



What's New for the 2020 Personal Tax Season?



Client Name: Name of Spouse:
 SIN #: SIN #:
 Birth Date: Birth Date:
 (YYYY/MM/DD) (YYYY/MM/DD)
 Telephone: Telephone:
 Email: Email:

Have you moved in 2020?
 (mailing address to be used on the tax return) (for existing clients, state if the address is the same as last year)

	Additional family members (including children under 17 years of age or under):	SIN#:	Birth Date: (YYYY/MM/DD)	Email:
1.				
2.				
3.				
4.				

PLEASE ANSWER THE FOLLOWING:

Are you a Canadian Citizen? Yes No Spouse? Yes No

Did you own foreign property or hold a beneficial interest at any time in 2020 that had a cost of more than \$100,000 CAD? Yes No Spouse? Yes No

As a Canadian citizen, do you authorize the Canada Revenue Agency to give your name, address, date of birth, and citizenship to Elections Canada Yes No Spouse? Yes No

Did you dispose of property (or properties) in 2020 for which you are claiming a principal residence exemption? Yes No Spouse? Yes No

If yes, please fill out the attached principal residence exemption worksheet

Direct deposit for your refund OR set up a pre-authorized debit (PAD) to make a one time payment for your tax balance:

Branch Institution Account #
 (5 digits) (3 digits) (12 digits)

Delivery Preference: Paper copy Yes, I would like to receive my tax return in PDF format and emailed to me

Would you like to be registered for CRA Online Mail? Yes No

If you are registered for CRA Online Mail, you must also be registered for CRA's MyAccount services and you will no longer receive any paper mail from the Canada Revenue Agency

Please check off your current marital status. If your status changed during the year (in 2020), please provide details and date of change:

Married Common-law Widowed Divorced Separated Single Date of change
 (MM/DD/YYYY)

If we are not preparing your spouse or common-law partner's personal tax return, please provide their return for review and tax planning. If not, please provide net income reported on their 2020 tax return:
 (Line 236000)

PLEASE CHECK OFF THE ITEMS BELOW THAT ARE APPLICABLE TO YOUR 2020 PERSONAL TAX RETURN. RETURN THIS SCHEDULE TO OUR OFFICE TOGETHER WITH ALL COPIES OF THE RELEVANT DOCUMENTATIONS AS FOLLOWS:

Documents:

- 2019 Notice of Assessment/ Reassessment
- Canada Revenue Agency Correspondence
- Tax Installments made
- If prior year prepared by another accountant, please attach the full tax return

Income:

- T4 Employment slips
- T5 Investment slips
- Other information slips (T3, T4A, T4AP, T4RSP)
- T4A(OAS): Old Age Security
- T4AP: CPP Benefits
- Pension income (Canada & Abroad)
- Social Assistance payments
- Workers' Compensation Benefits
- Interest and dividends
- Capital gains/losses to record (provide investment advisor contact details)
- Sale of real estate
- Elect to split pension with spouse
- Rental income & expenses
- RRSP withdrawals
- Spousal support payments received ^[A]
- Child support payments received

- Professional income & expenses
- Commission income & expenses
- Self-employment income & expenses
- Rental income & expenses
- Farming income & expenses
- Fishing income & expenses
- Foreign income
- Stock options exercised

Deductions:

- RRSP Contributions (slips for 2020 and first 60 days of 2021)
- Union & professional dues
- Child care expenses
- Moving expenses
- Child support payments made
- Spousal support payments made ^[A]
- Investment carrying charges - interest, account fees, counsel fees
- Exploration & Development expenses
- Northern Residents Deduction
- Declaration conditions of Employment (T2200) ^[B]
- Employment expenses
- Home Office expense due to Covid 19 **NEW**
- Automobile logs
- Home office receipts

Tax Credits:

