



## DOCUMENTATION CHECKLIST

Do you have the right documents ready for tax time? Use this handy checklist to make sure you've got everything covered and you'll be making the right choices for your clients in no time.

BY EVELYN JACKS

### INCOME SOURCES

#### Employment

- T4 slips
- commissions
- research grants
- directors' fees
- details of casual income earned

#### Public Pension Benefits

- OAS: clawed back when income exceeds \$66,335-\$107,692
- CPP: retirement; disability; death; survivor; child

#### Private Pension Benefits

- superannuation, eligible pension and other annuity income
- RRSP or RRIF
- eligible pension income split between spouses

#### Foreign Pensions

- USA
- Special rules for German pensions

#### Benefits

- employment insurance benefits: clawed back when net income is over \$52,875
- universal child care benefits — \$100 per month per child under 6

#### Taxable Dividends

- T3 slips and T5 slips: eligible dividends are subject to a 45% gross-up and other than eligible dividends are subject to a 25% gross-up; each will have a different dividend tax credit.
- Note: With T3 slips, Return of Capital amounts (box 42) affect adjusted cost base of the investment only; not otherwise reported on the tax return
- self-reported amounts

- investment income from foreign sources

#### Interest Income

- T3 and T5 slips
- self-reported amounts, including interest from inter-spousal loans
- investment income from foreign sources

#### Partnership Income or Losses

- statements / T5013 slips
- resource investment statements
- income from certified films and productions

#### Rental Income

- gross income
- expenses
- capital asset acquisitions and dispositions

#### Support Payments

- gross and taxable income
- agreement details
- RRSP-earned income may be affected

#### Capital Gains

- proceeds of disposition on capital assets (self-reported)
- T4PS, T3, T5, T5013 slips
- adjusted cost base and expense details
- mortgage foreclosures; conditional sales repossessions
- capital gains reserves (form T2017)
- capital gains elections (form T664) (February 22, 1994)
- capital loss detail (prior years dating back to 1972)
- new tax treaty rules help emigrants who keep final documentation avoid double taxation

### Other Income

- lump sum pension benefits
  - resource losses
  - payments from DPSP
  - Recovery of exploration and development expenses
  - taxable patronage payments
  - taxable RESP or spousal RRSP withdrawals
  - exempt scholarships including elementary and secondary school scholarships
  - RESP Educational Assistance and Accumulated Income payments
  - Apprenticeship Incentive grants
  - reportable but not taxable: workers' compensation, social assistance, supplements
  - RDSP income
- #### Self-Employment
- gross income
  - expenses
  - capital asset acquisitions; dispositions - 100% write-off on computers

### DEDUCTIONS

- RRSP—current and prior year contributions; discuss new age eligibility rules
- union or professional dues—don't forget to claim the GST/HST rebate
- RPP: discuss new phased-in retirement rules; new dollar maximums
- pension income split to spouse
- other employee expenses on Form T777—includes deductions for tools bought by tradespersons
- Form T2200 must be signed by the

employer. Also qualify for GST/HST rebate if employer is registrant.

- ❑ family: child care; child support; moving expenses
- ❑ disability supports expenses
- ❑ business investment losses
- ❑ carrying charges: interest; safety deposit box; investment counsel; management; accounting fees
- ❑ exploration and development costs; depletion allowances
- ❑ stock option and shares deduction
- ❑ other: refund of RRSP; other RRSP/RRIF deductions; repayment of RDSP or government benefits; legal expenses; CCA on Canadian feature films; foreign tax deductions; depletion allowances
- ❑ non-capital loss carry-overs: if losses are incurred after 2005, the carry-forward is 20 years with the exception of the non-capital loss components of Allowable Business Investment Losses (ABILs)
- ❑ capital gains deduction: the new \$750,000 amount extends to qualified fishing property, farm property and small business corporation shares disposed of after March 19, 2007
- ❑ 15% of U.S. Social Security benefits
- ❑ foreign child support received
- ❑ meal benefit for long-haul truckers
- ❑ ~~increased~~ northern residents allowance

### TAX BRACKETS, RATES AND CREDITS

- ❑ federal tax brackets are increased through indexing
- ❑ basic personal and spousal amount rise to \$10,320
- ❑ Age amount rises to \$6,408
- ❑ discuss \$2,089 credit for each minor child
- ❑ Canada Employment Credit increased to \$1,044 for those with employment income of at least that amount
- ❑ public transit passes—keep receipts

- ❑ disability credit for those with multiple medical restrictions, or those requiring extensive life-sustaining therapy, or those with certain memory impairments is ~~\$7,196~~
- ❑ tuition / education / textbook amounts
- ❑ children's fitness credit requires receipts for sporting activities of those under 16; 18 if disabled.
- ❑ medical expenses is limited to 3% of net income to a max of \$2,011 qualifying expenditures ~~for~~
- ❑ electrotherapy, standing devices for mobility impairments and pressure pulse therapy devices for those with balance disorders
- ❑ charitable donations will include tax-free rollovers of publicly listed securities to private foundations after March 18, 2007
- ❑ political contributions
- ❑ labour-sponsored investment funds
- ❑ quarterly tax installments. Note \$3000 threshold

### USABLE BY EITHER SPOUSE

#### From Spouse

- ❑ CPP spousal assignment
- ❑ eligible pension income amount
- ❑ unused minor child amount
- ❑ children's fitness credit
- ❑ moving expenses
- ❑ safety deposit box
- ❑ dividend tax credit (if spouse has low income)
- ❑ adoption tax credit
- ❑ public transit pass amount
- ❑ age, pension, disability, tuition / education / textbook amounts
- ❑ medical expenses
- ❑ charitable donations
- ❑ political contributions
- ❑ labour-sponsored funds tax credit (if in spousal RRSP)

#### From Child

- ❑ tuition / education / textbook
- ❑ medical expenses
- ❑ public transit pass amount

### From Other Dependent Adults

- ❑ medical expenses; max. of \$10,000 per dependant

### PROVISIONS AVAILABLE FOR MULTI-YEAR CARRY-OVER Self-Employed & Some Commission Agents

- ❑ undeducted home office expenses until net business income reported; then apply
- ❑ undeducted CCA balances until asset is disposed of; note rules for small tools under \$500

### All Taxpayers

- ❑ undeducted RRSP contributions indefinitely to offset future income
- ❑ undeducted moving expenses until there is net income from actively earned sources at new location
- ❑ capital losses three years back, carry forward indefinitely
- ❑ non-capital losses three years back, carry forward 20 years if incurred after 2005; except ABILs—carry forward period stays at 10 years
- ❑ undeducted student loan interest five-year carry-forward
- ❑ undeducted tuition, education, textbook costs carry-forward
- ❑ undeducted medical expenses best 12-month period ending in the tax year; final return: best 24-month period including date of death
- ❑ undeducted donations five-year carry-over; final return claim up to 100% of net income in year of death and year preceding year
- ❑ minimum taxes paid seven years forward for recovery when regular tax exceeds Alternative Minimum Tax
- ❑ Investment Tax Credit carry forwards is 20 years—hold on to receipts

Evelyn Jacks is **president** of The Knowledge Bureau.