

STRENGTH IN NUMBERS

# KEMP HARVEY GROUP

WINTER 2011  NEWSLETTER

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## DISABILITY SAVINGS PLANS HELP

The federal government recently introduced Registered Disability Savings Plans (RDSP) to encourage disabled individuals to save for the future.

These plans can attract significant government grants for people who qualify for the disability credit. For instance, if you were to put \$1,500 into a RDSP, the government will deposit up to an additional \$3,500 to the plan. They will also deposit up to another \$1,000 into the plan through a Canada Disability Savings Bond. You will have to pay tax on any grants, bonds or income received when you withdraw the funds from the plan. You do not get a tax deduction for contributions to the plan.

There are some stipulations related to investing in an RDSP. For one, you have to be under 50 years old in order to receive the government grants. In addition, you cannot withdraw funds from your plan for 10 years, or you will have to return the related grants to the federal government. As well, both the grants and bonds are income based, so higher income families may not qualify for the full amount of either. Furthermore, there is



*RDSPs offer Canadians a unique opportunity to save.*

a lifetime maximum of \$200,000 for contributions to a plan.

In June 2011, a new feature will be available which will allow deceased individuals to transfer money from their RRSP to the RDSP of a financially dependent child or grandchild. Previously, the deceased individual was only allowed to contribute to an RRSP of a financially dependent child or grandchild.

There are some significant advantages to investing in an RDSP instead of an RRSP. One is the government grants, which can total up to

\$70,000 in an individual's lifetime. The second is that, unlike RRSPs, withdrawals from a RDSP will not reduce any of your other income tested benefits such as social assistance, Old Age Security and the Guaranteed Income Supplement. A \$5,000 withdrawal from an RRSP can reduce your Guaranteed Income Supplement by up to \$2,500.

In order to qualify for the above, you must register to receive the disability tax credit. Talk to your local Kemp Harvey office to find out how you can register for this program.

# INFO SLIPS NEEDED FOR 2010 T1

Yes, it's that time of year again – time to file your personal income tax returns. Before you bring your personal income tax information into your Kemp Harvey Group office, we encourage you to complete the following checklist. This list will help to

## 2010 T1 Checklist

NAME: \_\_\_\_\_

INFORMATION SLIPS	Check
T3 – Estate or trust income including mutual funds	
T4 – Salaries or wages/retiring allowances	
T4A – Pensions/director fees/miscellaneous income/RESP	
T4E – Employment Insurance benefits	
T4A(P) – Canada Pension Plan income	
T4 (OAS) – Old Age Security benefits	
T4 (RIF) – Registered Retirement Income Fund income	
T4 (RSP) – Registered Retirement Savings Plan withdrawal	
T5 – Interest, dividends and other investment income	
T5007 – WCB / Social Assistance	
T5008 – Treasury Bills	
RC 62 – Universal Child Care Benefit	
RC 210 – Working Income Tax Benefit payments	
2009 Notice of Assessment and any correspondence from Canada Revenue Agency received during the year	

OTHER INCOME SOURCES	Check
Rental income and expense	
Self-employment income and expense information	
Stocks, investments, and mutual fund transactions – summary of all purchases and sales (Make sure date of sale is on documents.)	
Child care/ babysitting income	
Foreign pension income	
Other – any other income sources, such as tips or alimony	

## KEMP HARVEY WELCOMES NEW PARTNER TO GROUP

The Kemp Harvey Group is pleased to announce the admission of Roger Kok, Certified General Accountant, as a partner into the firm of Kemp Harvey Kok de Roca-Chan in Coquitlam, BC.

Roger has an incredible wealth of experience, having been in practice for more than 30 years.

In 1979, he joined his dad's CGA firm, and, in 1987, he became a partner in the practice. Roger has operated the firm on his own since his father's retirement in 1997.

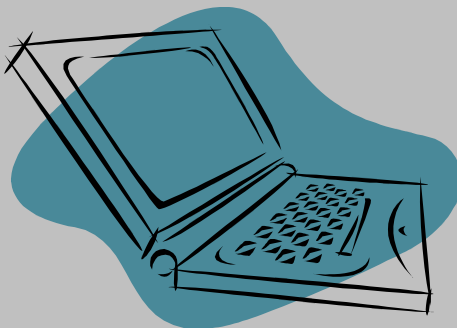
In 2011, he will receive recognition from CGA -BC for being a CGA for 25 years. The Kemp Harvey Group welcomes Roger to the team.