- Volunteer firefighter's statement
- Search and rescue volunteers'
- First-time home buyer – provide house purchase documents
- Adoption expenses
- Digital news subscription expences **NEW**
- Disability tax credit application ^[C]
- Tuition receipts (T2202"") or T11A signed by the child to transfer to the parent ^[D]
- Interest paid on student loans
- Home Accessibility tax credit
- Medical receipts for self and family ^[E]
- Charitable donation receipts
- Political donation receipts
- Foreign taxes paid
- Dates spent in the USA
If you vacation extensively in the USA; this will help us determine if you have any US filing requirements
- Internet Business Activities
If you have business, professional, farming, or fishing income, please indicate whether you have Internet business activities
- Eligible Educator School Supply Tax Credit
If you are a teacher or early childhood educator, please provide receipts (up to \$1,000)
- Canadian journalism labour tax credit **NEW**
- Canada training credit (CTC) **NEW**

Other Information:

[A]	Please provide a copy of your separation agreement for retention in our files, if you have not previously done so.
[B]	In order to claim employment expenses, the T2200 Declaration of Employment Conditions form must be signed by your employer. Also, please provide details of your employment expenses including trades-person and apprentice tools. Ask us to send you a worksheet for home office and motor vehicles.
[C]	If you, your spouse or a dependent are eligible to claim the disability tax credit and are claiming the credit for the first time or renewing your claim, please provide form T2201 completed by a medical doctor. You may also be eligible for other credits, such as the Canada Caregiver Amount.
[D]	Please note that the T2202A includes the total eligible tuition fees paid during the year. Most educational institutions provide a copy of the T2202A online. All other proof of payment for tuition is insufficient. For transfer of tuition credits from your spouse or children, please ensure that form T2202A is signed by the transferee (the student). We will complete the fields for the amount transferred as part of the preparation of your return.
[E]	Please note that if you have a significant number of prescriptions during the year, most pharmacies can provide a summary of prescriptions filled from January 1, 2020 to December 31, 2020, upon request. These summaries are preferable to individual receipts.

HOME OFFICE EXPENSES FOR EMPLOYEES DUE TO COVID-19

If you are eligible to claim home office expenses due to COVID-19, please choose a calculation method below.

Option 1: Temporary Flat Rate Method

- Represents \$2 for each day worked at home due to COVID-19, up to a maximum of \$400. No supporting documentation is required
Please provide number of days worked from home:

Option 2: Detailed Method (please complete the Home Office worksheet for your expenses)

- Form T2200s must be completed by the employer and supporting documents kept

PRINCIPAL RESIDENCE EXEMPTION

Have you sold a principal residence in 2020 or converted a principal residence into an income earning property in the year? The sale of a principal residence is required to be reported even if the property is fully exempt from tax. A late-filing penalty can be imposed of \$100 per month multiplied by the number of months late, to a maximum of \$8,000.

Yes No

If you have sold a principal residence or converted a principal residence into an income earning property, please provide the following:

- Year of Purchase
Address of the property
Cost base of the property
Proceeds of disposition
The years in which this property was your principal residence
If a change in use occurred during the year, the fair market value at the time of change

Additional information and comments to provide our firm:

Dotted lines for providing additional information and comments.

CANADA REVENUE AGENCY PAYMENT OPTIONS

Given recent news and experience with the Canada Revenue Agency (CRA) losing or misapplying cheque payments, we are finding that paying tax balances by cheque is no longer a practical payment option. Given that the CRA cannot provide a payment receipt and the likelihood of a lost or misapplied payment, we do not recommend cheque payments for our clients. If you still wish to make a payment to the CRA by cheque, we ask that you send your payment directly to the CRA. We have summarized the recommended payment methods below.

CRA My Payment

Our top recommendation for paying any tax balance is through CRA's "My Payment" function that allows you to pay online with your debit card or online banking. You can access the My Payment function on CRA's website at <https://www.canada.ca/en/revenue-agency/services/e-services/payment-save-time-pay-online.html>.

Select the "Pay Now" button to start the payment process. My Payment allows you to make a payment in one simple online transaction using your financial institution's secure online banking service. You can use this service if you have a debit card or access to online banking (available for most large banks and credit unions). You can easily select the year to which the payment relates, and you will be provided with an automatic online confirmation that the payment has been accepted. A list of participating financial institutions is provided through the link above.

