

TATOR, ROSE & LEONG

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March 1, 2017

Dear Client:

RE: 2016 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 2016 personal tax return information be in our office by **Monday, March 20, 2017**.

We welcome you to contact the partner working on your tax return to discuss any significant changes during 2016. 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.

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 2016 were discussed in our December 2016 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)

Non-Canadian stocks held in a Canadian brokerage account will be required to be listed on the new T1135. Starting in 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. **Federal and Ontario Healthy Homes Renovation Tax Credit**

For seniors aged 65 or older that incur renovations during the period January 1, 2016 to December 31, 2016 that modify their home to make it safer are eligible to a cash refund up to \$1,500 (based on \$10,000 of expenditures).

4. **Family Tax Cut**

The family tax cut has been eliminated for 2016 and later years.

5. **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.

6. **Sale of Principal Residence**

While the gain on the sale of your principal residence is still tax free, starting in 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 2016.

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 2016 is \$25,370 before any pension adjustments. You would require \$140,944 of earned income in 2015 to qualify for this contribution limit.

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

This will apply once your net income reaches \$73,756. The full amount of your OAS will be clawed back once your net income reaches \$119,615.

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

Beginning in 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 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 2017 up to \$52,000 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.

7. **Children's Art Amount**

The maximum eligible fees per child (excluding children with disabilities) has been reduced from \$500 to \$250.

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

The maximum eligible fees per child (excluding children with disabilities) has been reduced from \$1,000 to \$500.

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 20, 2017**) is appreciated.

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T1 CHECKLIST - 2016

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 - 2016
- 2015 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 2016
- 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
- Interest expense receipts including interest paid on student loan statements
- Receipts for children's fitness programs
- 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 2016 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 Ontario Healthy Homes Renovation Tax Credit

OTHER

- Details on sale of principal residence in 2016
 - Year of purchase _____
 - Sale price _____