



# IT'S TAX TIME AGAIN...

## 2020 PERSONAL INCOME TAX INFORMATION GUIDE

To help us ensure your personal income tax returns are prepared correctly and promptly, it is important to provide us with all the required information. To help you gather your tax information, we provide the following list of reminders. Please review it carefully.

### PAPERLESS INITIATIVE

As part of our paperless initiative, we request that you send us your personal tax information **electronically** using the secure document transfer link provided below. **Do not send original paper documents**, but keep them for your records for 6 years as required by law.

Please organize your tax papers **by family member**, in the following order:

- All federal slips together
- All Quebec slips together (if applicable)
- All medical information together
- All donations information together
- Investment advisor package
- All other documents

**Send us your personal income tax information electronically in .zip file format.** Open the location that stores files on your computer. Select all files or folders you want to compress, then right-click on them and a menu will appear. In the menu, click **Send to** and select **Compressed (zipped) folder**. A .zip file will appear. You can type a new name for the .zip file. **Note:** In Windows, once you've created a .zip file, you can then add more files to it by dragging them onto the .zip file's icon.

To send us your .zip file, please use this [secure document transfer link](#).

Please note that the following will be sent to you by email once your 2020 file is complete:

- A copy of your personal tax returns for your records;
- A copy of the prescribed authorization forms, which must be signed and returned to us **prior** to e-filing your tax returns;
- An engagement letter for signature, which outlines our terms of involvement with your personal income tax returns; and
- Authorization forms for the federal and Quebec returns, which will give us permission to discuss your tax returns with the taxation authorities and access to your file, if required. These forms are valid indefinitely. Please note that these authorization forms are different from the EFILE authorization forms mentioned above.

### WHEN SHOULD YOU SEND US YOUR TAX INFORMATION?

In order to ensure that we have sufficient time to prepare your tax returns, please send us all your documents by secure upload link as soon as you have all of your tax information. If we do not receive your information by April 25, 2021, we cannot guarantee that your tax return will be completed prior to the due date of April 30, 2021.

### ARE YOU A NEW CLIENT OF OUR FIRM?

If so, there is additional information that we require to prepare your personal income tax returns.

This information is contained in your prior years' tax returns and will allow us to ensure any pertinent information is properly carried forward to your current tax returns.

If you have them available, tax returns and assessment notices from 2017 to 2019 should be included in the information you send to us.

### WHAT INFORMATION WILL WE NEED?

#### 1. Your Assessment Notices From Your 2019 Tax Returns

The Canada Revenue Agency ("CRA") and Revenue Quebec ("MRQ") would have mailed these directly to you.

#### 2. Instalment Payments

If you were required to make instalments in 2020, include your federal and Quebec instalment payment summaries.

#### 3. Information Slips Related to Your Income

There are many different sources of income that result in information slips being issued by employers, banks, governments and other entities. Some of these include:

<b>T3/RL-16</b>	Trust income (mutual fund income)
<b>T4/RL-1</b>	Employment earnings
<b>T4A/RL-2</b>	Pension income and other amounts
<b>T4A(OAS)</b>	Old Age Security pension
<b>T4E</b>	Employment insurance
<b>T4A(P)/RL-2</b>	Canada/Quebec Pension Plan
<b>T4RIF/RL-2</b>	RRIF payments
<b>T5/RL-3</b>	Interest and dividend income
<b>T600/RL-13</b>	Bond interest and coupons cashed at financial institutions
<b>T4RSP/RL-2</b>	RRSP redemptions
<b>T5008/RL-18</b>	Security transactions
<b>T2200/TP-64.3-V</b>	Declaration of Conditions of Employment
<b>T5013/RL-15</b>	Partnership income (loss)
<b>RL-19</b>	Advance payments of tax credits
<b>RL-31</b>	Information about a Leased Dwelling

As a reminder, consult your 2019 tax returns for your various sources of income.