Financial Institution

Alternatively, you can contact your financial institution or visit the institution's website to see the services offered to make a payment online. Most financial institutions allow you to select the CRA as a payee in their online bill payment section using your Social Insurance Number as the account number. You can often schedule future dated payments. You may also make your payment in person at your financial institution free of charge. You will be asked to present your remittance voucher (T7DR(A)) with your payment to the teller. The teller will return the top part to you as a receipt. You can find your remittance voucher included in your final tax package. For more information please contact your financial institution or visit the CRA's website at <https://www.canada.ca/en/revenue-agency/services/make-a-payment-canada-revenue-agency/make-payment/general-payment.html> and click on "Pay by online banking".

Pre-Authorized Debit (PAD)

The Pre-Authorized Debit (PAD) web service offers our firm an electronic method to submit a payment to the CRA on behalf of the taxpayer. If you wish for us to use this option, we will need your bank account information: branch, account and financial institution number. We would also need the date you would like to be taken out of your bank account to cover your personal tax balance for the current tax year.

COVID-19 TAX MEASURES (NEW)

2020 was an extraordinary year like no other. Due to the significant changes from the COVID-19 pandemic, there are numerous tax issues to be aware of this year. For example, many individuals received support in a variety of forms from various levels of government. Others may have changed how they carried on their employment duties or business operations, including working from home or using their vehicle for employment or business reasons. We have outlined the key issues below. Please let us know if you have received other support or incurred other costs related to your income earning activities due to the COVID-19 pandemic.

KEY COVID-19 RELATED FEDERAL PERSONAL SUPPORT PROGRAMS:	TAXABLE?
Canada Emergency Response Benefit (CERB)	Yes
Employment Insurance (EI) program	Yes
Canada Recovery Benefit (CRB)	Yes
Canada Recovery Sickness Benefit (CRSB)	Yes
Canada Recovery Caregiving Benefit (CRCB)	Yes
Canada Emergency Student Benefit (CESB)	Yes
One-time payment – disability support	No
One-time payment – GST/HST credit	No
One-time payment – Canada child benefit	No
One-time payment – OAS/GIS	No
Alberta Government Emergency Isolation Support	Yes

KEY COVID-19 RELATED FEDERAL GOVERNMENT SUPPORT FOR BUSINESS, RENTAL OR OTHER INCOME:	TAXABLE?
Canada Emergency Wage Subsidy (CEWS)	Yes
Canada Emergency Rent Subsidy (CERS)	Yes
Canada Emergency Business Account (CEBA)	Yes*

* The forgivable portion of the interest-free loan under the CEBA is taxable. Please provide the details.

As no slips are provided specific to these programs, please provide the amounts received and the period to which they relate.

Home Office Expense Eligibility

To be eligible to claim expenses related to a home office, you must be required to work from home (via employee contract or written statement from employer) and as a result you have incurred additional expenses for the maintenance of a home office. The home office must also be either used only to earn employment income and used regularly to meet clients or the home office space is where you principally work (more than 50% of the time). Your employer must provide you with a form T2200 confirming that you incurred home office expenses. Eligible expenses for non-commission employees includes electricity, heating, maintenance and supplies consumed directly in performance of employment duties.

In the November 30, 2020 Economic Update, it was announced that the CRA will allow employees working from home in 2020 due to COVID-19 with modest expenses to claim up to \$400, based on the amount of time working from home, without the need to track detailed expenses, and will generally not request that people provide a signed form from their employers.

You may claim the detailed method if the requirements are met and you have higher expenses.

Government Benefits in Response to COVID-19 Economic Challenges

The federal government has implemented a number of benefits to help Canadians make it through these challenging times. These benefits are taxable to Canadians in the year received. Some of these benefits had tax withheld at source while some did not.

- Canada Emergency Response Benefit (CERB)
 - ◊ The CERB is taxable in 2020 and no taxes were withheld upon payment from the CRA. If you repaid the CERB that you were not entitled to before December 31,2020, CRA will not issue a T4A slip for the amount that was repaid.

