

TATOR, ROSE & LEONG

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March 6, 2018

Dear Client:

RE: 2017 PERSONAL INCOME TAXES

We look forward to serving you and your family's upcoming personal tax filing requirements. In order to facilitate the timely filing of such, we request that your 2017 personal tax return information be in our office by **Monday, March 26, 2018**.

We welcome you to contact the partner working on your tax return to discuss any significant changes during 2017. We can discuss with you any additional information that we will require to complete your tax return.

Items to be brought in are indicated on Page 4 - T1 Checklist.

Fraudulent Canada Revenue Agency Email/Telephone Calls

Over the past few years we have been asked about email correspondence and telephone calls that our clients have received from "CRA" regarding "Refunds". Please be advised these are fraudulent emails/calls and they should be deleted.

If you have signed up for online mail CRA will send an email to the address you provided, to notify you when new online mail is available to view in the CRA's secure online services portal.

There have also been a number of phone call scams by callers indicating they are from CRA.

The CRA website lists a number of scams and offers advice on protecting yourself against fraud. You can visit CRA's website for additional details at www.canada.ca.

Our Address

The office is located at **160 Eglinton Avenue East, Suite 603**. The nearest intersection is Eglinton and Redpath. There is one hour free parking on Redpath and a paid parking lot located at the back of our building. To gain access, travel north on Redpath from Eglinton.

Some important changes for 2017 were discussed in our November 2017 Tax Focus Newsletter and include:

1. Foreign Reporting T1135

The filing of the T1135 has been part of the tax return for a number of years and in 2012 and prior years consisted of a simple ticking of a box. For 2014 and subsequent years, the new T1135 form will require much more detailed information concerning non-Canadian investments owned during the year, including:

- The names of each foreign bank account(s) or investment(s)
- The specific country for the investment(s)
- The maximum cost in the year and at the end of the year (in Canadian funds)
- The income or loss for each investment(s)
- The capital gain or loss on disposal of the investment(s)

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Non-Canadian stocks held in a Canadian brokerage account will be required to be listed on the new T1135. Since 2015, if the foreign assets held are between \$100,000 and \$250,000 a simplified form will be filed.

2. **Electronic Filing**

Again this year, your personal tax return will be e-filed to comply with the e-file rules for tax preparers. You will be required to sign and return to our office a form T183 "Information Return for Electronic Filing of an Individual's Income Tax and Benefit Return" prior to us electronically filing your tax return.

3. **Home Accessibility Expenses Credit**

For seniors aged 65 or older that incur renovations during the period January 1, 2017 to December 31, 2017 that modify their home to make it safer are eligible to a 15% tax credit to a maximum of \$1,500.

4. **Canada Caregiver Amount**

Both the infirm dependent credit and caregiver credit have been replaced with a new Canada Caregiver Credit in 2017. In order to qualify the dependent must be dependent on you because of an impairment in physical or mental functions. The dependent does not have to live with you.

5. **Public Transit Tax Credit**

The Federal Transit Tax Credit is only available for the period January 1, to June 30, 2017.

A new Ontario Public Transit Credit is available for Seniors only for the period July 1 to December 31, 2017.

6. **Tuition Tax Credit**

For Federal purposes only, the tuition paid in 2017 will be deductible. The education and textbook amounts have been eliminated.

For Ontario purposes the tuition and the education and textbook amounts for the period January 1 to September 5, 2017 will be deductible.

7. **Children's Art Amount**

This credit has been eliminated in 2017.

8. **Children's Fitness Tax Credit**

This credit has been eliminated in 2017.

9. **First-Time Donor Super Credit**

For taxpayers that have not claimed a charitable donation during the period 2007 to 2012, a one-time super credit is available for donations of up to \$1,000 made between March 20, 2013 to December 31, 2017. If a first time donor makes a \$1,000 charitable donation the non-refundable tax credit would be worth \$571.

10. **Sale of Principal Residence**

While the gain on the sale of your principal residence is still typically tax free, since 2016 new reporting is required on your tax return. We are required to indicate the year you purchased your principal residence and the amount it was sold for during 2017.

There have been other important changes in prior years that we would like to bring to your attention.

