

# LAVEN ACCOUNTING LTD

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## 2019 INCOME TAX LETTER

Hopefully, the year has treated you well. We will see several changes happening in 2020; some affecting personal income tax and some effecting business taxes.

Please take the time to read through the next page of income and deductions. Use these as a guideline when assembling your information for me.

I have included a checklist for proprietorships for everyone who was self-employed in the past year and a checklist for rental expenses for those with rental income in the past year. If you need a copy of either checklist, give me a call and I can e-mail or fax one over to you.

### **Some income tax information to consider:**

Personal tax brackets (Provincial and Federal), personal exemption and other tax credits (Age, Dependent and others), have been adjusted up for inflation.

For 2020 the basic personal amount for federal tax will be increased (\$931) for 2020, a savings of \$ 140 in tax. This increase also affects eligible dependent amounts available for claim. This increased deduction will be reduced based on income for individuals between \$ 150,474 and \$ 214,368 and removed for individuals above this amount.

Further scheduled increases of the federal basic personal exemption of \$579, \$590 and \$602 are scheduled for 2021-2023. No additional adjustment for inflation for this tax credit over the 2020-2023 period.

This year is unusual in that the first 60 days for the RRSP deadline ends on March 2, 2020. This is because the 60-day calculation ends on weekend; so the deadline is pushed to the next weekday.

The standard tax filing deadline (Interest start date for proprietorships owing tax or CPP) will be April 30, 2020. The self-employed filing deadline normally is June 15, 2020. The first day of e-file is February 18, 2020.

Tax-Free Savings accounts (TFSA) – The 2020 additional contribution room is \$6,000. If you have not made any TFSA contributions to date, your total contribution room would be \$69,500.

If you have made TFSA contributions in the past, please contact me to find out your current limit. Any withdrawals made in 2019 from your TFSA will increase your 2020 limit available.

On November 21, 2018, the federal government announced changes to the capital cost rates able to be deducted in the year of purchase. The new rate is three times the normal rate in the year of purchase. This results in a larger deduction being available in the year of purchase-related to additions after November 20<sup>th</sup>, 2018. These rules apply for years up to 2028.

The start of significant changes to CPP maximum and contribution rates continues January 1, 2020. The changes are fairly uniform in the phase-in period so you will not notice a large change in each year. In 2020 contribution rate rises from 5.1% to 5.25% and the maximum increases to \$58,700. (Employee contributions increase of \$ 149.10 over the last year)

BC electric vehicle incentives are available until March 31, 2020 (or available fund exhausted), Federal incentives have no expiry date or cap. BC Hydro also has a program related to rebates for electric vehicle chargers.

In August 2019 legislation on shared custody was defined to be at least 40% of the time for purpose of child tax payments. Retroactive payment requests can be made back to June 2011. (or up to 10 years from the application date whichever is less)

BC child benefit is scheduled to be enhanced on October 1, 2020, this will allow for the benefit to continue past age 6. The new provision continues up to age 18 and starts at \$ 1,600 for the year for first child [1000 (second) 800 (subsequent)] Benefit is reduced by family income starting at 25K (4% reduction base on income above this)

In 2020 new digital subscription tax credit (15% of the amount paid to qualified Canadian Journalism Organization) (2020-2024) up to \$500 in qualifying subscriptions can be claimed in 2020 for the tax credit.

If you have any questions, please do not hesitate to contact me. I look forward to meeting with you in 2020.

Yours truly,

*Casey Laven*

Casey Laven, CPA, CGA.

## 2019 INCOME TAX INFORMATION:

### INCOME:

Employment income (T4's) \_\_\_\_\_  
Wage loss benefits (T4A's) \_\_\_\_\_  
Business income (loss). Partnership or proprietorship \_\_\_\_\_  
Dividends, interest and investment income (T5's and T3's) \_\_\_\_\_  
Capital gains and losses (Property or Investments) \_\_\_\_\_  
Rental income (loss) \_\_\_\_\_  
OAS/CPP (T4OAS/T4AP) \_\_\_\_\_  
Pension income (T4A) \_\_\_\_\_  
RRSP income (T4RSP and T4RRIF) \_\_\_\_\_  
Employment insurance income (T4E) \_\_\_\_\_  
Alimony received \_\_\_\_\_  
WCB income (T5004) \_\_\_\_\_  
Social assistance income \_\_\_\_\_  
Scholarship, fellowships and bursaries \_\_\_\_\_