- Canada Recovery Benefit (CRB)
 - ◇ The CRB provides a payment of \$1,000 for each 2-week period that is applied for. CRA withholds 10% tax at source on this income. You may earn employment or self-employment income while you receive the CRB. However, if you earn more than \$38,000 of net income during 2020 you will need to reimburse \$0.50 of the benefit for every dollar of net income earned above this threshold when filing your 2020 tax return. When calculating the net income amount the CRB is not included.
- Canada Recovery Sickness Benefit (CRSB)
 - ◇ The CRSB provides a payment of \$500 before taxes withheld for each 1-week period you apply for. CRA withholds 10% tax at source on this income.
- Canada Recovery Caregiving Benefit (CRCB)
 - ◇ The CRCB provides a payment of \$500 before taxes withheld per household for each 1-week period applied for. CRA withholds 10% tax at source on this income.

The above benefits will be reported on a T4A slip issued to you prior to February 28, 2021. The tax withheld at source may not be all the tax you need to pay. When you complete your personal tax return, you may need to pay more (or less), depending on how much income you earned.

- One-time payment to persons with disabilities and one-time payment for seniors
 - ◇ These two separate payments are non-taxable and non-reportable on your 2020 income tax return

ADDITIONAL TAX CHANGES FOR 2020

The government has taken measures to support Canadian journalism organizations:

Canadian Journalism Labour Tax Credit (CJLTC)

For 2019 and later tax years, if you are a member of a partnership that is a Qualifying Journalism Organization, you can claim this new, refundable credit allocated to you by the partnership.

Digital News Subscription Expenses

For the 2020 to 2024 tax years, you may be able to claim a non-refundable tax credit for expenses you paid in the year for a digital news subscription with a qualified Canadian journalism organization.

For a list of registered organizations – [click here](#)

Climate Action Incentive (CAI)

The CAI is a refundable tax credit that is introduced for the 2020 tax year and later. This credit was introduced as a way for the Government of Canada to return all direct proceeds under the federal carbon pollution pricing backstop system to families in the participating provinces of Alberta, Manitoba, Saskatchewan and Ontario. This credit is only available to individuals residing in these participating provinces on December 31. The credit for 2020 can range from \$490 for single adults and a family of four will receive \$981 in Alberta. There is a 10% supplement for residents of small and rural communities and the credit is increased for couples and parents with children.

Accelerated Capital Cost Allowance Rates

An accelerated write-off of capital equipment through capital cost allowance (tax depreciation) (CCA) is available for self-employed Canadians or those with rental properties on any capital property acquired by the taxpayer after November 20, 2018. The acceleration of CCA claims are accomplished by removing the general requirement to claim only 50% of the amount of CCA in the year of acquisition and by applying a gross-up of the basis upon which CCA is determined for the year of acquisition. The gross-up rates and accelerated CCA rates vary by class.

Canada Pension Plan (CPP) Enhancement

On January 1, 2019, Canadians began increasing their contributions to the CPP. You can claim a deduction for the increased contributions. The contribution rates are expected to continue rising over seven years. This amount is calculated in your tax return. For 2020, the maximum CPP contribution amount is \$2,898 at 5.25% (2021 \$3,166.45 at 5.45%).

Child Care Expense Deduction

Child care expenses can be claimed as a deduction if they are incurred for the purpose of enabling the taxpayer to perform employment duties or carry on a business. When thinking about what qualifies as an eligible child care expense, costs for daycare, nursery school, before and after school programs, or costs for a nanny come to mind. In limited circumstances other costs such as tutoring classes, chess programs, ski classes or other classes could qualify. If you incur these other child care costs and they allow you to work full time or run your business, they may qualify as child care expenses.

Principal Residence Exemption (PRE)

The PRE allows homeowners to shelter the capital gain on the sale of one personal residence (including a cottage or seasonal home) from tax. You can designate one property per year for this purpose, to the extent that the property has been “ordinarily inhabited” in that year. Effective for 2016 and future taxation years, the sale of a personal residence must be reported on a tax return in order to claim the PRE. A deemed disposition of a personal residence (for example, the change in use from a personal residence to a rental property) is also impacted by this change. If the disposition of a principal residence is not reported you may amend your return at a later time to report the disposition and claim the PRE, however, a late filing penalty may apply, calculated at \$100 for each month the reporting is late or \$8,000, whichever calculation is less. Given the substantial penalties it is important to report all dispositions of PREs.

