

KEMP HARVEY GROUP

WINTER 2012  NEWSLETTER

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STRENGTH IN NUMBERS

MINOR CHANGES FOR 2011

As tax season approaches, there are a few things to consider when reviewing your personal portfolio.

During 2011, there were no major changes in personal income tax rates.

There were minor increases within the brackets on which the tax rates are applied, as these were increased to reflect the national rate of inflation.

The Canada Revenue Agency (CRA) announced some additional credits for the 2011 tax year. The most significant addition was for families with children enrolled in courses deemed eligible for the new Children's Arts Tax Credit (CATC).

Eligible CATC expenses can be claimed for children who were under 16 at the beginning of 2011 – or under 18, if the child was eligible for the Disability Tax Credit. The CRA has provided a list with several characteristics of eligible CATC activities, including programs which:

- contribute to the development of creative skills or expertise in artistic or cultural activities;



Various children's programs will qualify for the new arts tax credit.

- provide a substantial focus on wilderness and the natural environment;

- help children develop and use particular intellectual skills;

- include structured interaction among children where supervisors teach or help children develop interpersonal skills; or

- provide tutoring in academic subjects.

To qualify, a program must be a minimum length of either eight consecutive weeks or five consecutive

days. The activities must be supervised and suitable for children.

This credit is meant to complement the Children's Fitness Tax Credit, which was announced in 2006. Amounts which can be claimed for the Children's Fitness Tax Credit are not eligible for use with the CATC. In order to claim either of these credits, contact your children's program providers to obtain receipts.

The maximum amount of this credit is \$500 per child, which can reduce your taxes owing by up to \$75.

INFO SLIPS NEEDED FOR 2011 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 to your local Kemp Harvey Group office, we encourage you to complete the following checklist. This list will help to ensure you have all of the slips needed in order to complete your 2011 T1.

2011 T1 Checklist

NAME: _____

INFORMATION SLIPS	CHECK
T3 – Estate or trust income including mutual funds	
T4 – Salaries, wages or retiring allowances	
T4A – Pensions, director fees, miscellaneous income or RESP	
T4E – Employment Insurance benefits	
T4A(P) – Canada Pension Plan income	
T4 (OAS) – Old Age Security benefits	
T4 (RRIF) – Registered Retirement Income Fund income	
T4 (RSP) – Registered Retirement Savings Plan withdrawal	
T5 – Interest, dividends and other investment income	
T5007 – WCB or social assistance income	
T5008 – Treasury bills	
RC 62 – Universal Child Care Benefit	
RC 210 – Working Income Tax Benefit payments	
2010 Notice of Assessment and any correspondence from Canada Revenue Agency received during the year	

OTHER INCOME SOURCES	CHECK
Rental income and expenses	
Self-employment income and expenses	
Stocks, investments, and mutual fund transactions – summary of all purchases and sales (ensure date of sale is on documents)	
Child care income	
Foreign pension income	
Other – any other income sources, such as tips or alimony	

DID YOU KNOW...

The provincial rate of tax is based on one's place of residence as of December 31, 2011. For example, if a person lived in Nova Scotia for most of the year, but moved to British Columbia in December, they would be deemed a British Columbia resident for tax purposes.

This could be quite advantageous from a tax perspective, since a resident of Nova Scotia would pay \$31,331 on \$100,000 of employment income. A resident of British Columbia would pay \$25,454 on the same \$100,000 of income. This is a difference of \$5,877 between the two provinces.



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. Please remember that all of the applicable receipts and documents associated with these credits and deductions should be presented to your accountant, in order to allow for comprehensive tax return preparation.