# CERTAIN EXPENSES CAN REDUCE TAXES

Various deductions and credits can help to reduce the amount of taxes payable to the Canada Revenue Agency (CRA) each year. Please take a few moments to review the following items, in order to ensure you do not miss out on any eligible expenses for you and your household.

DEDUCTIONS AND CREDITS	Check
RRSP contribution receipts	
RRSP Home Buyers plan / Lifelong Learning plan details	
Moving expenses if you moved at least forty kilometres closer to your place of work	
Union or professional dues receipts	
Child care expenses	
Child support payments (if pursuant to a pre-May 1997 agreement) or alimony	
Attendant care expenses (paid to allow a disabled person to earn income)	
Business investment losses (losses suffered through the failure of an active Canadian Business)	
Safety Deposit Box, Investment Counsel or Accounting fees	
Interest paid on loans for investment purposes	
<b>Medical expenses and medical travel for any twelve month period ending in 2010</b>	
Charitable donations	
Political donations	
T2202 Tuition Fees: education amount / textbook credit	
Canada student loan interest payment	
<b>Insurance premiums for private medical or dental plans</b>	
Employment related expenses - Provide T2200 and Declaration of Conditions of Employment	
Adoption expenses	
Tools acquired by apprentice vehicle mechanics (provide receipts)	
Public transit passes purchased on or after January 1, 2010 (provide receipts)	
Fitness tax credit : amounts paid for programs of physical activity for children under age 16	
<b>Medical travel insurance</b>	
<b>Travel and meal details for out-of-town medical appointments</b>	



## DID YOU KNOW...

Kemp Harvey Group has launched its newly updated website. The site will keep you up to date on tax, payroll and accounting changes.

It also will provide you with links to many useful websites and will give you several analytical tools for your personal and business financial needs.

If you have enjoyed these Kemp Harvey Group newsletters, you can also access them on our website.

We encourage you to check out the fresh look of the Kemp Harvey Group online at [www.khgcca.com](http://www.khgcca.com). You can also follow us on Facebook and Twitter.



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# Q&A: A YEAR IN REVIEW

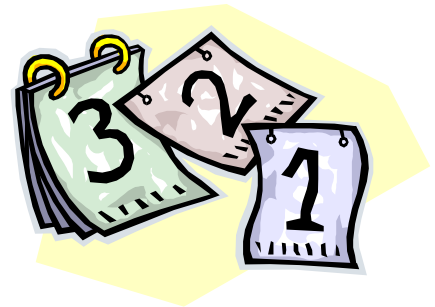
Each year, taxpayers pass certain personal milestones. This list of questions will help you and your accountant organize the past year of events.

QUESTIONNAIRE	Y/N
Are you or any of your dependants disabled?	
Are you supporting an infirm relative inside or outside of your home?	
Have you paid instalments for your 2010 Income Tax?	
Are you a Canadian Citizen?	
Did you own any foreign Property, including cash, stocks, or real estate at any time during 2010? Was the cost of the property greater than \$100,000?	
Do you authorize Canada Revenue Agency to release your name, address and date of birth to Elections Canada?	
Did you sell any land or other property in the past year? If so, please provide details.	
Did you live in a care home in the past year? If so, please provide receipts for payments.	
Were there any changes in family circumstances such as births, marriages, or deaths?	
Did you purchase a home in 2010? If so, please advise if this is the first home you or your spouse have owned and lived in since 2005.	
Did you become or cease to be a resident in Canada?	
Did you have to leave your metropolitan area in order to obtain medical care which was not available within the town of your residence? If so, please provide details.	

## SMALL TAX INCREASES FOR MOST

Recently there has been increased media coverage indicating that British Columbia payroll taxes were going up significantly in 2011.

Contrarily, most people will not be experiencing noticeable increases in their payroll taxes. In fact, CPP rates will be staying the same, and EI rates will be increasing by only \$0.05 per \$100 of income. This year, there were increases to BC Medical Service Plan (MSP) premiums – between \$3.50 per month and \$7.00 per month – depending on family size. The larger increases discussed by the media were specifically related to situations in which people no longer qualified for a certain level of MSP premium assistance.



For instance, if you were part of a family of three who had \$35,000 of family income in 2010, you would have paid an annual MSP premium of \$547.20. However, if your income was increased by only a dollar in 2011, you would still move into the next bracket for premium assistance, and you would have to pay an annual MSP premium of \$871.20.