

BARBARA L. PRICE LTD.

CHARTERED PROFESSIONAL ACCOUNTANT

P.O. Box 263, Unit #2 – 175 Second Ave W, Qualicum Beach, BC V9K 1S8
Email: barbara@blpricecpa.ca Fax: 1 (888) 692-6970 Phone: (250) 752-7072

January 12, 2021

SUBJECT: 2020 PERSONAL INCOME TAX PREPARATION

2020 was an extraordinary year. 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 in the attached checklists. 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.

While it may take a couple months for all your income tax slips to reach you, once received, please upload your tax information to our secure client portal or drop your tax information by the office. ****NEW** – For document drop offs we are open Mon to Fri 9am to 5pm but we do ask that you call ahead 250-752-7072 to schedule a drop off time.**

Important dates

- ♦ Do you require a 2020 tax estimate prior to contributing to your RRSP?
 - ❖ Submit information before **February 15, 2021**
- ♦ **Self employed business documents** are requested as soon as possible before **February 28, 2021**
- ♦ 2020 RRSP Contribution deadline: **March 1, 2021**
- ♦ 2020 Tax payments deadline for all taxpayers: **April 30, 2021**

Important Notes for this Very Busy Tax Time

- ♦ Tax returns are processed on a first come, first served basis
- ♦ Bring your information in **all at once** to make your tax preparation more efficient
- ♦ We aim for a **two week** turn around from receipt of **all** necessary documents
- ♦ We will contact you when your tax return is ready for pick up and signing of the Efile consent form
- ♦ ****NEW** should a tax consultation or tax review be required all meetings will be scheduled for a phone or online meeting (no in person meetings at this time)**
- ♦ Income tax returns cannot be Efiled with CRA until we have received the signed Efile consent form
- ♦ **Late or amended income slips** - Bring in late or amended income slips as soon as possible. Failure to report all income could result in substantial penalties and interest

Client Portal service

If you are not already using our client portal service and want to go paperless, we have made it easier for you to share information with us safely and securely. If you would like to submit your tax information electronically or sign your return electronically, please call the office (250) 752 - 7072 and Tim or I will be happy to set up your portal.

Preparation Checklists

- ♦ ****NEW** COVID-19 support, benefits, and deductions, find out what is taxable and what is not?**
 - ❖ Attached is the **2020 COVID-19 Benefits and Deductions Tax Checklist**
- ♦ Need a review of 2020 tax deductions or would like a checklist of documents to bring in?
 - ❖ Attached is the **2020 Personal Tax Slip Checklist**
- ♦ Operate a sole proprietorship business, partnership or have rental income?
 - ❖ Attached is the **2020 Personal Tax - Business and Rental Income Checklist**
- ♦ Call the office if you would like a simple excel schedule to organize your Business or Rental income and expenses

Tim and I look forward to working with you and do not hesitate to call the office if you have any questions regarding the preparation of your tax return.

Yours very truly,
Barbara L. Price, CPA, CA

2020 COVID-19 BENEFITS AND DEDUCTIONS TAX CHECKLIST

Name: _____

Spouse's name: _____

KEY COVID-19 PERSONAL TAXABLE INCOME AND BENEFITS

Please provide details of all COVID-19 benefits received under COVID-19 relief programs. Official tax slips may have been issued for some, but not all programs. For support where no slip is available, details surrounding the amount and types of payment is required. Some of these benefits are taxable while others are not. Please provide details on all Federal, provincial/territorial, and other support received.

****NEW** The following COVID-19 programs are TAXABLE provide details for:**

- Canada Emergency Response Benefit (CERB)
- Employment Insurance (EI) program
- Canada Recovery Benefit (CRB)
- Canada Recovery Sickness Benefit (CRSB)
- Canada Recovery Caregiving Benefit (CRCB)
- Canada Emergency Student Benefit (CESB)

The following COVID-19 programs are NOT taxable –

- ❖ one-time payment - disability support
- ❖ one-time payment - GST/HST credit
- ❖ one-time payment - Canada child benefit
- ❖ one-time payment - OAS/GIS
- ❖ one-time payment - BC Emergency Benefit for Workers
- ❖ one-time payment - BC Recovery Benefit

KEY COVID-19 RELATED FEDERAL GOVERNMENT SUPPORT FOR BUSINESS, RENTAL OR OTHER INCOME

****NEW** COVID-19 TAXABLE INCOME AND BENEFITS**

Please provide details of all COVID-19 benefits received for:

- Canada Emergency Wage Subsidy (CEWS)
- Canada Emergency Rent Subsidy (CERS)
- Canada Emergency Business Account (CEBA)

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.