#### 4. Sale of Stocks, Real Estate and Other Capital Property

If you have sold any capital property during the year (e.g., shares, land, buildings, mutual funds or principal residence), we will require details such as original cost, selling price, commissions, date of sale, etc.

We recommend that you contact your investment advisors and request that they provide you with their complete tax reporting package for the year to ensure that we obtain all information regarding the following:

- Investment income earned
- Investment fees
- Capital gains and losses
- Foreign investments held

Remember, systematic withdrawals and transfers between mutual funds must be reported and may be taxable.

#### 5. Income From Other Sources

If you had income from farming, rentals, business or commissions, please refer to your last year's personal income tax returns to see if you have all the required information to prepare this year's tax returns.

As you are required to report your income from worldwide sources, do not forget to advise us regarding foreign income (bank, brokerage accounts, partnerships, trusts and other investments or businesses).

#### 6. Deductions and Credits Requiring Receipts

There are a number of deductions or credits available to you for which you **must supply official receipts**.

- RRSP contributions made up to March 1, 2021
- Union or professional dues
- Eligible tuition fees for you and your dependents (T2202)
- Interest paid on student loans granted pursuant to a government program
- Donations - Please enumerate donations on the [Excel document provided](#)
- Political contributions (federal, Quebec and municipal)
- Medical expenses - Please enumerate medical expenses on the [Excel document provided](#)
- Quebec SME growth stock plan (RL-7)

In order to ensure efficient filing of your income tax returns, please provide us with the annual summary of drug prescriptions from your pharmacist, which they can provide to you by email, and, if applicable, each family member's medical insurance claims for the year provided by your private or group insurance provider.

We ask that you only enumerate medical expenses **that were not** submitted to your medical insurance provider on the Excel document provided.

Please note that if you require us to compile the information for you, there may be a surcharge over and above your regular fee.

#### 7. Other Deductions or Credits

Please consider whether any of the following pertain to you. If so, please provide us with the details so that we may calculate your deductions or credits.

##### General

- Alimony or separation payments
- Commission income expenses

- Eligible educator school supply tax credit
  - The refundable tax credit for eligible teaching supplies expenses of up to \$1,000 for eligible teachers - you may be asked to provide written certification from your employer attesting to the eligible supplies expense
- First-Time Home Buyers
  - A qualifying home purchased during the year is eligible for a deduction of \$5,000 on the federal tax return and a tax credit of \$750 on the Quebec tax return - to qualify, the home must be either the first home purchased by you or your spouse or must be intended to be more accessible to a disabled individual related to you
- Investment income expenses (interest and broker fees)
- Moving expenses
- Volunteer firefighters' amount

##### Seniors

- Expenses related to home support for seniors program
- Grant for seniors to offset a municipal tax increase
  - If your family income was \$53,300 or less
  - The 2020 amount of the grant could be shown on either the 2021 municipal tax bill or form FM-210.1-V, *Amount of the Potential Grant to Offset a Municipal Tax Increase*, issued by the municipality
- Home accessibility expenses
  - Eligible expenses of up to \$10,000 for renovations that improve mobility and functionality or reduce the risk of harm to the individual for an individual 65 years of age or older **or** who is eligible for the disability tax credit
- Seniors' activities amount
  - Fees paid for registration for a recognized program of physical activity or artistic, cultural or recreational activity, provided the duration of the program is at least eight consecutive weeks or five consecutive days, for a taxpayer who is age 70 or older on December 31, 2020 and whose net income does not exceed \$42,940

##### Children

- Childcare expenses (social insurance number of payee required) and RL-24 for Quebec only

#### 8. Income of Spouse and Children

Please provide details of the incomes of your spouse and children, as well as their dates of birth and social insurance numbers. If they are not filing tax returns, please provide their information slips. By having all the information for both spouses, we can utilize any available spousal transfers and other tax planning options. Note that children age 18 and up may be able to claim the Solidarity tax credit or the GST/HST tax credit.

#### 9. Costs for Work Carried Out on Your Rental Property

If you owned a building, land or structure located in Quebec, and the property was used in the course of carrying on a business or in order to earn income, you must complete form TP-1086.R.23.12-V and attach it to your income tax return.

