax if the plans are made early and are followed up on. The best way to keep your money safe from the taxman is to plan early and often. The only great plan is a current plan.

HOSTED QUICKBOOKS SERVICES

We are staffed and ready to handle any and all of your daily, weekly or monthly bookkeeping, accounting, payroll, monthly and quarterly government reporting needs. Our full service annual personal, corporate and estate tax reporting and filings, which we have offered for decades, continue as usual. If you would like to talk over transferring your accounting data to our secure file server please give us a call. Your data will be accessible to you and to us at the same time. We would be happy to discuss what we can do to make it easier for you to run your business and leave the number crunching and government reporting to us.

RETURN PICKUP AND DELIVERY SERVICES

We are continuing our pickup service this tax season for any of our clients who are shut ins or who are finding it more and more difficult to get to Kars during the winter. If you are interested in this type of service, please give us a call and book early. We are planning to do pickup and delivery on Friday afternoons starting on February 10, 2012.

On-Line forms section available

A section has been added to the website with blanks of the most commonly requested forms. Go to <http://www.adamsandassociates.ca/> and have a peek.

CHANGES BROUGHT ABOUT BY INTER FAMILY MEMBER TRANSFERS

CRA appears to be moving to joint filing of family member returns. Although we have filed most of your returns since the early 80s and some of you since the early 70s. It is necessary for us to file the returns for **all** family members **if there are any transferable credits**. We have been forced to spend a tremendous amount of time repairing and efilng returns for clients when we have filed for credits based on returns done incorrectly by other tax preparers. It has always been said that we are not looking for work, but not requiring that we file all the returns is actually causing more work than it would if we took on all of the necessary jobs and filed them from here.

We cannot do a good job unless we prepare 100% of the information. We cannot guaranty that returns filed by spouses, children or other tax preparers are correct or complete. Taking these two statements into account, we will no longer perform any services when we aren't doing 100% of the filings.

If this confuses you, please give us a call and we will be happy to spend the time necessary to explain.

WOULD YOU BE INTERESTED IN RECEIVING A QUARTERLY TAX UPDATE LETTER?

As of November 2011 we will be providing a quarterly tax update and review service, electronically, to clients who feel it would help with their tax and retirement planning. It is provided by an industry expert and is customized by our office to suit the needs of our clients.

Please call the office and talk to Sara Atkins (X221) as soon as possible to subscribe to the service. You can also drop an email to Sara@ADAMSandAssociates.ca to get added to the list.

The newsletter will be delivered by email in PDF format. Feel free to give it to any of your family members or friends and neighbours regardless of whether or not they are clients of ADAMS and Associates Ltd.

WHAT'S NEW FOR 2011

CHANGES TO CANADA PENSION

Currently individuals wishing to claim CPP benefits early must either stop working, or have reduced earnings, for two months. The proposed changes in 2012 will allow individuals to take their CPP benefits without any of these current work interruptions, however, workers between the ages of 65 and 70 must now elect to **NOT** have CPP deducted from their payroll.

ONTARIO CHILDREN'S ACTIVITY CREDIT

To help parents with the cost of enrolling their children in activities that encourage them to be healthy and active, the government has introduced a new Children's Activity Tax Credit.

This credit will put up to \$51 per child under 16 years of age, and up to \$100 per child with a disability age 18 and under, directly into the pockets of families, by filing a 2011 tax return.

The criteria for fitness activities is the same as for the federal Children's Fitness Tax Credit or non-fitness activities must fall under one of the following categories: Instruction in music, dramatic arts, dance and visual arts.

A parent may claim both the Ontario Children's Activity Credit as well as the Children's Fitness Tax Credit. To do so the child must have two activities that qualify. The program must last a minimum of five consecutive days or be a weekly program lasting a minimum of eight consecutive weeks.