### DEDUCTIONS:

RRSP contribution receipts \_\_\_\_\_  
Pension Plan contributions (RPP) and Pension adjustment information \_\_\_\_\_  
Volunteer Firefighting/Search and Rescue hours \_\_\_\_\_  
Childcare expense receipts, names and SIN of babysitters \_\_\_\_\_  
Interest paid to earn investment income \_\_\_\_\_  
Investment counsel fees \_\_\_\_\_  
Allowable business investment losses \_\_\_\_\_  
Employment expenses (T2200) \_\_\_\_\_  
Alimony paid \_\_\_\_\_  
Moving expenses \_\_\_\_\_  
Professional dues or Union dues \_\_\_\_\_  
Charitable donation receipts \_\_\_\_\_  
Medical expenses (dentist, eyeglasses, chiropractor, prescriptions etc.) \_\_\_\_\_  
Medical travel hotels, mileage, meals, parking \_\_\_\_\_  
Private medical insurance plan (EHB, Dental or Travel) premiums \_\_\_\_\_  
Disability deduction for self or family member \_\_\_\_\_  
Transportation employee expenses (TL2) \_\_\_\_\_  
Tuition fees (T2202) for self or dependents \_\_\_\_\_  
Political contributions \_\_\_\_\_  
Interest paid on student loans \_\_\_\_\_  
Home Buyers Plan and Life Long Learning Plan repayments \_\_\_\_\_  
EI benefit repayments \_\_\_\_\_  
Tools acquired by apprentice mechanics \_\_\_\_\_  
Dependent relative or caregiver in home care \_\_\_\_\_

### OTHER

2018 Assessment Notice with RRSP carry-forward amounts \_\_\_\_\_  
Income tax installments paid for 2019 \_\_\_\_\_  
Dependent's income tax information \_\_\_\_\_  
New home buyers credit \_\_\_\_\_  
Sale of property (Including principal residence) \_\_\_\_\_  
Any change in marital status \_\_\_\_\_

## **Business income (loss). Partnership or proprietorship – T2125**

### Business Income

- Total income
- GST for the year and copy of returns
- Are any accounts receivable at yearend? Are these amounts included in the total?
- Are any accounts receivable for the prior year? Are these included in the total?

### Business Expenses

- Advertising
- Meals/entertainment – is an amount at 50% was GST only claimed at 50%?
- Office
- Any asset additions (Computers, equipment, tools, furniture, or vehicles) during the year?
- Bank charges
- Business use of a vehicle (Proportion business usage, total KM for the year, gas, insurance, repairs, car wash, BCAA)
- Office in the home (Area of home, Portion for business, Insurance, Repairs, Interest, Property Tax, Hydro, Water/Sewer/Garbage, Heat)
- Inventory (Ending balance details/Purchases/Opening balance)
- Travel – Does this contain meals? If so needs to be segregated.
- Supplies
- Insurance
- Bad Debts (Are amounts included in sales?)
- Wages (Have benefits been included in T-4's )
- Subcontract (Construction – Has T5018 been completed for contractors)
- Dues, fees, and licenses
- Legal/Accounting
- Telephone and utilities
- Delivery
- Rent
  
- If your expense category is not listed here it is likely not on the tax return schedule and will require additional time to categorize.
  
- Any amounts at year-end that have been billed (Relate to 2019) but not yet paid? (Are they included in totals) Any amounts at prior year-end that were paid in 2019 but related to 2018 and are included in totals)

## **Rental income (loss) –T776**

### Rental Income

- Rent
- Other Income

### Rental Expenses

- Subcontract
- Wages
- Source Deductions (CPP, EI, Tax)
- WCB
- Referral Fees
- Advertising
- Insurance
- Interest/Bank charges
- Legal/Accounting
- Office
- Management and Admin Fees/Strata Fees
- Maintenance & Repairs
- Property Tax
- Travel
- Utilities
- Capital Additions (Appliances/Major Renovations)
- Auto expenses (Gas/Insurance/Repairs/Rental KM/Total KM drove) (Limited to repair/maintenance work unless multiple rental properties)
- Damage deposits outstanding and interest accrued on deposits