

February 1st, 2017

2016 Personal Income Tax Information Sheet

It is that time of year again! This letter sets out a section for you to answer certain questions, information on what's new for this year, and some reminders. Your review and completion of the enclosed questions will assist Welch in preparing your 2016 personal income tax return (T1). We request that you return this letter with your answers along with your personal tax information as soon as possible. We remind you that our receipt of your information prior to April 7th, 2017 will ensure that we are able to complete your return on a timely basis. Please note that if a return is filed late, which has a balance owing, CRA will assess penalties and interest.

Name(s): _____

Client Questions

1. We would like to update our records with our client's email address(es). If you did not previously do so, please provide your email address (which will be used only for personal tax correspondence and not for any other Welch correspondence).
Email spouse #1: _____
Email spouse #2: _____
 2. Would you like to receive a PDF of your T1 via email? Yes (include email address above) No
*Please note if you select 'Yes' you will not receive a paper copy.
 3. Direct deposit: The Government of Canada plans to eliminate the issuance of paper cheques and switch to direct deposit for all types of payments. Please provide your direct deposit details below.
Branch #: _____ Financial Institution #: _____ Bank Account #: _____
 4. Did any of the following change in 2016:
Address: _____
Marital status: _____
Dependents (i.e. birth, started University or working): _____
 5. Did you or your spouse make any income tax instalments for 2016?
Federal: _____ Quebec: _____
 6. Did you or your spouse hold, at any time during 2016, any foreign property with a total cost exceeding \$100,000 CDN?
Yes No
*This includes U.S. securities even if they are held in a Canadian account. This does not include personal use property.
 7. Provide details of any real property (including your home) acquired or disposed of during 2016. Address: _____
Purchase Date and Cost: _____ If applicable, Date of Sale and Proceeds: _____
*Please note that if you sold your home or principal residence during 2016, and this was your principal residence and the only real property you owned for all the years that you owned the property, we would only require the address, year of purchase, and proceeds of the sale.
 8. Are you or your spouse a U.S. citizen? Yes No
 9. Do you or your spouse wish to make a joint election to split pension income, if applicable? Yes No
 10. For Quebec residents, were you involved in any "Aggressive Tax Planning" transactions? Yes No
 11. If you are self-employed and you have a business webpage or website from which income is earned, information about your website/internet presence must be reported to CRA as part of your tax return. Information-only websites are excluded from this reporting requirement. Websites that are generating income would need to be reported including websites such that a customer would be able to complete and submit an order form as well as websites that have a shopping cart or the ability to process payments. If this applies to you, please provide the URL addresses for the top five webpages or websites that earn business income and the percentage of gross income that is generated from the webpages or websites.
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What's New

Principal Residence Exemptions

The CRA has implemented changes to the reporting requirements for the disposition of a principal residence for the 2016 and subsequent tax years. The change requires that taxpayers report the disposition of any real property, including a principal residence, on their tax return. If the property was the principal residence of the taxpayer for all years owned, only the address, year of acquisition, and proceeds of disposition are required to be reported.

Eligible Educator School Supply Tax Credit

The federal government has introduced this new credit starting in the 2016 tax year. This credit allows teachers and early childhood educators to claim a refundable tax credit of 15% of up to \$1,000 in eligible teaching supplies where these employees were required to purchase supplies for their classrooms or regulated child care facility and for which they were not reimbursed or given an allowance. Please note that in addition to receipts, the CRA may request written certification from the taxpayer's employer confirming the eligibility of the expenses incurred. For more information, go to: <http://www.cra-arc.gc.ca/gncy/bdgt/2016/qa03-eng.html>

Home Accessibility Tax Credit

The federal government has also introduced a home accessibility tax credit starting in the 2016 tax year. This credit is similar to the Ontario provincial Healthy Homes Renovation Tax Credit previously available to seniors. However, the Home Accessibility Tax Credit is also available to individuals of any age with disabilities who are eligible for the disability tax credit, as well as seniors over 65. This credit is also available to certain family members of qualifying individuals who reside with them. For more information, go to: <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns360-390/398/398-eng.html>

Children's Arts Amount and Children's Fitness Tax Credit

Both of these credits have been reduced for 2016. The children's art amount has been reduced to a maximum of \$250 per child in eligible fees which can be claimed, and the children's fitness tax credit has been reduced to \$500 per child in eligible fees which can be claimed. The federal government has announced that both of these credits will be eliminated in 2017.

Charitable donations

The federal credit for donations over \$200 has increased for taxpayers with taxable income over \$200,000. For donations made in 2016, taxpayers can claim a federal tax credit of 29% of donations over \$200 unless their taxable income exceeds \$200,000, at which point the credit increases to 33% of donations over \$200.

Reminders

Office location: Our office is located at 123 Slater Street, 3rd floor.

E-File: All tax returns will continue to be e-filed in order to comply with CRA's policy for tax preparers.

Making Payments with CRA: We continue to encourage our clients to pay any taxes owing online. This will ensure the payments are made on time and the date of payment is confirmed. Please see CRA's website for more information on how to make payments online (<http://www.cra-arc.gc.ca/mkpymnt-eng.html>).

Elections Canada: Every year, Elections Canada asks for your consent to allow the CRA to provide them with your name, address and date of birth in order to update the National Register of Electors. If you do not consent or are not a Canadian citizen, please ensure to note this when submitting your 2016 personal tax documents.

Instalments: If you are required to pay tax instalments, the first 2017 instalment must be received by the Canada Revenue Agency ("CRA") by March 15, 2017. As your 2017 instalments may be based upon your 2016 income tax liability, it would be prudent for you to provide us with your 2016 information as soon as possible so that we may provide you with the necessary 2017 instalment advice before the first payment is due. As an alternative, if you are required to pay your tax by way of instalment, you should receive a statement from the CRA indicating what your March 15 instalment amount should be, based upon your 2015 tax liability.

Should you have any questions concerning the enclosed checklist or if we can be of further assistance to you, please do not hesitate to contact us.

Yours very truly,

Welch LLP