VOLUNTEER FIREFIGHTERS TAX CREDIT

The Volunteer Firefighters Tax Credit allows eligible volunteer firefighters to claim a 15 percent non-refundable tax credit based on an amount of \$3,000. To be eligible an individual must perform at least 200 hours of volunteer firefighting service in a taxation year.

RESPs—ASSET SHARING AMONG SIBLINGS

Individuals who opened separate individual plans will have the same flexibility to allocate assets among siblings as existing family plans. Transfers will be allowed between individual RESP's for siblings, without tax penalties and without triggering the repayment of grants. Provided the beneficiary had not attained 21 years of age when the plan was opened.

2011 Tax Free Savings Account (TFSA)

A TFSA is an account where you are allowed to invest money in qualified investments and have the profits you earn come to you tax free. TFSA has been in place since 2009. If you have not set up a TFSA you should consider doing so. However, keep in mind that it cannot be used like a bank account. Withdrawals from your TFSA do **not increase your annual limit** for contributions until the **year following their withdrawal**.

DO NOT trust the limit shown on your 2010 Notice of Assessment from Revenue Canada. **There are significant penalties and interest if you over-contribute to your TFSA.** Please be sure to contact your financial institution or our office if you are confused or need confirmation. Also, please contact us if CRA has charged you any interest, as there may be relief provisions for you.

Interest on money borrowed to invest in a TFSA will not be deductible. Please remember that if your TFSA was set up before September 8, 2008 you may wish to have it reviewed. CRA has ruled that plan holders may designate their spouse or common-law partner as the successor, with no tax consequences upon the death of the plan holder.

Read the following PLEASE

DO YOU HAVE A WILL?

Does your will still reflect your current wishes, family circumstances, financial situation and so on? Yes, you can do it and update it yourself, but, we know we wouldn't even attempt completing such an important document ourselves. The knowledge that the future of our families have been properly and legally looked after with a will, living will, power of attorney and estate review (at least bi-annually) is more important to us than a few hundred dollars. Is it to you? If you have a lawyer you use and trust, please get to them ASAP and see to it that your affairs are in order. We have had numerous clients pass away without wills or with really old out-of-date wills and the grief and cost of repairing that damage was unbelievable.

DO YOU HAVE A LIVING WILL?

Every adult human being should have a "Living Will" combo. Also known as "A Power of Attorney for Personal Care" **and** "A Power of Attorney for Property". These legal documents help you and your family deal with the problems dealt to you when you or a loved one is incapacitated through accident, illness or advancing years. The Personal Care POA allows you to appoint someone to make health care choices on your behalf if you are unable to; and The Property POA allows someone to pay your bills and collect your funds while you are not able to do so yourself.

If you do not have a lawyer you are dealing with, Rich and Andrew Wilson or Michelle Perry of **Wilson Law Partners LLP** in Manotick 613-692-3547 have been our business and personal lawyers forever and we're sure they would be happy to assist you with your personal and business legal requirements.

important PRESCRIPTION DRUG RECEIPTS

Your pharmacy is able to provide you with an annual print out of your cost of prescription drugs. We would REALLY appreciate it if you would ask for these, from every pharmacy you deal with, in January 2012. You can also get annual receipts from MOST dentists, chiropractors and physiotherapists.

GETTING YOUR FAIR SHARE

Once again this year we would like all of you to take a moment to ensure that everyone over 65 years of age is receiving everything they are entitled to from our beloved government. We are more than happy to sit with any senior client or their children to go over the details and application process to help them ensure they are getting all they are entitled to.

Canada Pension retirement pensions can be combined and split. This is legal, government sponsored income splitting and can save you up to 30% of the income we can transfer to the lower income spouse. The family will not be out one penny for as long as you both live and when either of you pass away, the payment plan the surviving spouse receives will be exactly the same as if you had not done the CPP splitting in the first place.