Home Accessibility Tax Credit (HATC)

Individuals 65 years of age or older (at the end of 2020) or individuals who are eligible to claim the disability tax credit are eligible to claim the HATC which is a federal non-refundable tax credit on eligible home renovations which improve the safety and/or accessibility of their home. A maximum of \$10,000 per year in qualifying expenses can be claimed resulting in a maximum tax credit of \$1,500 (\$10,000 x 15%).

Home Buyers' Plan Withdrawal Limit

The Home Buyer's Plan limit for the 2020 tax year remains at \$35,000 for the 2020 tax year. Amounts withdrawn under the Home Buyer's Plan must be repaid to an RRSP over a period not exceeding 15 years, starting in the second year following the year in which the withdrawal was made to prevent any income inclusion. The Home Buyer's Plan applies to first-time home buyers.

First-Time Home Buyers' Tax Credit (HBTC)

The HBTC is a federal non-refundable tax credit available to eligible first-time homebuyers and is claimed on your personal tax return. If you or your spouse or common-law partner acquired a home in 2020 that you intend to occupy and did not live in another home owned by you or your spouse or common-law partner in 2019 or in any of the four preceding years you may be eligible for the HBTC. The maximum HBTC is worth \$750 (\$5,000 x 15%).

Canada Caregiver Credit

For 2017 and subsequent taxation years, the Infirm Dependent tax credit, the Caregiver tax credit and the Family Caregiver tax credit have been replaced by a new 15 per cent non-refundable Canada Caregiver Credit (CCC). The amount in respect of which the CCC is calculated is \$7,140 and may be claimed for the care of an infirm dependent relative. The credit amount is phased out when the net income of a dependent exceeds \$23,906.

Registered Retirement Savings Plan (RRSP)

Your annual RRSP deduction limit is calculated as the lesser of 18% of earned income and the contribution limit for the given year. The maximum RRSP contribution limit for 2019 and 2020 is \$27,230 and \$27,830, respectively. If you did not fully use your RRSP deduction limit for previous years, you can carry forward the unused balance. We recommend that you refer to your personal notice of assessment for the 2020 taxation year once received which outlines what your RRSP room is for 2021. The CRA charges a tax of 1% per month on excess contributions to RRSPs so it is important to confirm your available RRSP contribution room before making contributions. **The deadline for RRSP contributions for the 2020 tax year is March 1, 2021.**

Tax Free Savings Account (TFSA)

A TFSA is a registered savings account that allows individuals to earn investment income tax-free. Contributions to the account are not deductible for income tax purposes and withdrawals of contributions and earnings from the account are also

not taxable. The TFSA contribution room is increased annually on January 1. On January 1, 2021 TFSA contribution room was increased by \$6,000. The CRA charges a tax of 1% per month on excess contributions to TFSAs so it is important to confirm your available TFSA contribution room before making contributions. If you have not contributed into your TFSA since the program started, your available room to contribute into your TFSA limit is \$69,500 at the end of 2020.

Canada Training Credit (CTC)

In 2019, if you are a resident of Canada who is between 25 and 65 years old and have employment or self-employment income between \$10,000 and \$147,667, \$250 will be added to your notional CTC account. Starting 2020, you will be able to claim 50% of your eligible tuition and fees, up to your CTC balance of \$250 as a tax credit, to offset your personal tax otherwise payable. Individuals will be able to accumulate a maximum amount of \$5,000 over a lifetime.

Canada Workers Benefit (CWB)

The CWB replaces the Working Income Tax Benefit (WITB) previously offered. The CWB is a refundable credit that will be equal to 26% of each dollar of earned income over \$3,000 to a maximum credit of \$1,381 for single individuals without children and \$2,379 for families (couples and single parents). The maximum credit is reduced by 12% of adjusted net income over \$13,064 for single individuals without children and \$17,348 for families.

In addition, in 2019, the government introduced an amendment to clarify that kinship care providers would be considered the parents of a child in their care for the purposes of the CWB. As a result, kinship care providers would be eligible for the CWB amount available for families, provided all other eligibility requirements are met.

Adoption Expenses

You can claim an amount for eligible adoption expenses related to the adoption of a child who is under 18 years of age. For the 2020 taxation year, the maximum amount of eligible expenses for each child remains at \$16,255. Parents can claim these adoption expenses in the tax year that includes the end of the adoption period for the child.