You must provide the required information with regard to every person who carried out the work for renovation, improvement, maintenance or repair, unless the work was done by one of your employees. To obtain the template to fill out, please contact the person responsible for your file at FL Fuller Landau.

## 10. Direct Deposit

The CRA and MRQ encourage registration for direct deposit. If you have not registered yet or have changed banking account information, we recommend that you provide us with a void cheque with your tax information for 2020.

## 11. Quebec Prescription Drug Insurance Plan

Please advise us if you had any changes to your private or group medical insurance that provides coverage for prescription drugs during the year. We would require a list of the months where you had no coverage for prescription drugs.

## 12. Payment for Balance of Taxes Owning

Please read the following article to select the right option to pay your balance of taxes owing through your financial institution:

[Pay Attention When Paying Your Taxes Online Through Your Bank](#)

## FOREIGN REPORTING REQUIREMENTS

You must disclose to the CRA foreign property you own or hold at any time in the year having a total cost in excess of CAN\$100,000.

Foreign property includes: foreign bank accounts, foreign real estate (excluding vacation homes), foreign mutual funds, debts owed by a non-resident and shares in non-resident corporations, even where held at a Canadian broker.

Please ensure your broker has provided you with the T1135 reporting information together with your investment tax slips and capital gains reports.

## Foreign Income Verification Statement

Additional information on each foreign property is now required.

- For all foreign property, **other than** foreign property held in an account with a Canadian registered securities dealer or a Canadian trust company:
  - the name of the specific foreign institution or other entity holding funds outside Canada;
  - the name of the foreign corporation issuing the shares;
  - the country to which the foreign specified property relates;
  - income generated from each specific foreign property;
  - for a trust, capital distributions received during the year;
  - the maximum cost amount during the year; and
  - the cost amount at the end of the year.
- For all foreign property held in an account with a Canadian registered securities dealer or a Canadian trust company, please send us the summary that the broker will provide you with containing the information that we need.

N. B. If you own many foreign properties, do not hesitate to communicate with us in order to obtain the electronic file to help you compile this information.

You must also advise us of any foreign trusts to which you have made a contribution or of which you are a beneficiary.

In addition, reporting is required for certain non-resident corporations in which you or persons related to you have a combined ownership of 10% or more.

It is essential that you inform us of your foreign holdings since failure to disclose this information to the CRA may result in substantial penalties.

## U.S. INCOME TAX RETURNS

If you are a U.S. citizen or a green card holder, you are required to file a U.S. income tax return, and possibly file the *Report of Foreign Bank and Financial Accounts* (FBAR) where the aggregate value of all the non-U.S. accounts exceeds US\$10,000 at any time in the year.

You should be expecting a letter from us regarding your 2020 U.S. tax filing if we handled your 2019 U.S. return.

**Penalties for failure to file the report of financial accounts are severe.**

If you are a non-citizen/non-resident of the U.S., you may have to file a U.S. income tax return in the following situations:

- if you sold real property or received rental income from real property situated in the U.S. during 2020;
- if you or your children worked in the U.S. during 2020 - kindly forward to us U.S. Form W-2 (the equivalent to our T4 and RL-1 for employment earnings); or
- if you or your children attended a post-secondary education institution on a full-time basis in the U.S. during 2020, unless a form 8843 is filed prior to the due date (either April 15, 2021 or June 15, 2021) - kindly forward to us a copy of the form if it has already been prepared.

We ask that you provide us with any U.S. tax slips which report the investment income earned from U.S. sources during 2020 (e.g. Form 1099).

We also ask that you provide U.S. tax slips reporting tuition paid in the U.S. (e.g. Form 1098-T).

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FL Fuller Landau SENCRL/LLP  
Place du Canada, 1010 De La Gauchetière St. West  
Suite 300, Montréal (Québec) Canada H3B 2S1  
T: 514.875.2865 | F: 514.866.0247  
**flmontreal.com**