WE ARE NOT INVESTMENT ADVISORS

As always, we remind you that we are not an investment advisors and we choose never to be. We prefer to stay independent of the investment houses and feel that no accountant should profit directly by "selling" an investment to a client. Investment advisors should advise on investments and accountants should help you find out how much you made or lost. Everyone has their own purpose and unfortunately, the "Jack of all trades", especially in financial matters, should be treated as a myth. **Please talk to your investment advisor about which investments are best for you.** If you have no investment advisor, our personal investment guy, Ralph Neumann, at 613-736-0782, will be happy to assist you.

Our website has all of the above information including our general checklist. It also includes a partial listing of our business associates and their contact information. We try our very best to buy our goods and services from our clients if at all possible. You are all good people. Please stop by our website (<http://www.ADAMSandAssociates.ca>) and if you see an associate of ours offering a service you require, feel free to give them a call. **They are listed in NO PARTICULAR ORDER.** If we missed your business, we apologize. If you would like to be included on our website, please let us know your contact details and we'll update it as soon as possible.

Please remember that if you have mutual funds or any investment that could be considered "in trust" you probably won't receive your information slips (T3) until the beginning of April 2012

Thank you for taking the time to read this, see you in the spring

Norman Adams & Amanda Chartrand

ADAMS AND ASSOCIATES LTD

**We accept Cheques, Cash, VISA, INTERAC, or MASTERCARD
for payment of your account.**

Before we will file or e-file your documents all outstanding amounts due must be paid in full. Arrangements for extended payments must be approved before services are preformed.

March 2012

Sun Mon Tue Wed Thu Fri Sat

				1 8-12 & 1-4	2 8-12	3 Closed
4 Closed	5 8-12 & 1-4	6 8-12 & 1-4	7 8-12 & 1-4	8 8-12 & 1-4	9 8-12 & 1-4	10 Closed
11 Closed	12 8-12 & 1-4	13 8-12 & 1-4	14 8-12 & 1-4	15 8-12 & 1-4	16 8-12 & 1-4	17 Closed
18 Closed	19 8-12 & 1-4	20 8-12 & 1-4	21 8-12 & 1-4	22 8-12 & 1-4	23 8-12 & 1-4	24 Closed
25 Closed	26 8-12 & 1-4	27 8-12 & 1-4	28 8-12 & 1-4	29 8-12 & 1-4	30 8-12 & 1-4	31 Closed

April 2012

Sun Mon Tue Wed Thu Fri Sat

1 8-12 & 1-4	2 8-12 & 1-4	3 8-12 & 1-4	4 8-12 & 1-4	5 8-12 & 1-4	6 Closed Easter	7 Closed Easter
8 Closed Easter	9 Closed Easter	10 8-12 & 1-4	11 8-12 & 1-4	12 8-12 & 1-4	13 8-12 & 1-4	14 10-2
15 10-2	16 8-12 & 1-4	17 8-12 & 1-4	18 8-12 & 1-4	19 8-12 & 1-4	20 8-12 & 1-4	21 10-2
22 10-2	23 8-12 & 1-4	24 8-12 & 1-4	25 8-12 & 1-4	26 8-12 & 1-4	27 8-12 & 1-4	28 10-2
29 10-2	30 8-12 & 1-4	May 1 Closed	May 2 Closed	May 3 Closed	May 4 Closed	May 5 Closed

