

2020 Personal Tax Letter

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New Tax Measures That May Affect Your Return

Home Office Expenses

Employees who worked from home due to the COVID-19 pandemic more than 50% of the time over a period of at least four consecutive weeks in 2020 will be eligible to claim the home office expenses deduction. Two methods are available-

Temporary flat rate method applies to eligible employees working from home in 2020 due to the COVID-19 pandemic. You can claim a deduction of \$2 for each day you worked at home up to a maximum of \$400. No forms are required and you are not required to keep documents to support your claim. You must have worked more than 50% of the time from home for a period of at least 4 consecutive weeks. Your employer must not have reimbursed you for all of your home office expenses. Multiple employees may work in the same home and be each eligible to claim the flat rate method. Vacation days and sick days are not included in the number of days worked.

Detailed method will claim the employment portion of actual amounts paid, this requires a signed T2200 or Form T2200S from your employer. The size of your home and workspace must be calculated. The number of hours per week you use the space for work can effect a common (shared) area or designated room—ie you have been working from your kitchen. Shared spaces with multiple employees must be calculated. You must keep all expenses.

Canada Emergency Response Benefit (CERB) Taxable

Although the CERB payments are taxable, no tax was withheld at source. Depending on your situation tax may be payable on your 2020 tax return.

Canada Recovery Benefit Potential Repayment

Canadians may earn up to \$38,000 for the 2020 calendar year while receiving the Canada Recovery Benefit. CRA has applied a flat 10% deduction at source on these payments.

You will be required to repay \$0.50 of the benefit for every dollar of net income earned above \$38,000. This will be reconciled on your T1 tax return and the repayment will be incorporated in your total payable.

Canada Training Credit

The Canada Training Credit is a new refundable tax credit to help individuals with the cost of training fees. Individuals with have at least \$10,000 in earnings from work and income below \$150,000, between the ages 25 and 64 can accumulate \$250 per year, up to a lifetime training amount of \$5,000. The amount that may be claimed for a taxation year is equal to the lesser of: half of the tuition and other eligible expenses paid for the taxation year and the balance of the individuals Canada training credit limit for the taxation year. Limits will be shown on your Notice of Assessment and available through CRA's my account portal.

If you have any questions regarding any of the information or wish to discuss any aspect of your tax situation, please contact us at your earliest convenience.

CCH iFirm Portal

Many of you have now used our secure portal CCH iFirm. This continues to be our preferred method of document exchange.

You will get email notification when documents are uploaded to your portal and vice versa for us. We can upload your completed returns and signing documents to help save you a trip to our office. Do remember to save a copy of your return every year as portal documents will be cleaned up before the next tax season.

Please let us know if you would like to use this secure system to receive your files. We will create your iFirm Portal that you can access to send us information at any time during the year.

If you used our portal in the past your user name and password will continue to be valid.
<https://adamsandassociates.cchifirm.ca/clientportal/>

Firm Policy

It is necessary for us to file and prepare the returns for all family members if there are any transferable credits. We cannot do a good job nor guarantee that returns filed by spouses, children or other tax preparers are correct or complete. Therefore we will not perform any services when we aren't doing 100% of the filings.

ADAMS and Associates Ltd

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 performed.

You will find this document and other forms to help with your tax preparation under Forms and Organizers on our website www.ADAMSandAssociates.ca

At this time, there have not been ANY income tax filing extensions announced. Currently all personal tax returns are due April 30th, 2021. If you or your spouse carried on a self-employed business, you have until June 15th, 2021 to file, however any taxes owing are due April 30th, 2021.

Current Office Hours (may be affected with COVID restrictions)

January 1 through April 2

8am - 4pm (closed between 12-1 for lunch) Monday through Friday.

April 3 through April 30

8am - 5pm (closed between 12-1 for lunch) Monday through Friday and **Saturdays 8am - 4pm.**
We will be open Good Friday April 2 and Easter Monday April 5 but closed Saturday April 3.

