HARVEY, LISTER & WEBB
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TAX AND BUSINESS UPDATE
FEBRUARY 2011

MEGAN LONG

Harvey, Lister & Webb Incorporated is pleased to welcome Megan Long to the firm. Megan is a graduate of the University of Victoria and is currently enrolled at a senior level of the CGA program of studies. She has gained valuable experience in accounting and audit, having most recently worked as an Audit Analyst with the BC Government. She also has accounting and management experience in the banking and restaurant industries.

Megan's interests include fitness, golf, hockey and cooking and she and her husband Alex are busy with their most important interest – their young son Everett.

Welcome to HLW Megan!

ELECTRONIC MAIL

Harvey, Lister & Webb Incorporated is pleased to offer a new service. If you would prefer to receive your Tax and Business Update by email, rather than Canada Post, please let us know by sending a message to info@harveylisterwebb.com

Also, for our business clients, we can send other correspondence, invoices and statements via email. Again, please advise us if this is your preference.

We will follow up on this on an individual basis over the next few months.

This bulletin, and all others are posted on our webpage at www.harveylisterwebb.com. If you are currently receiving the bulletin by mail and would prefer not to receive it, please let us know and we will remove your name from our mailing list.

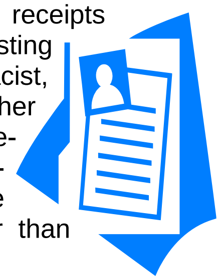
CHARITABLE DONATIONS—NEW CRA POLICY

If you make a charitable donation in excess of $500 you may be asked to support your tax claim by providing not only the official donation receipt, but also proof of payment. This would normally include the cancelled cheque or bank statements, debit advice or other third party document supporting the actual payment.

If you cannot provide such proof, your claim may be disallowed. Therefore, please safeguard your proof of payment documents in case they are requested.

MEDICAL EXPENSE RECEIPTS

When compiling your medical expense receipts for tax purposes, please consider requesting a 'Summary Receipt' from your pharmacist, dentist, chiropractor, therapist and/or other medical professional. The Canada Revenue Agency often requests copies of receipts, and it is far simpler to submit one annual summary of all charges, rather than numerous individual receipts.



In this Issue

AUTOMATIC TRAVEL LOGS

In our November 2010 Tax and Business Update, we emphasized the importance of keeping a travel log to support claims for business use of vehicles. To simplify this process taxpayers should consider making use of GPS technology. For example a device called Odotrack which is very easy to use, provides a complete summary of all business and personal use of a vehicle. All the driver has to do is indicate at the beginning of the trip whether it is business or personal. The reports provided by the device even include maps to support the routes taken and the business kilometers driven. More information may be obtained on the internet by searching for GPS Mileage Trackers.

FAMILY TAX RETURNS

In order to assure that all deductions and credits are claimed and that family income taxes are minimized, it is important that all family members' returns are prepared at the same time and by the same accountant. This is especially important if there are any disabilities in a family. This situation generally applies to father, mother, children, grandparents and dependent aunts or uncles. Some of the amounts that can be transferred between family members and which can result in tax savings include:

- Pension income
- Tuition and education credits
- Disability credits
- Dividend income
- Basic tax credit
- Spousal tax credit
- Wholly dependent person tax credit
- Child tax credit
- Age credit

Note that federal and provincial credits are sometimes treated differently which is another reason to prepare returns together.

There have been significant changes to the rules relating to the claims for personal tax credits effective with the 2010 tax year. It is therefore even more important for family tax returns to be prepared at the same time.

HARMONIZED SALES TAX

As expected the furor over the HST has significantly diminished now that most individuals recognize that it is not as negative as indicated by its early opponents. We have noticed in our office that the elimination of the provincial sales tax (PST) has materially reduced the workload for many businesses. The complete elimination of one complex set of legislation, regulations, guides, forms, reporting procedures, audits and of course payments is the best way to reduce red tape and bureaucratic compliance for small business. As a result of this, we are certainly hopeful that the referendum will confirm the HST and not result in the reintroduction of the old PST.

CHANGE IN MARITAL STATUS

You would think that it would be a simple matter to determine the actual date of change of marital status when a couple separates or divorces. However, determining the appropriate date is not so easy. Technically, spouses or common-law partners who end their relationship are considered to be officially "separated" on the 91st day following their separation. However, if the period of separation does not last 90 days, they are still considered to be married or common-law. If it does last 90 days, then they are retroactively considered as separated as of the date of separation.

Couples are required to advise the CRA of a change in marital status including the effective date, but that date cannot be determined with certainty during the three months following the separation. Since such issues as Child Tax Benefits, HST credits, claims for dependents etc. are determined by marital status, problems can result. These problems often result in the requirement to repay benefits.

Harvey, Lister & Webb Inc. has a questionnaire that can assist in the determination of marital status. Please request a copy if you feel you are in the situation described above.