Dates to Remember

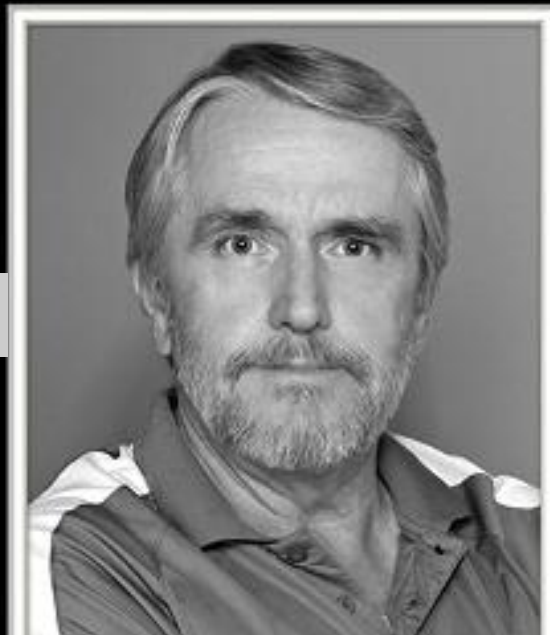
February 20	Family day (Office Closed)
February 29	Deadline to purchase RRSP, RRIF, HBP, LLP and RDSP
March 15	Instalment due date
April 5	GST/HST credit payment
April 6	Good Friday (Office Closed)
April 9	Easter Monday (Office Closed)
April 30	Filing due date for 2011 income tax return
May 1 - 8	<u>A Practice Holiday</u>
June 15	Filing due date for self employed 2011 income tax return
June 15	Instalment due date
July 5	GST/HST credit payment
September 15	Instalment due date
September 30	Last Date for Efiling personal income tax returns for 2011
October 5	GST/HST Credit payment
December 15	Instalment due date

Norman, at X 227 or Amanda, at X225 are the people to talk to if you have questions about business, corporate, estate, trust or personal income taxes. They are also your prime points of contact for Corporate Reorganization Planning, Financial Statement preparation, Estate planning and guidance on what to look for when preparing your wills. They can answer any question about any practice service but they specialize in tax and planning.

Cindy, at X 222 She is always available to answer your QuickBooks questions as well as your general day to day bookkeeping and record keeping questions. Cindy has a great understanding of cost and class accounting as well as extensive experience with construction and sub-division accounting and reporting systems. She also can answer your payroll questions and has considerable experience in QuickBooks system design and implementation.



**Amanda Chartrand CGA
X 225**



**Norman Adams
X 227**



**Cindy Derzai
X 222**



**Natasha Chambers
X 223**



**Sara Atkins
X 221**

Natasha, at X 223 is our Office Manager. If you are having technical difficulties with our QuickBooks OnLine offering; Natasha will help you overcome the problem. She is always available to resolve your QuickBooks problems. Natasha can answer your payroll questions and has considerable experience in QuickBooks system design and implementation. She is our resident specialist on stock, mutual fund and bond income recognition through our custom designed QuickBooks interface.

Sara, at X 221 is our shiny new Executive Assistant. She is in charge of 99.9% of contact with you after your income tax returns are complete and are sitting out front waiting for signatures. She is also in charge of telephone contact and booking of appointments. Her main job is to learn how to do everything. She has to memorize the client list, understand the weird Klingoneze that accountants speak plus learn how to do everything like we do it and at the same time figure out how to understand and do everything her own way. Piece of cake.



*** NEW LOOK ***

Our office has undergone a significant renovation and addition to allow us to be more energy efficient and to continue our staffing expansion to better serve your needs.

The building is at the same address but it is no longer pale green. Look for a sharp new reddish brown colour on the building with replaced and revitalized railings and steps.

Norman has been kicked upstairs to a newly designed office to allow us to use the main floor Boardroom, the one with the Leafs shrine and the spiffy multimedia table, for all client meetings and reviews.

We are in the process of interviewing applicants as we look to hire a fulltime CA/CGA/CMA as well as a 17 year old who wants to be trained to be the best bookkeeper and accountant in the country over the next 7 to 8 years. We'll keep you posted as the search nears an end. If you know of anyone who might fit the two positions mentioned above, fell free to let us know so we may contact them.

We'd like to thank our clients who have put up with us during this at times stressful renovation/addition process.