Lifetime Capital Gains Exemption

For dispositions of qualified small business corporation shares in 2020, the lifetime capital gains exemption has increased to \$883,384. For dispositions of qualified farm or fishing property, the lifetime capital gains exemption is maintained at \$813,600 for dispositions before April 21, 2015 and \$1,000,000 for dispositions after April 20, 2015.

Increase to the Basic Personal Amount

As part of the Liberal's election campaign, it was stated the government will slowly be increase the tax credit for the basic personal amount to \$15,000 by 2023. Starting in 2020, these changes will take effect.

Stock Option Changes

On June 17, 2019 the Government proposed changes to the taxation of employee stock options. As part of this proposal, stakeholders were invited to provide input on the proposed changes. The stock option changes that were to come into effect January 1, 2020 will not be implemented. Further changes to stock option taxation may be proposed in Budget 2020.

Audit Protection Plan

In response to numerous client concerns about the CRA's intensifying audit activities. Our firm will start to offer the Audit Protection Plan to assist our personal tax clients. We will offer this plan to help serve to reduce the unanticipated professional fees associated with responding to enquiries received from the CRA following the filing of your personal income tax return.

The CRA continues to select more taxpayers for further review. These reviews generally involve a request for supporting documentation to verify or substantiate claims made on income tax returns. Even if no tax is owing, responding to these CRA requests can be time consuming and expensive. As a result, we have implemented this optional protection plan for our clients to help reduce, or in most instances, fully cover the professional fees associated with responding to CRA.

For more information on how to enroll, please contact our office to get enrolled in this plan.

Authorizing a Representative

Effective from February 2020 CRA is changing the authorization process that allows our firm to be authorized on your personal tax account. The existing T1013 form will be discontinued and a new signature page will be generated from our T1 personal tax software for clients to sign. **Existing authorizations will not be affected by this change.**

As well, existing authorizations for individual tax accounts of deceased persons will no longer be cancelled. This will avoid having to re-authorize the same representative after the date of death.

Go Green!

Our firm uses software for secure transmission of files between us and our clients. With this software we offer the delivery of your personal tax package electronically by PDF through email instead of the traditional paper copy. This will allow you to download, review and save a PDF of your return on your computer. If you would like the delivery of your personal taxes this year via email please indicate on the checklist your preference.

Tax Newsletters

Our tax department issues various newsletters throughout the year covering a variety of personal and corporate topical tax issues. Please visit our website at <https://cpapros.ca/blog/> for a listing of our newsletters and blogs. We would be pleased to discuss any questions that you, the reader, might have in greater detail.

CRA “My Account” and Online Services

CRA’s “My Account” is a service that allows taxpayers to access information about their tax account, including status of refunds, access to previously filed returns and notices of assessment, and the ability check benefit and credit payments. The service also provides information about annual RRSP limits, TFSA limits and allows taxpayers to set up direct deposit.

For more information on My Account and instructions on how to register, please visit the CRA website at <https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>, and select “Log-in/Register”. Once you have registered for My Account you will be eligible to receive notices of activity on your account via email from the CRA, if you have agreed to supply them with a valid email.

Direct Deposit Requirement

The Government of Canada has begun the phasing out of federal government cheques. Avoid delays in receiving refunds and other payments by registering today. To register for direct deposit, please visit www.cra-arc.gc.ca/directdeposit.

E-Filing (T183)

We cannot E-File without your permission in advance. We will provide an E-file form for signature upon completion of your personal tax return. A copy of the form must be signed by each member of your family for whom we prepare a personal tax return as we are required to maintain one form on file for each return we E-File.

Third-Party Civil Penalties

The federal government has reiterated that it is the taxpayer’s responsibility to ensure their tax filings are complete and accurate. We, as a third party to the filing of your tax return, must rely on you for the information contained in your return. Please take care in completing our checklist and feel free to contact us if you are uncertain about how to report your income or deductions. We stress that we will be relying on you to ensure that information you provide us is complete and accurate. We will require you to sign an engagement letter acknowledging this.

