

Your Personal Tax Organizer

Name: _____ S.I.N. # _____
 Birthdate: _____ Phone # _____
 Address: _____ E-Mail: _____

- | | Yes | No |
|---|--------------------------|--------------------------|
| • Did you sell real property in 2023? (home, cottage, etc.) If yes, see enclosed inserts "Reporting the Sale of your Principal Residence." | <input type="checkbox"/> | <input type="checkbox"/> |
| • Are you a Canadian Citizen? (If no, see insert) | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did you own or hold foreign property at any time during the year with a total <u>cost</u> of more than \$100,000 Canadian? (If yes, see T1135 insert) | <input type="checkbox"/> | <input type="checkbox"/> |
| • Are you a first time home buyer? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Did you own a residential rental property? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do you wish to purchase tax inquiry protection? (Sign enclosed form) | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do you agree to release your name, address and date of birth to Elections Canada? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Efile your return? (Sign enclosed Form T183) There will be a charge of \$35/Return plus HST if you do not wish to E-File. | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do you consent to be contacted by the Gov't of Ontario regarding Organ and/or Tissue donation? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Do you wish to receive CRA Correspondence by online mail?
if yes, email address _____ | <input type="checkbox"/> | <input type="checkbox"/> |

Income:	
<input type="checkbox"/> T4, T4A, T4U, T4A (P), T4A (OAS), T4E, T4FHSA, T5, T3 Canadian information slips	<input type="checkbox"/> Virtual currency transaction details
<input type="checkbox"/> Principal residence sale (proceeds and year acquired)	<input type="checkbox"/> Foreign income, including foreign pensions (include US social security)
<input type="checkbox"/> Rental income and expenses, property disposition including residence, if applicable	<input type="checkbox"/> Other income (RRSP, RPP, RRIF, alimony received, WSIB Benefits, annuity, scholarships, social assistance, etc.)
<input type="checkbox"/> Self-employment income and expenses	<input type="checkbox"/> Investment transaction summaries (i.e. details of share purchases and sales, adjusted cost base)
Deductions/Credits:	
<input type="checkbox"/> Tax-Free First Home Savings Account	<input type="checkbox"/> Multigenerational home renovation tax credit
<input type="checkbox"/> Dependent Info: Name, Birth Date and SIN	<input type="checkbox"/> Student loan interest (government loans only)
<input type="checkbox"/> RRSP contributions	<input type="checkbox"/> T2200/TL 2 forms (employment expenses)
<input type="checkbox"/> Tuition/T2202 slips (education credit, self or dependents)	<input type="checkbox"/> Property tax statement & proof of payment/Rent receipts
<input type="checkbox"/> Child care (S.I.N., name and address), receipts	<input type="checkbox"/> Other deductions (carrying charges, interest, alimony paid)
<input type="checkbox"/> Moving expenses and details - receipts required	<input type="checkbox"/> Investment counsel fee
<input type="checkbox"/> Donations/political contributions - receipts required	<input type="checkbox"/> Eligible educator school supplies
<input type="checkbox"/> T2201 forms (disability credits, self or dependents), signed by a qualified person	<input type="checkbox"/> Medical & home accessibility expenses - receipts required (see insert)
<input type="checkbox"/> Digital news subscription tax credit receipts required (see insert)	<input type="checkbox"/> Volunteer Firefighter / Search & Rescue
<input type="checkbox"/> Income tax instalments, final statement indicating total paid for the year	<input type="checkbox"/> Adoption expenses
<input type="checkbox"/> Details of any foreign non-business investments, costing more than \$100,000 Canadian (in total)	<input type="checkbox"/> Notices of assessment/reassessments for at least the prior year
<input type="checkbox"/> Internet webpages used to earn business income.	<input type="checkbox"/> Changes, such as address, name, marital status (including common-law) dependants, spouse's S.I.N. and birth date

New Client Information:
<input type="checkbox"/> Copy of prior year returns (3 years preferred)
<input type="checkbox"/> Copy of any carry forward information such as RRSP contribution room, losses, reserves, investments, alimony or support agreements.

PRIVACY:

The information requested to be provided is required to assist in preparing personal income tax returns. Use and custody of this information will be in accordance with the firm's Privacy Policy Statement, a copy of which may be reviewed at our office or obtained upon request. Your provision of personal information in this envelope implies your consent to its use as per the privacy policy and terms of engagement.