#	Here is a list of information I will need to assist me with the preparation of your 2011 Personal Income Tax return.	<u>Yes or No Change</u>
1	If you are over 65, are you receiving Old Age Pension? If your parents are over 65 have you confirmed with them that they are? The Old Age Supplement is available to lower income individuals over 65 years of age.	
2	Please let us know your current e-mail address. _____	
3	<p>If you have any new co-ordinates (Cell, home or Work Phone or e-mail address) please fill them in below.</p> <p>Has your marital status changed in 2011 or 2012? In what way?</p>	
4	<p><u>Because of the significant number of JOINT filing credits for children, pensions, tuition, pension splitting and so on if I am not preparing your spouse's return I can no longer file your return properly.</u></p> <p><u>Please bring your spouse's return to US for filing by US if you wish to remain a client.</u></p> <p>CRA is cracking down on couples who are living together who are not married and are not properly declaring themselves to be common-law spouses. This is especially true if there are children involved or it houses are jointly owned or you cover each other on medical dental plans. Please ask if you have questions. Suffice to say we are not allowed to file returns that we know are incorrect.</p>	
5	The names, dates of birth and Social Insurance Number(s) for your children under the age of 19 years. If we are not preparing their returns we cannot claim tuition fee transfers or any other transferable credits on your returns. <u>RE-MEMBER</u> to give me the names and birth dates of any children <u>born in 2011 or early 2012.</u>	
6	Original Charitable Donation receipts	
7	Your receipted child care expenses amount including the name, S.I.N. and address of the caregiver.	

#	Here is a list of information I will need to assist me with the preparation of your 2011 Personal Income Tax return.	<u>Yes or No Change</u>
8	<p><u>Original Receipts</u> for all medical costs paid by you during 2011 that were not fully reimbursed by a medical plan. <u>In some circumstances, attendant care and medical costs for a parent or other relative can be claimed on your return. Let us know the details and we will let you know if it can help your tax situation.</u></p> <p style="text-align: center;"><u>DID YOU KNOW?????</u></p> <p><i>Your pharmacist can provide you with a summary of your annual prescription out of pocket cost, suitable for use with your 2011 return.</i></p> <p><u>PLEASE ASK FOR ONE AND BRING IT WITH YOUR 2011 INFORMATION</u></p> <p>The most common medical expenses you can claim are:</p> <ul style="list-style-type: none"> • payments to a medical professional (including doctor, dentist, nurse, optometrist, osteopath, naturopath, massage therapist, physiotherapist, psychoanalyst, psychologist, chiropractor, acupuncturist, or Christian Science practitioner); • payments to a public or licensed private hospital; • payments for prescription medicines and drugs; • payments for artificial limbs, wheelchairs, crutches, hearing aids, dentures, pacemakers, and certain prescription medical devices; • prescription eyeglasses, prescription contact lenses, or laser eye surgery; • dental services; • ambulance charges to or from hospital; • amounts paid for attendant care, or care in an establishment if the individual making the claim qualifies for the disability amount. <u>A portion may be available to use as rent. Please get a detailed receipt from the complex.</u> • expenses for guide and hearing-ear dogs; • cost of diabetic testing supplies; • additional cost of meals prescribed by your Doctor to treat special medical problems. • premiums paid under the Québec Medical Insurance Plan, and premiums paid to private health services plans such as Blue Cross (other than those paid by an employer). <u>If you received partial reimbursement of your medical costs I need the statements that were attached to the cheque you received.</u> <p>Generally, you can claim all amounts that you paid, even if they were not paid in Canada.</p> <p>In general, let us know of any medical costs of any kind that you have not been reimbursed for.</p>	

