

February, 2016

Dear Client:

ARE YOU READY FOR TAX TIME?

The May 2, 2016 deadline to file your 2015 personal income tax return is quickly approaching. As a result of changes in tax laws and the ever-increasing complexity in preparing personal tax returns, please gather your required tax information (as outlined in the attached 2015 Personal Tax Checklist) and submit them to us no later than Monday, April 4th, 2016.

Electronic Filing

Tax preparers must now electronically file tax returns (with limited exceptions). As a result, this year we will again be electronically filing (efiling) tax returns utilizing our state-of-the-art computer equipment. In addition to the mandatory requirement to efile, this process will help to ensure that your tax return is assessed as quickly and as accurately as possible. It eliminates the need to file a paper version of the return, as all necessary information is transmitted electronically. You only need to sign an authorization notice and engagement letter which we will provide to you (via private fax, email or in person). All slips pertaining to the tax return will be retained by us and if requested by Canada Revenue Agency (CRA) will be provided to them for their review. If you have any questions, please speak to your Lipton LLP advisor and he/she will discuss this further with you. If you prefer, you can also scan and email all of your tax filing materials to your Lipton representative and keep the original documents.

Foreign Reporting Requirements

The government requires individuals to report their holdings of certain offshore (including U.S.) assets. Generally, this will apply to individuals who own offshore assets (other than personal use property) with a tax cost of more than \$100,000 Cdn at any time in the year. This information must be reported on your 2015 income tax return. There are substantial penalties for failing to disclose this information.

Beginning in 2015, CRA allows a simplified reporting method for individuals who own foreign investments with a tax cost between \$100,000 and \$250,000 Cdn. The CRA requires taxpayers to indicate the type of foreign property held, the country to which the property relates and the income/loss and capital gain/loss from dispositions in the year.

Foreign investments having a tax cost of more than \$250,000 will require more detailed information. The CRA requires taxpayers to include the name of the bank/entity holding the foreign funds, identify the foreign country to which the property relates, the income/loss and capital gain/loss from the particular property and maximum cost or fair market value (depending on the location of the investments) during the year and the cost or market value amount at year end.

Furthermore, if you and anyone related to you own 10% or more of a foreign corporation, you must report ownership as well as any transfers made to or distributions received from certain foreign trusts in 2015 regardless of the amount.

Please inform us if these rules may apply to you.

How should you prepare?

1. Check that you have received all the information slips (T3, T4, T4A, T5, T4A(P), T4A(OAS), T4RRSP, T4RIF etc.) that you are expecting. It is important to note that the failure (even if accidental) to report an amount required to be included in income will result in an automatic penalty where there has been a previous failure to report an amount in a return of any of the three preceding taxation years. In some cases, a more severe penalty can be imposed. The CRA now uses a computerized matching program to ensure that all tax slips issued are reported. Comparison of the 2015 slips to 2014 slips is an effective way to minimize the chance of any missing slips.
2. For stock market transactions during the year, including purchases and sales of bonds, income trusts and similar investments, make sure that you have the broker's slips available. Note that for sales of investments which were purchased in prior years, original cost and return of capital information is required. For all other capital transactions, please provide us with similar information.
3. If you are entitled to deduct expenses against employment income (e.g. commission salesmen) or claim a HST rebate (discussed further below), please summarize the relevant expenses by category. If you can deduct any employment-related expenses or claim the HST rebate, ensure that you obtain a completed Form T2200 from your employer. Please retain all supporting receipts and your automobile mileage log book for future reference.
4. You must have appropriate receipts or other documentation to support various deductions and credits.

Deductions/credits for which receipts must be forwarded to us are:

- RRSP contributions
- medical expenses
- charitable donations or gifts (including donations of publicly traded securities)
- political contributions
- interest paid on student loans
- disability tax credit (Form T2201)
- child care expenses (see below)
- tuition fees (see below)
- union or professional dues
- moving costs (including mortgage interest for up to three months for a vacant former home)
- investment counsel fees (excluding RRSP or RRIF)
- alimony or separation payments (see below)
- interest expense (see below)
- child fitness credit (see below)
- child arts credit (see below)
- public transit credit

You do not need to forward us receipts for university text books.

5. If you, or any of your dependants, are taking post-secondary school courses, be sure to obtain a completed Form T2202 (tuition fees and/or education deduction) and/or Form TL11A if the student is attending a foreign university.

