

# Tax Preparation **Best Practices**



# Tax Preparation Best Practices

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Please use this handbook so that you can continue to deliver the most value and greatest experience for the clients with additional value-add services through Optimize. Review the tables and outlined descriptions in order to get the most out of our Tax Preparation service and fully understand the Tax Preparation Process.

Topic	Best Practice
Understand the Tax Preparation Process	Thoroughly review and understand the Tax Preparation Forms, the Tax Preparation Pipeline, Knowledge base FAQs and the timelines to properly complete a Tax Return so that you can best manage client expectations
Completing Tax Preparation Forms with Clients and Ensuring all Optimize Related Tax Inputs Have Been Included	Host an in-depth meeting with clients to fully complete the applicable Tax Preparation Forms and gather any necessary slips and receipts. A review should be initiated afterwards to ensure the completeness of the prep forms and ensure data is accurately transferred over
Properly Submitting Tax Preparation Requests	Follow our recommended five step process for submitting Tax Preparation forms efficiently and effectively
Staying on Top of Outstanding Tax Preparation Requests	Stay on top of your outstanding Tax returns by continuously monitoring the Tax Prep pipeline while promptly actioning all tax related emails to any of your outstanding Tax Prep requests
Delivering Completed Tax Returns	Thoroughly review all applicable numbers and fields within each completed tax return directly with clients prior to submitting with the CRA
Important General Items & Timelines	Know our important general guidelines and timelines to be aware of

## TAX PREP PROCESS

### Understand the **Tax Preparation Process**

Thoroughly review and understand the Tax Preparation Forms, the Tax Preparation Pipeline, Knowledge base FAQs and the timelines to properly complete a Tax Return so that you can best manage client expectations and service levels

**Important:** Please be aware that the ability to submit Tax Preparation request forms through the Optimize Portal will be available from March 18th to May 31st each calendar year. As a reminder, tax returns are typically completed within 7 business days; however, turnaround time may be longer during peak season.

Review the pipeline stages below to best understand what action is required by you and your team when submitting tax returns.

Pipeline Stage	Overview
<b>New</b>	Requests have been successfully submitted through the service form in the Optimize Portal and action has been taken by our tax team to start preparing the returns to be worked on. Once our tax team has begun working on the tax returns, the ticket will be moved into <b>Work In Progress</b> .
<b>Work In Progress</b>	Returns are being worked on by the tax team. No modifications and/or additional slips can be added at this point. Once the return is completed, it will be moved into <b>In Review</b> .
<b>In Review</b>	Returns are being worked on by the tax team. No modifications and/or additional slips can be added at this point. Once the return is completed, it will be moved into <b>Ready To Deliver</b> .
<b>Missing Information*</b>	If a ticket lands in this stage, additional details are required to complete the return. You will receive an email with the missing information required in order to complete the request. Once you've obtained the missing information, add the information to the form within the email and submit the amendment. Once received by the team, the ticket will be moved into <b>Amendment Required</b> .
<b>Amendment Required</b>	Tickets in this stage will be worked on by our tax team to incorporate any newly received information. Once completed, it will be moved into <b>Ready To Deliver</b> .
<b>Ready To Deliver*</b>	Tickets in this stage have been completed by our tax team and the PDFs have been attached with the return being ready to be delivered to the client. You will receive an email which will prompt you to take action by selecting that you have either sent the return to the client or require changes to be made. Download the PDF to review it thoroughly prior to sending it to the client for review. Please ensure that all applicable slips and attachments provided to the tax team have been included in the tax return. Once reviewed and submitted through the email, the ticket will move into <b>Sent To Client</b> .

<b>Sent To Client*</b>	This stage allows you to keep track of any returns that you have provided to the client and reviewed with them. It's important that you follow up with clients in this stage regularly so that their returns can be filed in a timely manner. You will receive an email which will prompt you to either confirm the return is approved to be filed or a change is required. Once the client has approved the return and they have provided you with a signed authorization (first page of the return), you must confirm through the email and the ticket will be automatically moved into <b>Ready To Be Filed</b> .
<b>Ready To Be Filed</b>	Returns in this stage will typically be filed within 2-3 business days (may be longer during peak season) and moved to <b>Completed</b> once eFiled.
<b>Rejected</b>	If we are unable to process the tax return due to substantial missing information or a duplicate entry, tickets will be moved into this stage.
<b>Completed</b>	If a ticket is in this stage, it means that a return has been filed. No further action is required.

\* An email will be sent to your entire team when a Tax Return ticket lands in this stage and action is required

## Completing Tax Preparation Forms with Clients and Ensuring all **Optimize Related Tax Inputs Have Been Included**

Host an in-depth meeting with clients to fully complete the applicable Tax Preparation Forms and gather any necessary slips and receipts. A review should be initiated afterwards to ensure the completeness of the prep forms and ensure data is accurately transferred over

As a best practice, it is important to meet with the clients prior to **submitting** a Tax Preparation request in order to review the specific details surrounding their unique situations and to review and complete all Tax Preparations forms that are applicable to that client.