In May we will return to our regular office hours of 8 am - 4 pm (closed between 12-1 for lunch)

| # | Please answer the following in order to help us prepare your 2020 Personal Income Tax return. | <u>YES</u> | <u>NO</u> |
|---|---|------------|-----------|
| 1 | <p>Do you wish to release your name, address and date of birth to Elections Canada? YES/NO</p> <p><u>ARE YOU A CANADIAN CITIZEN???</u> YES/NO</p> | | |
| 2 | <p>Please confirm your current e-mail address</p> <p>_____</p> <p>Would you like us to communicate to you through email? YES/NO</p> <p>Would you like to receive/upload documents through our iFirm Portal?</p> | | |
| 3 | <p>Has your personal information changed?</p> <p>Cell Phone Home Phone Work Phone</p> <p>_____</p> <p>Address _____</p> <p>_____</p> | | |
| 4 | <p>Have you sold your PRINCIPAL RESIDENCE? You are now REQUIRED to report the sale to CRA. It continues to be tax free if it is reported properly on your return. In order for us to report this, we will need original purchase cost and date purchased. We will also need the sale documents.</p> | | |
| 5 | <p>Has your marital status changed in 2020 or will in 2021?</p> <p>Married / Common Law / Divorced / Widowed</p> <p>Date of Change _____</p> <p><i>*if you are unsure if this may apply please ask*</i></p> | | |
| 6 | <p>The names, dates of birth and Social Insurance Number for your children under the age of 19. If we are not preparing their returns we WILL NOT claim transferable credits on your returns.</p> <p>NEW CHILDREN <u>born in 2020 or early 2021?</u></p> <p>NAME _____</p> <p>DOB _____</p> <p>SIN _____</p> | | |
| 7 | <p>*VERY IMPORTANT* Do you own foreign property? Including investments</p> | | |
| 8 | <p>All income information slips received. This includes T3, T4, T4A, T4OAS, T4P, T4RSP, T4RIF, T4U, T5, T5008, T5013, RC62 as well as any other forms you may receive that are reporting income you earned.</p> | | |
| 9 | <p>Details of any other income received from any other source <u>not</u> reported on information slips— <i>don't forget such things as tips, rental properties, casual labour, etc.</i></p> | | |

| # | Please answer the following in order to help us prepare your 2020 Personal Income Tax return. | <u>YES</u> | <u>NO</u> |
|----|--|------------|-----------|
| 10 | Original RRSP Contribution receipts. <i>Don't forget to include your contributions in the first 60 days of 2021! These are to be reported on THIS YEARS tax return!!!!!!</i> | | |
| 11 | Details of any RRSP withdrawals including transactions on Home Buyers' Plans or Life Long Learning Plans . | | |
| 12 | Did you receive a buyout from your employer? Please bring all details of RRSP transfers and purchases (direct or otherwise). RRSP receipts for any lump sum transfers are necessary. | | |
| 13 | <i>Alimony or maintenance paid or received—including the name, address and S.I.N. of the spouse. Please let us know the amount of all support received or paid or whether taxable or not.</i> Please include a copy of any agreement you may have. Proof of payment or confirmation from recipient may be requested. <i>Legal fees for matrimonial settlements</i> are only claimable if they are incurred to collect <u>support or alimony</u> . Any costs to determine asset distributions are NOT deductible. | | |
| 14 | <i>Capital gains are TAXABLE including investment gains.</i> We need the sale dates and prices of shares you sold as well as the <u>details of the original purchase price</u> <u>Capital losses</u> may be used against capital gains so please remember those as well. | | |
| 15 | Amounts for interest or carrying charges and investment counsel fees (excluding tax free savings account, RRSP and RRIF fees). <i>SORRY - the cost of renting a safety deposit box from a financial institution is no longer deductible for income tax purposes.</i> | | |
| 16 | Are you a first time homebuyer or have you purchased a home after you or your spouse have not owned one for the 4 preceding years? If so, you may qualify for credits and rebates! <i>Please provide a copy of your property purchase documents.</i> | | |
| 17 | Receipts for union dues or professional fees paid. | | |
| 18 | Your receipted property tax bill or the details of rent paid including your address, landlord name and signature . | | |
| 19 | Receipts for any senior public transit fees . | | |
| 20 | Moving Expenses if your move brought you at least 40 KM closer to your job or educational institution. | | |
| 21 | Teacher and early childhood educator teacher supplies. Please provide certification from your employer as well as receipts for the supplies. | | |