Eligible tuition fees include:

Amounts paid to an educational institution, professional association, provincial ministry or similar association to take an examination:

- that must be taken to obtain professional status or to be licensed or certified to practice a profession or trade in Canada.
 - that include ancillary fees such as exam materials but not other costs such as travel, calculators or computers.
 - that do not include admission tests to enter a program of study.
 - that are exam fees in excess of \$100 (similar to other tuition claims).
6. For child care expenses, please provide us with information regarding amounts paid, the payee, the address, and if applicable, the payee's social insurance number. For the 2015 tax year, the Child Care Expense Deduction dollar limits have increased by \$1,000. The maximum amounts that can be claimed have increased to \$8,000 for children under age of seven, to \$5,000 for children aged seven through 16 and to \$11,000 for children who are eligible for the Disability Tax credit.

7. Children's Arts Tax Credit and Children's Fitness Tax Credit:

New for 2015, a refundable credit of up to \$150 per child under 16 at the beginning of the year is available for the Children's Fitness Tax Credit and non-refundable tax credit of up to \$75 per child under 16 at the beginning of the year for the Children's Arts Tax Credit is available. Expenses that are eligible for the child care deduction, the Children's Fitness Tax Credit or the Children's Arts Tax Credit can only be used to claim one of the three aforementioned amounts, i.e. the same expense cannot qualify under more than one of these areas.

8. For alimony or separation payments, please provide us with a copy of the divorce or separation agreement or court order, and your spouse's/former spouse's name and social insurance number.
9. If you have incurred interest expense to earn income of any nature, please provide details. If possible, obtain from the lender(s) a letter setting out the date(s) and amount(s) of the original loan(s), the interest paid during 2015, the purpose of the loan(s) and the balance(s) outstanding at December 31, 2015.
10. If you had any investments in tax shelters, etc., please provide us with the relevant financial statements, income tax schedules and information slips (e.g. T5013, T101, T102).

11. If you lived in or maintained a residence for someone who was dependent on you by reason of mental or physical infirmity (except for a parent or grandparent whose age exceeds 65) please let us know, since the caregiver tax credit may apply.
12. If you have a dependant with an impairment in physical or mental functions, a “Family Caregiver Amount” may be available in addition to any caregiver, dependant or other amounts.
13. If you are a senior (at least 65 years old at December 31, 2015) or living with a senior family member and expenses were incurred in 2015 on your principal residence in Ontario for improvements to your home or property that improve access or mobility or reduce the risk of harm for a senior, please provide us with these invoices as the Ontario Healthy Homes Renovation Tax Credit may be available to you.
14. Tax instalments:
 - a) Total tax instalments paid on account of 2015.
 - b) The amount paid for your March, 2016 instalment.
15. If you have disposed of any real property in 2015 (including your principal residence, cottage or a U.S. or other foreign property), please let us know and we can discuss the tax consequences and reporting requirements.
16. Quebec:

Please forward correspondence received from Revenue Quebec (if any) to us including the “Authorization for an Accredited Tax Preparer to Download Your Fiscal Data” form.

Pension Splitting:

These rules allow for a Pensioner to transfer up to 50% of “eligible pension income” to his/her spouse or common-law partner. This rule can result in a reduction of overall taxes payable for the married/common-law couple. Our tax return software will automatically do this calculation and ensure that the lowest possible taxes are paid. A joint election will need to be signed by both parties.

Family Tax Cut Credit:

Starting in 2015, the new Family Tax Cut Credit allows income sharing of up to \$50,000 and may result in tax savings of up to \$2,000 for couples with children under the age of 18. Our tax return software will automatically optimize this tax credit. Legislative proposals announced on December 7, 2015 include eliminating the Family Tax Cut Credit for 2016 and later years.

CRA Online Mail:

The CRA is now providing an online mail service. You will receive an email notification when you have CRA correspondence in your online account. If you wish to register for this service, please provide us with your email address.

Direct Deposit:

The Government of Canada is switching to direct deposit for all payments that it issues. April 2016 is the government's target date for Canadians to enrol in direct deposit, those who are not enrolled by that date will continue to receive cheques.

2016 Instalments:

The Federal government mails notices in February, 2016 informing individuals of the exact amount of their instalment payments for March 15, 2016 and June 15, 2016. Notices will also be sent in August, 2016 for the instalments due on September 15, 2016 and December 15, 2016.

Any remaining 2016 tax liability will be due on April 30, 2017.

There are other methods to consider in determining the amount of instalment payments. We suggest that you contact us in order to determine which method is best for you.

HST Rebates:

You may qualify for a rebate of the HST you paid on certain business-related expenses if:

- You are an employee (e.g. earning commission income, salary, employed in forestry, the transportation industry or as a musician) whose employer is a HST registrant (i.e. the employer has a HST registration number and filed HST returns), or
- You are a member of a partnership that is a HST registrant, and you have filed an income tax return reporting your share of income from the partnership.