The format of these meetings should follow a very uniform structure. The initial meeting with the client should be at a minimum 1 hour long at which point you will take the client through all of the details surrounding each of the preparation forms which are applicable to their tax circumstance. It is important to schedule a follow up meeting once the tax return has been completed and is ready **Ready To Be Filed**. This will be the opportunity to verify that all of the information outlined in the return is true and accurate. There will be a detailed guide outlined in the **Delivering a Tax Return** best practice which will take you through each step to review with the client. By guiding them through the process, you very much continue to provide the clients with the highest degree of service possible.

## **Ensure Optimize Tax Related Inputs are Included in Prep forms and Slips Attached**

It is imperative that prior to submitting any Tax Preparation Requests you ensure that all of the Optimize related tax inputs have been correctly added to each individual's Prep form and that the slips have been provided in their sub-folder. This includes the following:

- **Optimize RRSP Contributions Slips for contributions made to our custodian**
- **Tax Slips for Non-Registered Accounts held at our custodian**
- **Management Fees (Carrying Charges) for Non-Registered Accounts held at our custodian**
- **Optimize Fund Tax Slips**

It's important to emphasize that RRSP Slips, Non-Registered Tax Slips and the Investment Income Summary (Management Fee Report) can be downloaded from MyPortfolio+. Clients will have Optimize Fund tax slips mailed directly to them as well as uploaded to the CRA. Please ensure the Optimize fund slips are provided by the clients for all submission requests.

## Properly Submitting **Tax Preparation Requests**

Follow our recommended five step process for submitting Tax Preparation forms efficiently and effectively

It is important to note that the following five steps must be followed when compiling the documents and information to be submitted for Tax Preparation through the Optimize Portal. Failure to do so will result in incomplete and deficient tax returns which in turn will result in delayed filings.

### **1. Only enter Tax Preparation requests once the client has provided you with all of their expected tax slips**

While taxpayers generally receive the majority of their tax slips from the various institutions by the end of February, it is very common for additional slips (such as T3s) to trickle in during the month of March. It is also common for tax slips such as T4s from employers to be amended during this period and so, no requests can be submitted before the 18th of March in order to minimize amendments. As a general best practice, once a Tax Preparation ticket has been entered into the system, additional tax slips cannot be attached to the ticket since our team has already begun working on the return.

**Important:** Only T-slips and RRSP contribution slips should be provided. Medical expense receipts and Donation receipts should not be provided as the summary value from the Personal Information Prep Form will be captured. However, taxpayers should keep the receipts on file in the event of a CRA review.

## 2. Download and include all tax slips in each subfolder for each taxpayer

### a) Tax Slips at our Custodian:

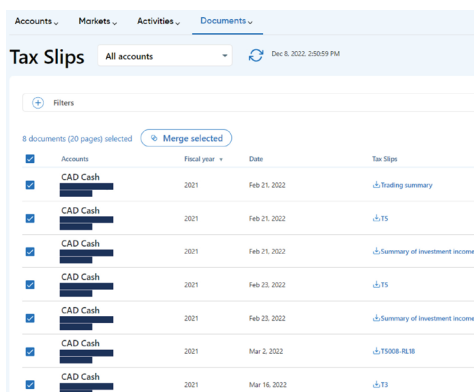
- Optimize RRSP Contributions Slips for contributions made to our custodian
- Tax Slips for Non-Registered Accounts held at our custodian
- Management Fees (Carrying Charges) for Non-Registered Accounts held at our custodian
- Optimize Fund Tax Slips

### b) Tax Slips from outside of our custodian, such as:

- T4s
- T5008s
- Tax Slips from investments held outside of our custodian

In order to ensure that all of our Custodian tax slips are included in the tax prep package for each client, download them directly from MyPortfolioPlus+. You can do so by selecting the check mark that is outlined in the image below which will merge the tax slips in one file. In order to compile these slips for clients, navigate to COMPASS and select **Client Reporting**. From there, search the client name and select the appropriate client. Once on the Client Profile, click on the **Documents** dropdown and select **Tax Slips**.

**Important:** While Optimize does pull tax slips from CRA Connect, and in the majority of cases those slips are correct. It is a best practice to ensure the original copies of all client tax slips are included with the tax preparation request.



The screenshot shows the 'Tax Slips' section of the MyPortfolioPlus+ interface. It features a table with columns for 'Accounts', 'Fiscal year', 'Date', and 'Tax Slips'. There are 8 documents listed, each with a checkbox in the 'Accounts' column. A 'Merge selected' button is visible above the table. The documents include trading summaries, T5 slips, and T5008-RLN forms.