#	Here is a list of information I will need to assist me with the preparation of your 2011 Personal Income Tax return.	<u>Yes or No Change</u>
9	<u>Both</u> copies of all income information slips received by you or any member of your household. This includes T3, T4, T4A, T4OAS, T4P, T4RSP, T4RIF, T4U, T5, T600, T5013 as well as any other forms you may receive that are reporting income you earned.	
10	<u>Capital gains are TAXABLE.</u> It is EXTREMELY important that you take the time to give us ALL information on the purchase and sale dates and prices of all shares you sold in 2011 whether you made or lost on them. <u>You must also provide us with complete details of the original purchase price of any securities you disposed of in 2011.</u>	
11	Statements disclosing purchase and sale transactions for any brokerage accounts you have or mutual funds you own.	
12	Details of any other income received by you from any other source.	
13	If you or any other member of your family has become disabled during 2011 and you wish to investigate claiming a disability tax credit, please provide me with your original completed and signed T2201 form. If you need the form, give us a call and we will print one out for you to get completed by your physician. You must paper file your return for the first year you request this credit.	
14	Original RRSP Contribution receipts. The companies you purchase your RRSPs from are now required to give copies of your RRSP contributions to the CRA.	
15	<p><u>Original Tuition Fee receipts for you, your spouse or any children that did not earn in excess of \$7,000. These are T2202 or T2202A forms.</u></p> <ol style="list-style-type: none"> 1. If the tuition fees are for one of your children or your spouse and we are not preparing their returns we will not claim tuition fee transfers or any other transferable credits on your return. 2. There is a signature line on the back of the T2202 form where the individual the fees were paid for MUST sign in order to transfer the deduction to you. 3. <u>We are NOT short of work but it has become a 99.9999% requirement that the returns for your whole family be prepared by the same person if there are any transfers of exemptions or credits involved.</u> 	

#	Here is a list of information I will need to assist me with the preparation of your 2011 Personal Income Tax return.	<u>Yes or No Change</u>
16	Original receipts and details for Union dues or professional fees paid.	
17	<p>Details of alimony or maintenance paid or received including the name, address and S.I.N. of the spouse. If this is the first year of a separation or if the agreement was signed or amended after May 1997, please include a copy of the agreement.</p> <p>Legal fees for matrimonial settlements are only claimable if they are incurred to collect <u>support or alimony</u>. Any costs to determine asset distributions are NOT deductible.</p>	
18	Amounts of any payments for interest or carrying charges, investment counsel fees, accounting fees, safety deposit box fees, etc are deductible against investment income.	
19	<p>Do you wish to deduct automobile, home office or other expenses from your employment or self employment income? Employees are required to have a form T2200 - "Declaration of Conditions of Employment". Please provide it as well as the details of the amounts you want to claim as expenses. Summarize your automobile and office in home expenses. Please remember to include the purchase and loan or lease documents if this is the first year of claiming a new vehicle. <u>CRA REQUIRES a completed vehicle travel log</u>. Our client, GPS to GO, can provide an electronic system for your vehicle to help automate the process. Call Russ Salo at 1-613-695-0444 for solutions or visit www.GPStoGO.ca</p>	
20	Your receipted 2011 property tax bill or the details, <u>including address, Landlord name and signature</u> , of any rent paid by you in 2011.	
21	Details of any RRSP withdrawals including transactions on a Home Buyers' Plans or Life Long Learning Plans if you are using one.	
22	Under some circumstances tuition and tutoring fees paid for children diagnosed with learning disorders are eligible as medical expenses. Ask for details and requirements.	
23	<u>Do you wish to release your name, address and date of birth to Elections Canada? ARE YOU A CANADIAN CITIZEN???</u>	
24	If this is the first year we are preparing your return for you we need copies of <u>two previous years</u> returns plus your 1994 T1 along with the <u>CRA assessment notices</u> for them.	
25	If you received a buy-out from your employer in 2011 please bring all details of RRSP transfers and purchases (direct or otherwise). RRSP receipts for any lump sum transfers are necessary <u>regardless of what your investment advisor says</u> . GET THEM PLEASE.	