You will not qualify for a HST rebate if:

- Your employer was not a HST registrant.
- Your employer is a listed financial institution (e.g. a firm that was at any time during the year a bank, an investment dealer, a trust company, an insurance company, a credit union, or a corporation whose principal business is the lending of money).

If the HST rebate applies to you, please speak to us so that we can arrange to prepare and include the rebate form with your T1 return.

Documents Checklist

In order to further assist you, we are pleased to include a documents checklist for you to complete and return to us with your tax information.

U.S. Tax and Information Filing Requirements

U.S. persons (including citizens and green card holders), regardless of where they live, as well as certain Canadian residents who dispose of real property in the U.S. and who have U.S. based investments must file U.S. tax returns and possibly other tax information forms. The penalties for non-filing can be punitive. The IRS has implemented a voluntary disclosure program with respect to non-filing U.S. citizens residing in Canada. If you think this situation may apply to you, please call us to discuss.

Yours very truly,

Lipton LLP

LIPTON LLP - CHARTERED ACCOUNTANTS

2015 Personal Tax Checklist

To help you assemble your financial information for preparation of your income tax return, keep this checklist handy. The checklist should be completed and returned to us together with the financial information assembled.

(X)	IF APPLICABLE TO YOU	PROVIDE
_____	LAST YEAR'S ASSESSMENT NOTICE	Provide a copy (all pages)
_____	ANY REASSESSMENT NOTICE(S) RECEIVED DURING THE YEAR	Provide a copy (all pages)
	<u>EMPLOYMENT INCOME</u>	
_____	Regular earnings	All T4's or pay slips
_____	Odd jobs, tips	Pay slips, details
_____	Director's fees	T4's or details
_____	Profit sharing income	T4PS slip
_____	Loans from employer	Full details
_____	Any other employment benefits	Full details
	<u>PENSION, RETIREMENT, ANNUITY INCOME</u>	
_____	Old Age Security	T4A(OAS) slip
_____	Canada or Quebec Pension	T4A(P)
_____	Foreign (eg. U.S. Social Security)	Details, foreign slips
_____	Employment (including retiring allow.)	T4A
_____	Registered Retirement Income Fund	T4RIF
_____	Withdrawal from a RRSP	T4RSP slips, details
_____	Annuity Payments	Full details, information slips
_____	Other	Details
	<u>INVESTMENT INCOME</u>	
_____	Interest - savings account	T5 slips or pass books
_____	Term deposits or G.I.C.'s	T5 slips or details
_____	Mutual fund investment income	T3 slips or statements
_____	Dividends - Canadian corporations	T5 slips
_____	Interest - Canada Savings Bonds	T5, T600 or T600C slips (Details if no slips - for accrual)
_____	Interest - joint account with spouse	Details of split
_____	Interest - mortgage or other loans	Details, amortization schedule
_____	Foreign interest or dividends	Foreign slips or details
_____	Interest - Treasury bills	Full details of transactions
_____	Royalty or other invest. income	Details
_____	Partnership income	T5013
_____	Other	T5008 or other information
	<u>INCOME FROM SELF EMPLOYMENT</u>	
_____	General	Record of all revenues & expenses
_____	Assets purchased, sold during year	Dates, descriptions, details
_____	Any partners	Name(s) and share(s)
_____	Salary paid to spouse	Details of work done
_____	Inventory	Value of closing inventory
_____	Accounts receivable, payable	List of each
_____	Any special elections in prior years	Details

2015 Personal Tax Checklist

(X) IF APPLICABLE TO YOU

PROVIDE

SALE / EXCHANGE OF INVESTMENTS

<p>_____ Stocks, bonds, trust units</p> <p>_____ Real estate and other properties</p> <p>_____ Any properties gifted to others</p> <p>_____ Elections in Prior Year(s)</p> <p>_____ Prior year Reserves</p>	<p>Transaction slips/details, broker statements (for any month with a transaction, plus for month of December), information circular (for takeovers, share exchanges, reorganizations, etc.)</p> <p>Sale documents, details of purchase</p> <p>Full details</p> <p>Full details</p> <p>Full details</p>
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RENTAL INCOME

<p>_____ General</p> <p>_____ New properties</p> <p>_____ Rental of part of residence</p> <p>_____ Change of use of rental property</p> <p>_____ Sale of rental property</p>	<p>Details of all revenue & expenses</p> <p>Purchase agreement & details</p> <p>Details of split</p> <p>Date and details</p> <p>Sale documents and details of purchase</p>
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OTHER INCOME