PERSONAL TAX RETURNS BILLING POLICY

We would like to take this opportunity to remind clients that payment for the preparation of personal income tax returns is due upon completion of the return. We appreciate everyone's cooperation during this very hectic and busy time of year when we see nearly 1,000 clients in a very short six week time period.

PERSONAL INCOME TAX CHECKLIST

Included with this issue is the annual personal income tax checklist to assist you in compiling the information necessary for us to prepare your 2010 income tax returns. Please bring in your tax papers as soon as you receive the majority of your information slips, receipts and supporting documentation.

If you have any questions about the information on the checklist, please contact our office.

HARVEY, LISTER & WEBB INCORPORATED
Personal Income Tax Checklist - 2010

To assist in preparation of an accurate and complete income tax return, please bring in the following information for any of the following items that are relevant for your situation.

*Name*__________________________*Spouse*___________________________*Date*__________*/2011*

Information Slips
All T3, T4, T4A, T4E, T4A(P), T4A(OAS), T4(RIF), T4(RSP), T5, T1229, T5007, T5008, T5013, T5018, RC62, RC210 forms including NR4's for non-residents and 1099-X forms for US Persons, and any other government information slips including PA or Pension Adjustment forms. *(We will retain electronic copies of all forms, and return the original copies to you.)*

Rental income and expense
A summary of rental income received and expenses paid during 2010 or receipts supporting income, repairs, property taxes, advertising, insurance, management fees, strata fees and any other expenses incurred in order to earn the income. If you purchased a new rental property or sold one during the year, also provide the legal documents for the purchase or sale.

Self-Employment
Your financial statements, general ledger or receipts for all income and expenses earned or incurred during 2010. We may also request supporting information such as bank statements and cancelled cheques, GST/HST & PST returns, payroll information etc.

Capital Gains or Losses on Investment Portfolios
Annual Trading Summaries provided by your investment advisor, or monthly investment statements and details of original cost of any securities sold during 2010. We may also request detailed supporting information for certain securities.

Capital Gains or Losses on Real Estate
Statements of Adjustments for both the sale and original purchase and a summary of any improvements made to the property during its ownership. We may also request supporting receipts and invoices for other expenses such as mortgage interest, property taxes etc. Note that this includes your principal residence if applicable. We will advise you on eligible principal residence exemption claims.

Deductions
All receipts for RRSP contributions, moving expenses, union or professional dues, childcare expenses, child support or alimony payments, accounting, management or investment advice fees, carrying charges or other investment expenses, and any other receipts for expenses incurred in order to earn income. We also require copies of children's fitness program receipts, public transit passes and receipts for tradespersons' tools purchased if they total $1,000 or more

Tax Credits
All receipts for medical expenses, dental expenses, charitable donations, political donations, tuition fees, textbook tax credits and education tax credit certificates. Please advise us if you donated publicly traded securities to charity. Also, for first time home buyers, please provide us with a copy of the purchase documents, as you may qualify for the Home Buyers Tax Credit.

HARVEY, LISTER & WEBB INCORPORATED
Personal Income Tax Checklist, continued

Prior Year Tax Returns

If 2010 is the first year that we will prepare your tax return, please bring in copies of at least your last year's tax return. Ideally, the last three years returns will assist us in establishing your carry forward information. We will also request your signature on a CRA Consent Form to allow us to confirm prior year information.

Supporting Documentation and Correspondence

Please provide us with copies of any correspondence or notices received from the CRA during the year.

Other

Any other information relating to income earned or expenses incurred during 2010 that may affect your personal income tax situation. Call 250.492.8821 if you have any questions.

Finally, please answer the following questions:

Question	Taxpayer (Yes or No & Initials please)	Spouse (Yes or No & Initials please)
Do your authorize CRA to release your name, date of birth and address to Elections Canada for voters' list purposes?		
Are you a Canadian citizen?		
Do you authorize pension income splitting, if you are eligible?		
Do you own foreign property costing over $100,000?		
Do you authorize Harvey, Lister & Webb Incorporated to release your income tax information, including name, address, date of birth, social insurance number and if applicable, your direct deposit account numbers to Canada Revenue Agency in order to file your 2010 income tax return? (Please note a "Yes" answer is required.)		

Electronic Mail

If you would prefer to receive the Harvey, Lister & Webb Incorporated Tax & Business Update via email instead of by Canada Post, please provide your email address. ____@____________________________

Privacy Information & Confidentiality of Email

We at Harvey, Lister & Webb Incorporated adhere to provincial privacy legislation and we are committed to controlling our use of the private information you provide to us and to protecting your privacy at all times. In order to prepare your income tax return, we require the many details contained in this checklist, much of which is considered private or privileged information. We will not release your private information to any third parties without your prior consent. If you have any questions or concerns about this issue, please contact us at 250.492.8821. During the course of preparing your tax return, we may communicate with you electronically by email. In some instances, we may email you electronic copies of your tax return and tax information. As you are aware, there is security risk attached to these electronic communications, including human error. Please communicate with us regarding any issues or concerns you may have in this regard.