#	Here is a list of information I will need to assist me with the preparation of your 2011 Personal Income Tax return.	<u>Yes or No Change</u>
26	Receipts for any Public Transit fees you paid. The Transit Pass must cover a duration of 30 days or longer and must clearly identify the rider. If the pass does not have all of the above information you can still claim the cost as long as you have cancelled cheques or credit card statements showing their payment.	
27	If you work in the transport sector you may be able to claim a flat rate meal allowance. Please provide us with your completed TL2. The allowance has increased to \$51/day	
28	Receipts for eligible fitness activities you enrolled your children in during 2011. In order to be eligible the activity must be ongoing (either a minimum of eight weeks duration with a minimum of one session per week or in the case of children's camps five consecutive days); supervised; suitable for children; and substantially all of the activities must include a significant amount of physical activity that contributes to cardio-respiratory endurance plus one or more of: muscular strength muscular endurance flexibility or balance. You can only claim fees that are related to the cost of registering a child in an eligible program of physical activity.	
29	Do you need us to arrange to pickup your tax papers this year? See Page 4 of the letter for details.	
30	Any assessment or reassessment notices you received from CRA during 2011 for any income tax return we prepared for you or a member of your household. <u>This is important.</u> There is confirming information on these documents about RRSP limits and other knowledge we need to serve you better.	
31	Confirmations received from CRA for your 2011 installment payments.	
32	Moving Expenses if your move brought at least <u>40 KM</u> closer to your job or educational institution	
33	Are you a first time homebuyer in 2011? If so you may qualify for credits and rebates. Ask for details.	
34	The taxation of the UCCB for single-parent families allows single parents to choose to include UCCB payments in their own income, or in the income of the dependant for whom an Eligible Dependant Credit is claimed, thereby providing treatment comparable to single-earner two-parent families. In most cases, the dependant would not be subject to tax. This change will ensure that single parents are not disadvantaged by their family status	

#	Here is a list of information I will need to assist me with the preparation of your 2011 Personal Income Tax return.	<u>Yes or No Change</u>
35	The Accelerated CCA rate for new Computer Hardware and Software expired on January 31, 2011. Your new computers bought after that date are depreciable at 55% per annum	
36	If your business qualifies significant grants are available for employing and training apprentices in specified trades. Ask for details.	
37	Scientific Research and Experimental Development credits are designed to help you and your business develop "new" products. The name is misleading but the programme is fantastic. If you are doing something that makes an existing product more efficient, makes it pollute less, or changes what it does you may qualify. It doesn't hurt to ask. Most small business people are doing something they are extremely proud of that "no one else is doing"	
38	<p style="text-align: center;"><u>DID YOU KNOW:???</u></p> <p>The balance in your RRSPs accounts after the last spouse dies are taxable in full as at the date of the last death. That can be a considerable amount of tax to paid in your estate. There are many varied ways of starting to deal with this before death. We are also happy to discuss how to most efficiently manage your income after age 65 to avoid the OAS claw back. Lets talk</p>	
39	If you are in business for yourself, either as a proprietor or a corporation, and you are paying your spouse and or your children you are <u>required to pay WSIB on their wages</u> . This can be avoided by naming age of majority relatives as directors of your business. Business owners and directors are generally better to have personal disability and wage loss insurance. Ask for details so you can better understand your obligations and requirements.	
40	<p>Are you or your spouse American citizens? If so, please be advised that you are <u>REQUIRED TO FILE annually with the IRS. We are happy to recommend someone to help you file your 1040 and state returns as necessary.</u> Uncle Sam is rapidly losing his sense of humour with his citizens. The US Department of the Treasury now require a FBAR form to be filed annually for all <u>bank accounts, RRSPs, TFSAs, Stocks, Bonds, Mutual Funds and so on with a total value exceeding \$10,000.</u> There can be severe penalties for NOT declaring ALL assets and investments held outside the USA. <u>We no longer file US re-</u> <u>turns.</u> We recommend preparers earlier in this newsletter</p>	

Are you a U.S. citizen, dual citizen (with citizenship in the U.S.) or a green card holder???

