

DOCUMENTATION CHECKLIST

In the tax universe, 2008 is the year of the family. With a number of new rules introduced in the federal budget, there are new tax efficiencies important for your tax planning.

INCOME SOURCES

Employment

- T4 slips
- Commissions
- Research grants
- Directors' fees
- Details of casual income earned

Public Pension Benefits

- OAS: clawed back when income exceeds \$63,511
- CPP: retirement; disability; death; survivor; child

Private Pension Benefits

- superannuation, eligible pension and other annuity income
- RRSP or RRIF
- eligible pension income split from spouse

Foreign Pensions

- USA
- Other

Benefits

- employment insurance benefits: clawed back when net income is over \$48,750
- 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 repossession
- capital gains reserves (form T2017) and 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 include elementary and secondary school scholarships in 2007
- RESP educational assistance payments or Accumulate Income payments
- Apprenticeship Incentive grants
- reportable but not taxable: worker's compensation, social assistance, supplements

Self-Employment

- gross income
- expenses
- capital asset acquisitions; dispositions

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
- 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 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 increases to 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 now 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
- new meal benefit for truckers

TAX BRACKETS, RATES AND CREDITS

- federal tax brackets are increased through indexing
- discuss retroactive changes to Basic Personal Amount and 15% tax rate applied at lowest bracket
- Personal amounts are increased; spousal amount enhanced
- personal amounts are indexed
- discuss new credit for minor children
- Canada Employment Credit increased to \$1,000 for those with employment income of at least that amount
- the amount for public transit passes has been enhanced, keep receipts
- disability credit for those with multiple medical restrictions, or those requiring extensive life-sustaining therapy, or those with certain memory impairments
- tuition / education / textbook amounts
- A new children's fitness credit requires receipts for sporting activities of those under 16; 18 if disabled.
- medical expenses include a host of eligible expenses, including the cost of drugs purchased under the Special Access Program and medical marijuana
- 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 instalments. Note new 30000 threshold in 2008

TRANSFERABLE PROVISIONS

From Spouse

- CPP spousal assignment
- eligible pension income
- unused minor child
- 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 new 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 in which carry-forward period stays at 10 years
- undeducted student loan interest five-year carry-forward
- undeducted tuition, education, textbook amounts indefinite 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 immediately preceding year
- minimum taxes paid seven years forward for recovery when regular tax exceeds Alternative Minimum Tax