<p>_____ Employment Insurance Benefits</p> <p>_____ WCB benefits</p> <p>_____ Social assistance payments</p> <p>_____ Alimony or child support received</p> <p>_____ Scholarships, bursaries</p> <p>_____ Universal Child Care Benefit</p> <p>_____ Other</p>	<p>T4E slip</p> <p>T4, T5007, details</p> <p>Full details, slips</p> <p>Full details</p> <p>Details, T4A slip(s)</p> <p>RC62 slip</p> <p>Full Details</p>
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EMPLOYMENT RELATED EXPENSES

<p>_____ General - required by employer to pay certain expenses</p> <p>_____ Travel/Auto</p> <p>_____ Moving expenses</p> <p>_____ Other expenses</p> <p>_____ Transport employees</p> <p>_____ Union or Association Dues</p>	<p>Form T2200</p> <p>Records of expenses and calculation of business mileage</p> <p>Details of charges</p> <p>Details of charges</p> <p>Form TL2</p> <p>Official tax receipts</p>
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COMMISSION RELATED EXPENSES

<p>_____ Travel/Auto</p> <p>_____ Sales expenses</p> <p>_____ Office in home</p>	<p>Record of expenses and calculation of business portion of use</p> <p>Record of expenses</p> <p>Form T2200 & details of area used and cost of home, including interest, taxes (Note: Mortgage interest is not deductible as an employment expense)</p>
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INVESTMENT EXPENSES

<p>_____ Borrow money to earn invest. income</p> <p>_____ Borrowed on margin account (stocks)</p> <p>_____ Accounting fees to record income</p> <p>_____ Investment counsel and investment management fees</p> <p>_____ Tax shelters</p>	<p>Record of amounts paid</p> <p>Records from broker</p> <p>Details of charges</p> <p>Details of charges</p> <p>Purchase documents</p>
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2015 Personal Tax Checklist

(X) IF APPLICABLE TO YOU

PROVIDE

ALL OTHER DEDUCTIONS AND CREDITS

<input type="checkbox"/> Alimony or separation allowance paid	Record of payment & details
<input type="checkbox"/> Tuition fees over \$100 paid (post-secondary)	Official tax receipt(s), professional exam fees
<input type="checkbox"/> Registered Retirement Savings Plan	Official tax receipt
<input type="checkbox"/> Stocks/bonds rolled over into RRSP	Official tax receipt, details
<input type="checkbox"/> Donations to registered charities	Official tax receipts
<input type="checkbox"/> Unused prior year donations	Full details
<input type="checkbox"/> Amounts paid for child care	Details of payments
<input type="checkbox"/> Medical Expenses for any 12 month period ended in the tax year including private insurance (ie. Blue Cross, travel health ins.)	
<input type="checkbox"/> premiums and amounts deducted from your pay cheque for same	Receipts, details
<input type="checkbox"/> Political Contributions paid	Official tax receipts
<input type="checkbox"/> Loss on shares of or loss on loans to a private company	Full details
<input type="checkbox"/> Self or dependant	
<input type="checkbox"/> to attend postsecondary level courses	Form T2202 or T2202A
<input type="checkbox"/> Disability Credit	Form T2201 (first year)
<input type="checkbox"/> Incurred disability support costs	Full details, Form T929
<input type="checkbox"/> Contribute to support of relative	Full details
<input type="checkbox"/> Parent or parents (over 65) live with you	Full details
<input type="checkbox"/> Non-resident dependants supported	Full details
<input type="checkbox"/> Oil & Gas, Mining investments	Full details
<input type="checkbox"/> Canadian Feature Films, Videos	Full details
<input type="checkbox"/> Public transit passes	Receipts
<input type="checkbox"/> Children's fitness credits	Receipts
<input type="checkbox"/> Adoption expenses	Full details
<input type="checkbox"/> Other, if not mentioned above	Full details

FOREIGN REPORTING REQUIREMENTS & MISCELLANEOUS

<input type="checkbox"/> Received any funds from a foreign trust after 1995, or have <u>ever</u> transferred or loaned property to a foreign trust	Full details - discuss situation
<input type="checkbox"/> Own over 1% of a foreign corporation or trust, and together with related parties own over 10%	Full details - discuss situation
<input type="checkbox"/> Owned assets outside Canada with a cost in excess of \$100,000 (Canadian funds) during year (excluding personal use assets)	Full details - discuss situation
<input type="checkbox"/> Became or ceased to be a resident of Canada during the year	Date of status change
<input type="checkbox"/> Paid installments of taxes	Record of amounts paid (T7DR)
<input type="checkbox"/> Dependant children	Provide full details - names, birthdays, details of income if any
<input type="checkbox"/> Marital status changed	Date and details. Note that you may be considered married if living common law.
<input type="checkbox"/> Spouse	if we are not preparing a tax return for your spouse, provide full details of spouse's income for the year, SIN, birthdate etc.