Unlike most other countries, including Canada, the United States requires U.S. citizens, dual citizens and green card holders, irrespective of their place of residence, to not only file an income tax return, but also to annually report holdings in “foreign financial accounts” and ownership of certain non-U.S. corporations, partnerships and other entities. **For some, this requirement to file a return may have been unknown. For others, the filing requirement may have been known, but ignored—largely on the perception that no benefit would be achieved by filing a nil return. However, irrespective of whether or not any U.S. tax may have been due, there are penalties associated with the failure to file. This failure to comply, and the related penalties, has now become a huge issue due to the recent push by the IRS, under the U.S. Foreign Account Tax Compliance Act (FATCA), to search out those individuals who are not complying.** This could be potentially impacting as many as one million Americans and green card holders residing in Canada, this enforcement by the IRS could also have a significant impact for clients and employees of Canadian accountants. This article summarizes the annual filing requirements. Annual Filing Requirements The enforcement efforts by the IRS are not only directed to ensure filing compliance of the federal income tax returns, but also to ensure that non-resident U.S. citizens (including those with dual citizenship) and green card holders meet the following annual reporting requirements:

1. “Foreign financial accounts”: Where the cumulative balance in all foreign financial accounts held outside of the U.S. exceeds \$10,000 at any time of the year, a detailed listing of each account must be provided and reported on U.S. Department of Treasury Form TD F 90-22.1, *Report of Foreign Bank and Financial Accounts* (FBAR). **The definition of a financial account is far reaching and includes Canadian bank accounts— chequing and savings accounts— securities and brokerage accounts, RRSPs, RESPs, TFSAs, insurance and annuity policies with a cash surrender value, commodity futures or options accounts, mutual accounts, etc.**
2. The penalty for “non-willful failure” to report this information is significant (up to \$10,000 per account per year). If the IRS deems the non-compliance to be a “willful failure”, the penalty is significantly higher. It can be as much as the greater of: a) \$100,000; and b) 50% of the amount in the account at the time of violation.
3. If the U.S. citizen owns 10 percent or more of a Canadian or other non-U.S. corporation, partnership or other entity, this ownership must also be disclosed. Again, the penalties for failure to comply are harsh, up to \$10,000 per year for each entity.

The statute of limitations does not run for an unfiled return. Therefore, technically, a non-filer would be required to file for all years when the U.S. citizen had income exceeding a small threshold amount. For a brief period, under the U.S. 2011 Offshore Voluntary Disclosure Initiative, the IRS accepted returns for the period 2003 through to 2010 and did not look back further; however this expired on September 9, 2011. **Neither the filing of a Canadian income tax return nor paying taxes in Canada during this time mitigates the obligation to file in the United States.** Furthermore, renouncing one’s U.S. citizenship may alleviate obligations to file on a go-forward basis, but does not eliminate any past obligations owing to the IRS. As well, even renouncing one’s citizenship will not reduce the obligation to file in the future until one has filed for at least five years. **Since failing to file U.S. income tax returns could be a criminal offense, individuals who have questions regarding their obligations may want to seek guidance from a lawyer who has experience with such issues. Unfortunately, this matter will not be going away and ignoring the situation is not a rational option—to ignore the reporting requirements may only result in significantly increasing the exposure of the individual to potential penalties. Such legal obligations may ultimately fall on executors or beneficiaries of estates of U.S. persons. If they fail to comply for the deceased, they may be liable for the U.S. tax obligation.**

We specialize in Canadian tax and prepare close to 2,000 individual returns per year. Everyone who prepares returns for our office spends well over a full week per year at Canadian Tax Update Seminars and courses.

We have had to make the decision to no longer prepare US returns simply because Uncle Sam has decided to not play fair in international taxation of his citizens. All American Citizens or green card holders (regardless of the complexity of their returns) need the attention of a CPA who specializes in United States Income Tax preparation and advice. At this time we cannot take on the extra courses and seminars necessary to match the services of a full time U.S. specialist.

We have a couple of individuals who we are confident to recommend.

Martha Skeggs at McLarty & Company
110-495 Richmond Road, Ottawa K2A 4B2
(613) 726-1010

Or

Trina Olive at BDO Canada
100-1730 St Laurent Blvd, Ottawa K1G 5L1
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