| # | Please answer the following in order to help us prepare your 2020 Personal Income Tax return. | <u>YES</u> | <u>NO</u> |
|----|--|------------|-----------|
| 22 | Original Charitable and Political Donation receipts. | | |
| 23 | Assessment or reassessment notices received from CRA. | | |
| 24 | Official receipt for student loan interest. | | |
| 25 | Your receipted child care expenses amount including the name, S.I.N. and address of the caregiver. | | |
| 26 | <p>Tuition Fees—T2202A forms (typically the student must log into school website to obtain). Students must sign the back of the T2202 form to transfer the deduction. Students must claim the amount first on their returns and any excess can be transferred.</p> <p>Receipted amounts for occupational skills courses.</p> | | |
| 27 | <p>Do you wish to deduct automobile, home office or other expenses from your employment income?</p> <p>Employees are required to obtain a completed and signed T2200 (Declaration of Conditions of Employment) from their employer. Please provide it, as well as the details of the amounts you want to claim as expenses.</p> <p><u>When claiming automobile expenses CRA REQUIRES a completed vehicle travel log.</u></p> | | |
| 28 | <p>Office in home temporary flat rate method. Please let us know the number of days worked.</p> <p>You must have worked more than 50% of the time from home for a period of at least 4 consecutive weeks. Your employer must not have reimbursed you for all of your home office expenses. Multiple employees may work in the same home and be each eligible to claim the flat rate method. Vacation days and sick days are not included in the number of days worked.</p> | | |
| 29 | <p>Any medical or attendant care expenses for you or a dependent that were not fully reimbursed by a medical plan.</p> <p>Don't forget to get your SUMMARIZED claim report from your pharmacy, dentist, chiropractor and any other medical professional.</p> <p>Also print off your annual report from any medical plan to show what costs have been reimbursed to you!</p> | | |
| 30 | <p>Home Accessibility Tax Credit *Seniors and/or individuals eligible for DTC. Expenses to gain access to or be mobile or functional within the dwelling or reduce the risk of harm to the qualifying individual.</p> | | |
| 31 | <p>If this is the first year we are preparing your return, we need copies of two previous years returns. If you filed a capital gains exemption on your 1994 tax return please provide it as well.</p> | | |
| 32 | <p>Are you signed up for direct deposit? Has your banking info changed? If so please provide us with a VOID cheque.</p> | | |

| Things to keep in mind and possibly inquire on | ** Let's talk ** |
|---|-------------------------|
| <p>If you are over 65, are you receiving Old Age Pension? Have you confirmed your parents are receiving Old Age Pension? The Old Age Supplement is available to lower income individuals over 65 years of age.</p> | |
| <p>The balance in your RRSP accounts after the last spouse dies are fully taxable as at the date of death. This can be a considerable amount of tax to pay in your estate. Estate planning is necessary to help avoid the OAS claw back and reduce excessive tax.</p> | |
| <p>ARE YOU, YOUR SPOUSE OR YOUR CHILDREN U.S. CITIZENS, DUAL CITIZENS, (WITH CITIZENSHIP IN THE U.S.) OR GREEN CARD HOLDERS?</p> <p>We no longer prepare US returns but we maintain a close association with:</p> <ol style="list-style-type: none"> 1) Nathan Farkas, CPA, CA, CPA (NY) nfarkas@nathanfarkas.com (800) 905-0380 2) Shawn Roussy, CPA, CA (with Logan Katz LLP) sroussy@logankatz.com (613) 228-8282 X114 | |
| <p><u>USA Closer Connection</u></p> <p>If you are a Canadian travelling to the USA for an extended period of time (more than 180 days) there may be tax consequences. If you are in the USA for no more than 182 days you may file form 8840 to not be considered a US resident for the year. If the form is not filed may be subject to filing requirements applicable to US citizens and residents. Please let us know if this may apply to you.</p> | |
| <p>If you or any other member of your family has become <u>disabled</u> for tax purposes (which applies to a person with a severe and prolonged impairment in physical or mental functions) please contact our office. We will provide you with a T2201 to be completed by your qualified practitioner. CRA will then use this form to determine if you are eligible for the disability tax credit.</p> | |
| <p>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. <u>Ignoring the planning of your estate does not guaranty immortality.</u></p> | |
| <p>Do you have a will and is it updated? It is important that you not only have a will and that it meets your goals, but does so in a tax effective manner.</p> | |
| <p>Are you a senior or are you disabled and need us to pickup your tax papers? If so please call us to arrange a time - we are happy to help! 613-489-3583</p> | |