Dear Valued Client:

We are writing as a reminder that it is once again time to assemble the information required to prepare your 2023 income tax return. Your Personal Income Tax Organizer and our Personal Income Tax Checklist are enclosed to assist in gathering your income tax papers. Certain sections of the checklists may not be relevant to your particular circumstances, in which case, please disregard those sections.

In an effort to expedite preparation of your income tax return, we would appreciate if you could try to have the information to our office by March 15, 2024.

Mandatory Electronic Filing for 2023

Electronic filing of 2023 personal income tax returns is now mandatory. Should you wish to continue paper filing your return a fee of \$35 plus HST will be billed to you. Please indicate on the Personal Tax Organizer that you do not wish to electronically file.

Engagement Letter

We have enclosed an engagement letter and privacy statement. We request that you review these documents and return a signed copy of the engagement letter along with your records. Sending your information in without a signed letter will imply your consent to the engagement letter terms.

Tax Inquiry Protection

In recent years, the Canada Revenue Agency (CRA) has directed an increasing number of inquiries relating to personal income tax returns to tax professionals. We have charged, and will continue to charge, clients for time spent in responding to the income tax authority's requests for information. As in prior years, we are offering the option of purchasing tax inquiry protection against the cost of a CRA inquiry for \$35 per return. If you purchase the tax inquiry protection, we will not charge you for any time spent related to responding to such inquiries. This does not include the cost of any support or appeal work required as a result of an income tax audit. In order to be eligible for the inquiry protection, receipts must be supplied to our office in advance of CRA's Inquiry.

Other Forms Requiring Signature

Enclosed is an E-file Authorization Form (T183), please sign the form where indicated and enclose with your tax records.

CRA Failure to Report Penalties

Please be advised that Canada Revenue Agency has been very diligent in assessing failure to report penalties when income (i.e., T4, T5, T4RSP, etc.) are omitted. The penalty can be equal to 10% of the income omitted. If a second occurrence happens within three years, the penalty increases to 20% of gross income. Please review your tax information before submission to our office to ensure all expected slips are accounted for.

If you have any questions or wish to discuss any other matters, please contact us. Thank you for this opportunity to be of service to you.

Yours very truly,

Benson Inkster Brighton Professional Corporation

Encl.

2023 PERSONAL TAX – WHAT'S NEW

Canada's personal taxation system has experienced several changes in the 2023 year. Provided below is a summary of the key changes that all individuals should be aware of and a discussion of how these changes may affect you.

Canadian Dental Care Plan – see insert (purple)

First Home Savings Account (FHSA):

- Contributions to a FHSA will be deductible on your personal tax return (reduces your taxable income like a RRSP) – annual contribution limit = \$8,000 – due date is December 31st each year
- Lifetime limit = \$40,000
- Unused annual contribution limit capped at \$8,000
- Account can only be held for 15 years
- Income earned in a FHSA would be non-taxable (like a TFSA)
- Qualifying withdrawal from your FHSA to purchase a first home would be non-taxable (like a TFSA)
- Eligible individuals:
 - must be at least 18 years of age
 - resident in Canada
 - cannot live in a home that they or their spouse owned in the year or preceding four years

Residential and Rental Property Flipping:

- Starting in 2023, residential or rental property owned for less than 365 consecutive days prior to it being resold are considered flipped properties and are now deemed to be business income and must be reported on Form T2125.

Multigenerational Home Renovation Tax Credit (MHRTC):

- A new 15% refundable tax credit would provide relief on up to \$50,000 of eligible expenses to construct a secondary suite for a senior or person with a disability to live with a relative (maximum benefit of \$7,500)
- Eligible person would be a senior (65 years of age or older at the end of the tax year when the renovation was completed) or an adult (18 years of age or older) eligible for the disability tax credit
- Qualifying relation would be an individual who is 18 years of age or older and a parent, grandparent, child, grandchild, brother, sister, aunt, uncle, niece, or nephew of the eligible person
- Only one renovation would be permitted to be claimed in respect of an eligible person over their lifetime
- Applies to 2023 and subsequent taxation years for work performed on or after January 1, 2023

Canadian Dental Care Plan – new for 2024:

Visit Government of Canada website for detailed information:
<https://www.canada.ca/en/services/benefits/dental/dental-care-plan/qualify.html>

Eligibility criteria:

- **not** have access to dental insurance:
not having access to dental insurance is defined as:
 - no dental insurance through your employer or a family member's employer benefits, including health and wellness accounts;
 - no dental insurance through your pension (previous employer) or a family member's pension benefits; or
 - no dental insurance purchased by yourself or by a family member or through a group plan from an insurance or benefits company.
- have an adjusted family net income of less than \$90,000
- be a Canadian resident for tax purposes
- have filed your tax return in the previous year

Application dates (when can you apply?):

The date that you can apply for dental benefits is based on your date of birth.