EMPLOYEE WORK SPACE IN HOME

Due to the COVID-19 pandemic, many employees were required to work from home during a portion of 2020. In some cases, a deduction against employment income may be available. For work space in home expenses to be deductible, the employee must have a T2200 form from their employer which certifies that the employee was required to incur expenses in the course of their employment. In addition, one of the following must be met:

- The home was where the employee mainly (more than 50% of the time) did their work; or
- The employee used the space exclusively to earn employment income, and used it on a regular and ongoing basis for meeting clients, customers or other people in the course of performing employment duties.

If either of the above tests are met, even for a portion of the year, a reasonable claim can be made. To make a claim, please provide

- a signed and completed T2200 from your employer;
- Area of home used as a workspace (sq ft) _____
- Total area of home (sq ft) _____
- Period of time that you worked from home and met one of the above tests;
- Expenses incurred that related to the work space
 - minor maintenance and repairs
 - Property taxes and insurance (commission only)
 - Rent
 - Utilities – electricity, heat, water
- Whether any of the expenses were reimbursed including any allowances or rent payments received

Salaried employees and commission employees **cannot claim** mortgage interest, principal mortgage payments, home internet connection fees, furniture, capital expenses (replace windows, flooring, furnace, etc), wall decorations

WORK SPACE IN HOME – ALTERNATIVE METHOD

Employees who worked for home more than 50% of the time over a period of at least 4 consecutive weeks in 2020 due to COVID-19 **will now be eligible** to claim the home office expenses deduction, no T2200 or receipts required.

****NEW** temporary flat rate method** will allow eligible employees to claim a deduction of \$2 for each day they worked at home in that period, plus any other days they worked from home in 2020 due to COVID-19 up to a maximum of \$400.

- Number of days claimed _____

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2020 PERSONAL TAX SLIP CHECKLIST

Name: _____

Spouse's name: _____

INCOME

- T3 - Estate, trust, mutual fund income
- T4 - Employment income
- T4 (OAS) - Old Age Security
- T4A (P) - CPP benefits
- T4A - Other pensions and annuities
- T4E - Employment Insurance Benefits
- T4RSP - RRSP income or withdrawals
- T4RIF - RRIF income or withdrawals
- T5 - Interest and dividends
- T5007 - Social assistance
- T5007 - Workers' Compensation Benefits
- T5008 - Statement of securities transactions
- T5013 - Partnership income - details

- Business / Professional & Rental income / expenses (**see the Business and Rental Income Checklist**)
- Capital gains (please indicate the cost and proceeds of any asset dispositions)
- Commission income
- Farming activities income / expenses
- Foreign pension or other income
- Other currency, cryptocurrency, bitcoin transactions
- Sales or deemed sales of stocks, bonds or real estate
- Tip income** or other employment income not on T4
- Miscellaneous or other income, spousal support received, death benefits, etc.

OTHER DOCUMENTATION

- Details of change of address
- Sale OR **change in use of principle residence details**, it MUST be reported on your return even if not taxable
- Details of **specified foreign property** including shares of US or other foreign countries held in a non-registered Canadian investment account with a total cost of more than \$100,000 CAD at any time during the year
- Did you receive interest, dividends, or benefits from a private corporation or trust which **you inherited** or in which a **relative is a key party** (in terms of ownership or involvement) which are not exempt from TOSI (tax on split income)?
- Income tax instalments
- Dependant's name, SIN #, birthdate and income
- Details of change in marital status