DEDUCTIONS AND CREDITS	CHECK
RRSP contribution slips	
RRSP Home Buyers Plan / Lifelong Learning Plan details	
Moving expenses if you moved at least 40 kilometres closer to your place of work	
Union or professional dues	
Child care expenses	
Child support payments (if pursuant to a pre-May 1997 agreement) or alimony	
Attendant care expenses (paid to allow a person with disabilities to earn income)	
Residential and nursing care facility fees	
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	
Adoption expenses	
Charitable donations	
Political party donations	
T2202 tuition fees: education amounts and textbook credit	
Canada student loan interest payment	
Tools acquired by apprentice vehicle mechanic or other tradeworker	
Employment related expenses - T2200 and Declaration of Conditions of Employment	
Public transit passes purchased on or after January 1, 2011	
Fitness Tax Credit : amounts paid for physical activity programs for children under age 16	
Children's Art Tax Credit: amounts paid for eligible activities	
Medical travel insurance for 2011	
Accommodation, meal and travel details for out-of-town medical appointments during 2011	
Medical (vision, dental, prescription, etc.) expenses net of any third-party coverage received during 2011	
Insurance premiums paid for private medical or dental plans during 2011	



STRENGTH IN NUMBERS

KEMP HARVEY GROUP

Kemp Harvey Burch Kientz Inc.
Box 2020; 619 Central Avenue
Grand Forks, BC V0H 1H0
Phone 250.442.2121 Fax 250.442.5825
grandforks@khgcca.com

Kemp Harvey Goodison Hamilton Inc.
103-4430 Halifax Street
Burnaby, BC V5C 5R4
Phone 604.291.1470 Fax 604.291.0264
burnaby@khgcca.com

Kemp Harvey Kemp Inc.
445 Ellis Street
Penticton, BC V2A 4M1
Phone 250.492.8800 Fax 250.492.6921
penticton@khgcca.com

Kemp Harvey Kemp Inc.
Box 1039; 8901 Main Street
Osoyoos, BC V0H 1V0
Phone 250.495.3223 Fax 250.495.3559
terry.craig@shaw.ca

Kemp Harvey Hunt Ward Inc.
101-1593 Sutherland Avenue
Kelowna, BC V1Y 5Y7
Phone 250.763.8029 Fax 250.763.5155
khkelowna@khgcca.com

Kemp Harvey Laidman-Betts Inc.
206-3334 30th Avenue
Vernon, BC V1T 2C8
Phone 250.545.1544 Fax 250.260.3641
khvernon@khgcca.com

Kemp Harvey Casorso Inc.
Box 1478; 34864 97th Street
Oliver, BC V0H 1T0
Phone 250.498.4977 Fax 250.498.4330
mike.sutton@khgcca.com

Kemp Harvey Kok de Roca-Chan Inc.
210-1140 Austin Avenue
Coquitlam, BC V3K 3P5
Phone 604.937.3444 Fax 604.937.3422
coquitlam@khgcca.com

Kemp Harvey Demers Inc.
4734 Park Avenue
Terrace, BC V8G 1W1
Phone 250.638.8705 Fax 250.638.0600
terrace@khgcca.com

VISIT US AT WWW.KHGCCA.COM
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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 2011 Income Tax?	
Are you a Canadian Citizen?	
Are you a US citizen or currently holding a green card?	
Did you own any foreign property, including cash, stocks, or real estate at any time during 2011? 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, separations, divorces or deaths?	
Did you purchase a home in 2011? If so, please advise if this is the first home you or your spouse have owned and lived in since 2006.	
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.	

VOLUNTEER FIREFIGHTERS RECOGNIZED

Volunteer firefighters received a nod from the federal government recently with the creation of an additional volunteer firefighter tax credit.

You can claim a credit amount of \$3,000 – resulting in up to \$450 of tax savings – if you met the following conditions in 2011:

- you were a volunteer firefighter during the year; and
- you completed at least 200 hours of eligible volunteer firefighting services with one or more fire departments in the year.

However, if you provided services to the same fire department, other than as

a volunteer, for the same or similar duties, you cannot include any hours related to that department in determining if you have met the 200-hour threshold.

Eligible services include:

- responding to and being on call for firefighting and related emergency calls as a firefighter;
- attending meetings held by the fire department;
- participating in required training related to the prevention or suppression of fire.