1. **Homeowners Credits and Incentives**

i) **First Time Home Buyer's Tax Credit**

For first time home buyers that purchased a principal residence during the year a non-refundable tax credit of \$5,000 is available.

ii) **Home Buyers Plan (HBP)**

The maximum eligible withdrawal permitted from an RRSP is \$25,000.

2. **RRSP Limit**

The maximum RRSP contribution limit for 2017 is \$26,016 before any pension adjustments. You would require \$144,500 of earned income in 2016 to qualify for this contribution limit.

3. **Old Age Security (OAS) Clawback**

This will apply once your net income reaches \$74,788. The full amount of your OAS will be clawed back once your net income reaches \$120,648.

4. **Tax Free Savings Account (TFSA)**

From 2009 every Canadian resident individual who is 18 years of age or older can contribute up to \$5,000 a year to a TFSA which increased to \$5,500 for 2013 and 2014. For 2015 the limit was increased to \$10,000 and starting in 2016 it was reduced to \$5,500.

Contributions are not tax deductible, but income and capital gains earned in the TFSA are not taxable. Unused contribution room will be carried forward indefinitely and withdrawals will be added to the contribution room for the following year.

For 2018 up to \$57,000 of cumulative contributions can be made.

5. **Taxable Capital Gains - Donations**

Once again, donations of publicly listed securities to a registered charity will result in a capital gains inclusion rate of zero - i.e. no taxable capital gain will need to be reported.

6. **Registered Disability Savings Plan (RDSP)**

This program commenced in 2008 and is designed to work in concert with the Canada Disability Savings Grant and Canada Disability Savings Bond program (for mid and low income families). The program is available to any Canadian resident eligible for the disability tax credit.

Contributions to a RDSP are limited to a lifetime maximum of \$200,000 for each beneficiary, with no annual limits. Contributions are permitted until the end of the year in which the beneficiary reaches age 59.

Reminders - Recent Income Tax Measures

- * pension splitting between spouses or common-law partners can be achieved by completing form T1032 - up to 50% of the "eligible" pension income can be transferred
- * instalment payments - the requirements to make quarterly tax instalments is if you have \$3,000 of net taxes owing i.e. no instalments need to be made if your previous year's taxes were under \$3,000.

Your co-operation in submitting the attached information to our office by the due date (**Monday, March 26, 2018**) is appreciated.

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T1 CHECKLIST - 2017

The following should be answered and checked off where applicable. This checklist, reporting slips and receipts should be submitted to us.

GENERAL

- Receipts for tax instalments paid - 2017
- 2016 Notice of Assessment and Reassessments including RRSP Contribution Limit**
- Spouse's or Common-Law Spouse's Social Insurance Number

FOREIGN REPORTING

Indicate all foreign holdings outside of Canada that total more than \$100,000 Canadian including bank accounts, rental property and foreign investments entities (corporations, trusts and partnerships)

Description	Location	Amount
_____	_____	\$ _____
_____	_____	_____

INCOME

- Statements of Professional income, business income and/or rentals
- Broker records regarding stock transactions (Sale and Purchase **including dates**)
- Salaries, commissions, interest and dividend slips
- Details of Old Age Pension, CPP benefits and Private Pensions
- Interest on income tax refunds
- Details on all dividends received during the year
- Income from tax shelters - statements and T5003/T5013 slips
- T4E - Employment insurance benefits

PERSONAL EXEMPTIONS

- Income of spouse
- Children - names, date of birth, S.I.N., incomes in 2017
- Other dependants - names, address, birth date, incomes, support amounts

DEDUCTIONS/CREDITS

- Employment expenses (eg. car) and the employer provided Form T2200
- Child care expenses paid and to whom. If to an individual, include S.I.N. and address. If to a camp, include details of number of weeks and if a day camp or over night camp.
- Interest expense receipts including interest paid on student loan statements
- Receipts for medical expenses
- Receipts for charitable donations
- Receipts for tuition fees paid - T2202 "Education Certificate"
- Receipts for union or other dues paid
- Receipts for registered pension or retirement savings plan contributions
- Copy of 2017 property tax bill or statement of rents paid
- Receipts to Political Parties and Candidates (Federal and Provincial)
- Tax shelters - Real Estate, Oil and Gas, Movies etc.
- Receipts for public transit passes and electronic payment cards
- Receipts for Home Accessibility Expense Credit

OTHER

- Details on sale of principal residence in 2017
 - Year of purchase _____
 - Sale price _____