NEW CLIENTS

- Last year's T1 Notice of Assessment
- Last year's tax return
- Do you authorize CRA to provide information about you to Elections Canada? (Check for 'YES')
- List of countries of citizenship (Note - we do not provide US tax services)

DEDUCTIONS AND CREDITS

- T101 - Flow-through shares
- T2202 - Tuition receipts T101
- T5013A - Tax Shelter write-offs

- Adoption expenses
- BC Senior's Home renovation tax credit receipts (these may also qualify for the Home Accessibility tax credit)
- Caregiver for any family member - details
- Carrying charges and interest expenses (to earn investment income)
- Charitable & political donation receipts
- Child care expenses (SIN #, Name and Address of Caregiver)
- Disability tax credit (if a new claim Form T2201 required)
- Eligible Educator School Supply tax credit receipts
- Employment related expenses (Form T2200 required)
- Exploration and development expenses
- Home accessibility tax credit receipts
- Interest paid on student loans
- Medical expense receipts (or summary) – ****recommendation obtain annual summary from your pharmacy, dentist, insurance claims provider, etc.**
- Medical travel receipts (or summary) ** include doctor's referral or appointment confirmation
- Moving expenses (>40km for employment or school)
- Northern resident deductions
- Purchase of new construction home or first home - details
- RRSP contribution receipts
- Spousal support paid / Alimony
- Stock option and share deductions - details
- Tool expenses (Tradespersons Form T2200 required)
- Volunteer Firefighters certification
- Volunteer Search & Rescue certification
- Union or professional dues – receipt

Tax payments deadline for all taxpayers is April 30, 2021

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2020 PERSONAL TAX – BUSINESS and RENTAL INCOME CHECKLIST

Name: _____

GST #: _____

Business name: _____

Business Phone number: _____

Business address: _____

Business Email: _____

Business Website: _____

Would you like an excel schedule to organize your tax information? Please call the office (250) 752-7072

INCOME

- Business income – farming, fishing, professional, commission
- Partnership income – provide your % partnership interest, partner's name, address and SIN #
- Rental income – provide details of your % ownership and name, address and SIN #'s of all joint or co-owners
- Proceeds received on sale of any assets; vehicles sold

EXPENSES

- Provide receipts for property, equipment and other capital assets purchases
- Inventory value December 31 \$ _____
- Cost of goods sold including inventory purchases
- Operating expenses
 - Advertising
 - Bad debts (uncollectible accounts)
 - Business taxes, fees, licences, dues, memberships and subscriptions
 - Delivery, freight and express
 - Fuel costs (excluding automobile)
 - Insurance - business
 - Interest – business loans
 - Maintenance and repairs
 - Management and administration fees
 - Meals and entertainment
 - Office expenses
 - Supplies
 - Legal, accounting and professional fees
 - Rent and property taxes (excluding business use of home)
 - Salaries, wages and benefits (include T4's)
 - Travel (excluding automobile)
 - Telephone (excluding business use of home)
 - Utilities (excluding business use of home)

GST / HST

- Indicate if GST/HST returns to be filed by our office

INTERNET BUSINESS ACTIVITIES

- Earn income from webpages or websites?
- Provide list of Top 5 webpages or websites from where you earn business income
- Provide the % of income generated from internet

AUTOMOBILE EXPENSES

- Total km driven in the year for business or employment, supported by mileage log _____
- Total km driven in the year _____
- For **new businesses** or **newly acquired** vehicles, make, model and year of vehicle
 - Market value, if owned \$ _____
 - Lease or financing agreement
- Expenses
 - Car washes
 - Gas and oil
 - Insurance, licence and registration
 - Interest paid on money borrowed to purchase automobile
 - Lease payments
 - Parking costs
 - Repairs and maintenance

BUSINESS USE OF HOME

- Area of home used only for business (sq ft) _____
- Total area of home (sq ft) _____
- Expenses
 - Insurance (self-employed or commission only)
 - 100% office maintenance and repairs
 - Other maintenance and repairs
 - Mortgage interest (for self-employed only)
 - Property taxes (self-employed or commission only)
 - Security monitoring fees
 - Utilities

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