Accounts	Fiscal year	Date	Tax Slips
<input checked="" type="checkbox"/> CAD Cash	2021	Feb 21, 2022	Trading summary
<input checked="" type="checkbox"/> CAD Cash	2021	Feb 21, 2022	T5
<input checked="" type="checkbox"/> CAD Cash	2021	Feb 21, 2022	Summary of Investment Income
<input checked="" type="checkbox"/> CAD Cash	2021	Feb 23, 2022	T5
<input checked="" type="checkbox"/> CAD Cash	2021	Feb 23, 2022	Summary of Investment Income
<input checked="" type="checkbox"/> CAD Cash	2021	Mar 2, 2022	T5008-RLN
<input checked="" type="checkbox"/> CAD Cash	2021	Mar 16, 2022	T3

## 3. Ensure Medical Expenses, Donations, etc., are reported on the respective taxpayer's Prep Form

**Medical Expenses, Donations** and **Carrying Charges** should be inputted on each taxpayer's **Personal Information Prep Form** rather than grouped together on one. This will eliminate any potential for duplication and our tax team will ensure they are reported appropriately to optimize the tax returns. If a non-registered investment account outside of Optimize is held and contributed to jointly, please have the client attribute 50% of the management fees to each Prep Form (their portion) so that carrying charges are not duplicated.

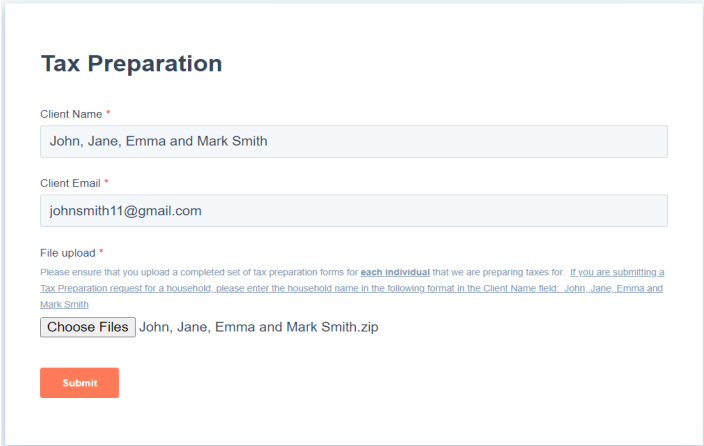
**Tip:** A great resource and search tool for taxpayers to confirm whether a medical expense is eligible can be found [here](#) on the CRA's website. Client's should review eligible expenses prior to inputting their total expenses on the prep forms.

#### 4. Review Tax Prep Forms in their entirety and ensure there is one completed 'Personal Information Prep Form' for each taxpayer

Please be aware that although there are five Comprehensive Tax Prep Forms along with an Appendix, only the forms applicable to the taxpayer's situation should be filled out and submitted. As an important note, a **Personal Information Prep Form** must be completed for each individual taxpayer. Sections in the Prep Forms not applicable to the client's situation should be left blank.

#### 5. Requests should be entered on a household basis with all tax prep forms and tax slips in a zipped folder

All Tax Preparation requests should be entered as a Household by using the email of the Primary Contact from the Household to submit the Tax Preparation forms under. Please ensure that when you are submitting each Tax Preparation Package you are attaching a zipped folder which includes prep forms and tax slips for each individual in that household that we are preparing taxes for. When creating the zipped folder, ensure that each individual's tax prep forms and tax slips are separated into individual sub-folders within the main zipped folder. When submitting the Tax Preparation packages in the Optimize Portal the following naming convention should be used on the request:



The screenshot shows a web form titled "Tax Preparation". It contains three input fields: "Client Name" with the value "John, Jane, Emma and Mark Smith", "Client Email" with the value "johnsmith11@gmail.com", and "File upload" with a "Choose Files" button and the filename "John, Jane, Emma and Mark Smith.zip". Below the file upload field is a "Submit" button. A small note under the file upload field reads: "Please ensure that you upload a completed set of tax preparation forms for each individual that we are preparing taxes for. If you are submitting a Tax Preparation request for a household, please enter the household name in the following format in the Client Name field: John, Jane, Emma and Mark Smith".

- a) **Personal Information Prep Form:** Please complete one of these Prep Forms for each taxpayer that a tax return is being prepared for.
- b) **Commissioned Employee Expense Prep Form:** To be completed for each taxpayer who is an employee, who has received commissions or who has incurred expenses during the year as a direct result of their employment.
- c) **Business or Professional Income Prep Form:** To be completed if a taxpayer's income is generated by a small business/sole proprietorship, or as a result of being paid commissions (but not as an employee).



- d) **Home Office Expense Prep Form:** To be completed if a taxpayer has home office expenses that are to be deducted from their employment income and have a **signed T2200** from their employer.