Application schedule by age group

Group	Applications open
Seniors aged 87 and above	Starting December 2023
Seniors aged 77 to 86	Starting January 2024
Seniors aged 72 to 76	Starting February 2024
Seniors aged 70 to 71	Starting March 2024

Application schedule by age group

Group	Applications open
Seniors aged 65 to 69	Starting May 2024
Adults with a valid Disability Tax Credit certificate	Starting June 2024
Children under the age of 18	Starting June 2024
All remaining eligible Canadian residents	Starting 2025

Starting in mid-December 2023, letters will be mailed to seniors aged 87 and above who may qualify, followed by those aged 77 to 86 in January 2024, then those aged 72 to 76 in February 2024 and those aged 70 to 71 in March 2024. These letters will include a personalized application code and instructions on how to apply.

If you receive a letter:

1. Follow the instructions in the letter to apply by phone.
2. Wait to receive a confirmation from Service Canada that lets you know whether your application was successful and you qualify for the CDCP.
3. If you do qualify, wait to receive your welcome package from Sun Life before scheduling any dental appointments. It will explain further when you can start to get care paid for and how.
4. Invitation letters will be sent out in phases beginning in December 2023. All letters are expected to be delivered by the end of March 2024.
5. These letters will be sent to the address you used in your 2022 tax return and only if you have an adjusted family net income of less than \$90,000. If you have not filed your 2022 taxes, you may not receive a letter in the mail. If your address is out of date, you should contact the Canada Revenue Agency to update your file.

When booking an appointment with an oral health provider, make sure to ask if they have enrolled in the CDCP to limit unexpected out-of-pocket payments.

For further details, contact Government of Canada 1-833-537-4342

SALE OF PRINCIPAL RESIDENCE

- ** Did you sell real property in 2023? Yes _____ No _____
If so: Proceeds \$ _____, year acquired _____ (if owned for less than 365 consecutive days, please speak to your tax preparer as there are tax changes)
- ** Did you own more than one property at time of sale? Yes _____ No _____
If so, additional information will be required. Please speak to your tax preparer for further requirements.
- **Did you purchase a new principal residence during 2023? Yes _____ No _____
If so, please provide a copy of the Statement of Adjustments from original purchase.

Overview

It is well known that Canadian resident individuals who sell/dispose of their principal residence and realize an economic gain may claim an exemption when computing the taxable amount of the gain.

"Principal Residence" in general terms means:

- A capital property (i.e., residence intended to be owned long-term; not "flipped")
- Ordinarily inhabited by the individual, the individual's spouse or child of the individual (i.e., one of these people lived in the residence at some time during the year)

The individual and their spouse must, in effect, share the exemption – i.e., no "doubling-up"

For dispositions in 2017 and later, CRA requires Form T2091 to be completed and efiled with CRA.

Information to Provide

- Statement of Adjustments (from lawyer) for sale
- Trust Statement (from lawyer) for sale
- Date of acquisition and/or Statement of Adjustments from original purchase

Failure to Report

If the sale of any real estate (including principal residence) is not reported:

- CRA can reassess an individual outside of the normal reassessment period with regards to any real estate sale transaction. This means if a gain on sale should have been reported, CRA will have an indefinite amount of time to uncover it and assess taxes payable and penalties/interest. Normally the assessment period is 3 years, with some exceptions.
- CRA can assess a late-filing penalty of \$100 per late month up to 80 months (minimum \$100 and maximum **\$8,000**).

Special Circumstances

If any of the following situations apply to you, please contact our office for further information:

- You (and/or your spouse) own, or have owned, more than two residences at the same time (e.g., cottage and house)
- You (and/or your spouse) purchase or sell a residence outside of Canada
- You start using all or part of a residence for business
- You start renting out all or part of a residence
- You are no longer a resident in Canada when you sold a residence
- You were not a resident in Canada when you purchased a residence

FOREIGN REPORTING & FORM T1135

Please answer the following question:

Did you own or hold foreign property at any time in 2023 with a **total** cost of more than CAN\$100,000?

