

## **Welcome to personal tax season for the 2019 tax year.**

Enclosed you will find a checklist and return envelope for your 2019 personal tax return information. Please gather your 2019 tax slips and related information and mail them to us in the envelope provided or drop off the envelope at our office.

To assist our staff with the accuracy of your information and personal responses, please ensure you answer all applicable questions on the checklist and provide all slips and receipts you wish to report and claim. Regarding **prescription drug costs for your medical claim**, we would appreciate if you could request a detailed print-out from your pharmacy(s) of your 2019 purchases and provide that to us instead of the individual purchase receipts.

## **Tax on Split Income**

- The Federal Government has introduced the concept of **TOSI (Tax on Split Income)** starting in 2018. The rules are very complex and it is not yet clear on how some of the rules will be implemented by the Canada Revenue Agency. The main concept is that if a family member is receiving income from a business operated in whole or in part by another family member, and the person receiving the income is not actively involved in the business on a regular basis, then the income received will be taxed at the highest personal tax rates. The highest personal tax rate in Saskatchewan is currently 47.5%. If you received compensation in the form of wages or dividends from a business that is operated in whole or in part by a family member and you are not actively involved in that business, please bring that to our attention so we can discuss if the TOSI rules apply to that income.
- We have become aware of **another scam** whereby callers are indicating they are from your accounting firm and require certain personal information. Please note that if our office is trying to call you for any reason, we will identify ourselves as “name” calling from HVB Chartered Professional Accountants. If you get such a call wherein the person does not identify themselves and that they are from HVB Chartered Professional Accountants, please do not provide any confidential and personal information to them.

## **\*\*\* Reminders \*\*\***

- The penalties for non-compliance with **Foreign Property Disclosure requirements** are extremely harsh. If you suspect that you may be obligated to meet these requirements based on foreign property and/or investments you own, you must inform us immediately upon providing your information to our office. Additional information may be required from you.
- For **2017 and later**, the **Canada caregiver amount** has replaced the family caregiver amount, the amount for infirm dependants age 18 or older and the caregiver amount. You could be entitled to claim this amount in the calculation of certain non-refundable tax credits if the person you are making the claim for has impairment in physical or mental functions. While most claims will be unchanged or increase from 2016, this credit will no longer allow claims in respect of non-infirm seniors who reside with their adult children.

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- Canada Revenue Agency requires that all disposals of real estate must be reported, including those that meet the qualifications for the Principal Residence Exemption. In addition, there is now an extension of the reassessment period for disposals of real estate whereby there is no longer a time limit for the Canada Revenue Agency to reassess where dispositions of real estate have not been reported by taxpayers. **If you sold real estate of any kind in 2019, please provide us with the description of the property, the year of acquisition, original cost and the proceeds of disposition.** In most cases, the statement of adjustments for the original purchase and the sale of the property will provide most, if not all, of the information we will require.
- Please inform us if you are eligible for the **Home Accessibility Tax Credit**, which provides a tax credit for up to \$10,000 of eligible expenditures for renovating or altering your home to enhance mobility or reduce the risk of harm for an individual who is either eligible for the Disability Tax Credit or 65 years of age or older as at December 31, 2019.
- Did you purchase a **new home in 2019**? If so, you may be eligible for the **Residential Property GST rebate**. Also, if you qualify as a **first-time home buyer**, you may qualify for a federal tax credit of up to \$750.
- The CRA requires disclosure of all **Internet Business Activities**, including the name of the website(s) used and the percentage of revenue earned through the website. The activities included in this requirement are broad, so **please inform us of any business (farm included) activities.**
- **If you, your spouse or any of your dependents suffer from a disability** and you have not done so in previous years, please have your family physician complete a T2201 Disability Tax Credit Certificate form (available on CRA's website) and bring it to our office with your other information.
- **Penalties for not reporting tax information slips** (T3, T4, T4A, T5, etc) are harsh and are increased if a second or third offence is incurred within a three year period. Please ensure you provide all relevant tax information slips applicable to your situation.

Please remember to provide us with all notices of Assessment or Reassessment you received from Canada Revenue Agency in 2018 and 2019.

As members of the Canadian Institute of Chartered Professional Accountants, we continue to practice the highest standards in regards to the privacy and confidentiality of the personal information of our clients. A copy of our Privacy Statement is available from our office upon request. This document summarizes the principles and procedures we follow to ensure the privacy of all information in our possession and control.

When providing your information to our office, please indicate the most effective method of notifying you when your return is ready for your review (e-mail, phone, fax, etc.). Unless you inform us otherwise, we will continue to allow your immediate family members to pick up your completed tax return(s) in your absence. **If your information is to be released to you only, please inform us immediately.**

As was the situation last season, recent Canada Revenue Agency (CRA) requirements dictate that we are required to E-FILE all eligible tax returns. Accordingly, we no longer have the option to paper-file your return, unless it is determined by CRA to be ineligible to be e-filed.

We thank you for your past patronage and look forward to serving you again this year.

Sincerely,

Grant and Craig