(see the "Foreign income" section in the guide for details)

Yes No

If **yes**, attach a completed Form T1135.

This question is posed on the Canadian Income Tax and Benefit Return each year. The guidelines to answer this correctly are somewhat complicated. Below is some information to help decide whether a completed Form T1135 should be attached to your personal income tax return.

What property has to be reported?

Foreign investment property that **must** be reported includes:

- amounts in foreign bank accounts
- shares in foreign companies
- interests in non-resident trusts
- bonds or debentures issued by foreign governments or foreign companies
- interests or units in offshore mutual funds
- real estate situated outside Canada, *other than personal-use property (see below) and assets used in an active business*
- other income-earning foreign property.

However, foreign investment property does **not** include:

- Personal-use property, that is, any property used mainly for personal use and enjoyment, such as a vehicle, vacation property, jewelry, artwork, or any other such property.

What defines cost?

Take the cost amount of each foreign property owned in the year and determine if **at any time in the year** the **total** of the cost amounts were more than \$100,000 (in Canadian dollars). "Cost" is defined as the **historical cost** (i.e., the price you bought it for) converted to Canadian dollars using the exchange rate in effect at the time of acquisition.

Failing to file

The penalty for **failing to file** a return is \$25 a day for up to 100 days (minimum \$100 and maximum **\$2,500**). When failing to file is done **knowingly or under circumstances amounting to gross negligence**, the penalty is \$500 per month for up to 24 months (maximum **\$12,000**), less any penalties already levied.

The Canada Revenue Agency has implemented the following changes to form T1135 for the **2016 and later tax years**:

- **Part A**, a new simplified reporting method, for those taxpayers who held specified foreign property with a total cost of more than \$100,000, but throughout the year was less than \$250,000. This reporting method allows taxpayers to check the box for each type of property they held during the year rather than providing the details of each property. The country codes to be selected are based on the aggregate maximum cost amount of specified foreign property held during the year. Income from all specified foreign property and gain (loss) from the disposition from all specified foreign property during the year must also be reported.
- **Part B**, the current detailed reporting method, will continue to apply to those taxpayers who, at any time during a year, held specified foreign property with a total cost of \$250,000 or more.
- The aggregate reporting method will continue to apply to taxpayers who have an account with a Canadian registered securities dealer. Specifically, a taxpayer who held **specified foreign property** in an account with a Canadian **registered securities dealer** (as defined in subsection 248(1) of the *Income Tax Act*) or a Canadian trust company (as determined under paragraph (b) of the definition of a **restricted financial institution** in subsection 248(1)) have the option to report the aggregate value of all such property, but on a country-by-country basis. The total value to be reported is the highest fair market value at the end of any month during the year in addition to the fair market value at year end. The aggregate income earned in the year, and the gain (loss) realized from all dispositions during the tax year must also be reported.
- This aggregate reporting will continue to be reported in a table – Category 7 on Form T1135, "Property held in an account with a Canadian registered securities dealer or a Canadian trust company"

If you hold foreign property meeting the criteria for reporting and not eligible for the exclusion, the following is the information required to be reported. See our website <http://www.bibpc.ca> for a link to a fillable version of the form.

In order to complete your tax return in a cost-effective manner, we request that this information be provided along (if applicable) along with the balance of your income tax information

1. Funds held outside Canada

Name of bank/other entity holding the funds	Country code	Max. funds held during the year	Funds held at year end	Income (loss)

2. Shares of non-resident corporations (other than foreign affiliates)

Name of corporation	Country code	Max. cost during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition

3. Indebtedness owed by non-resident

Description of indebtedness	Country code	Max. cost during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposal

4. Interests in non-resident trusts

Name of trust	Country code	Max. cost during the year	Cost amount at year end	Income received	Capital received	Gain (loss) on disposition

5. Real property outside Canada (other than personal use and real estate used in an active business)

Description of property	Country code	Max. cost during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition

6. Other property outside Canada

Description of property	Country code	Max. cost during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition

7. Property held in account with a Canadian registered securities dealer or a Canadian trust company

Name of registered security dealer / Canadian trust company	Country code	Max. fair market value during the year	Fair market value at year end	Income (loss)	Gain (loss) on disposition