**Important:** Taxpayers who don't have a **signed T2200** from their employer are still eligible for a simplified home office deduction if they worked from home and meet the criteria. Please refer to the 'Personal Information Prep Form' for this deduction.

- e) **Real Estate Rental Prep Form:** To be completed if an individual owns one or more rental income properties which are to be claimed on their personal tax return. Please note that one Prep Form needs to be completed for each rental property owned.

- f) **Appendix:** This form is used to capture any additional refundable tax credits which may be applicable to your client based on their province of residence.

Once the five steps have been followed and all applicable forms have been completed, at this point you will submit the Tax Preparation request through the Optimize Portal. It is at this point that you will see the request within the **New** stage in the Tax Preparation Pipeline.

## STAYING ON TOP OF TAX PREPARATION REQUESTS

### Stay on top of your outstanding Tax returns by continuously monitoring the Tax Prep pipeline while promptly actioning all tax related emails to any of your outstanding Tax Prep requests

As a best practice for staying on top of outstanding tax returns, you will use the Tax Preparation Pipeline to view the status and stage that a request is currently in. In order to action or move any of the requests along the pipeline, you will receive an email when a ticket lands in the following three stages: **Missing Information**, **Ready to Deliver** and **Sent to Client**. Once a ticket has arrived in one of these stages the email you receive will have a description of what is required to complete the stage. You will be prompted to add information and/or attachments or confirm that the information is correct and ready to be moved along.

**Important:** All emails that are received by your team in association to Tax Preparation requests must be actioned according to the prompts in the email. Any emails which are not actioned by your team will not be executed and will create unnecessary delays. Any notes manually added to tickets will not be reviewed. All notes are required to be outlined on the form through the email communication.

Provided below are detailed explanations of the three stages used for staying on top of outstanding tax returns, which are as follows: **Missing Information Stage**, **Ready to Deliver Stage** and **Sent to Client Stage**.



## **Missing Information**

Once the tax team has begun working on the return, there may be information that is missing which is required to complete the tax return. If that's the case, your team will receive an email with the missing information that is required. The service ticket will be moved into **Missing Information** and once you've collected the appropriate details, you will be prompted to add the information to the form within the email which you had received related to the missing information. Once that information has been added to the form, your ticket will automatically move to **Amendment Required**. From there, our tax team will work on completing the return for you to review in the **Ready to Deliver** stage.

## **Sent to Client**

In this stage, your team will receive an email which prompts you to let us know one of two things. Either the tax return is sufficient and the client and yourself have fully reviewed all of the details and it is ready to be Filed or there is an amendment that is required and you require this to be added to the return. If an amendment is required, the email will provide a link whereby you can request the necessary amendment prior to the return being filed.

When you have reviewed the return with the client and it has been deemed as true and accurate, at this point you can select through the form within the email that the return is ready to be filed. At this point, the ticket will be moved into **Ready to be Filed**.

This is the final stage to make an amendment. If an amendment is required, you will be prompted to provide the necessary information and the ticket will be moved to **Amendment Required** and subsequently **Ready to Deliver**.

## **Ready to Deliver**

In this stage, the email that your team will receive will provide you with two options where you will either indicate that the return has been sent to the client to review or that an amendment is required. If an amendment is required, the email will provide a link whereby you can request the necessary amendment prior to the return being filed. Before you deliver a tax return, it's important that you review the return to ensure that nothing seems out of place. Sometimes, tax slips which are issued from Employers such as T4s, do not match the slips on the client's online CRA Tax Profile; which is used when preparing returns. As such, it's important that you review the **Slip Summary** along with **Federal Tax Summary** against T-slips that the client has provided. This high-level overview also enables you to spot any duplicates incorrectly captured by the client's CRA profile which can happen from time to time (such as duplicate T3s for the same issuer) as well as ensure any RRSP contributions have been captured. Once a return has been reviewed and has been sent to the client, you will respond via the email letting us know that the return has been delivered. At which point, it will arrive in the **Sent to Client** stage.

## **Ensure All Tax Related Inputs are Included on Tax Returns**

It is imperative that prior to sending completed Tax Returns to clients you ensure that all of the Optimize related tax inputs have been correctly added to each individual's return and that the slips have been appropriately reflected. This includes the following:

- **Optimize RRSP Contributions made to our custodian**
- **Tax Slips for Non-Registered Accounts held at our custodian**
- **Management Fees (Carrying Charges) for Non-Registered Accounts held at our custodian**
- **Foreign Property Report**
- **Optimize Fund Tax Slips**

It is also imperative that prior to sending completed Tax Returns to clients you ensure that all of the related tax inputs from outside of our custodian have been correctly added to each individual's return and that the slips have been appropriately reflected. This includes the following:

- **T4s**
- **T5008s**
- **Investment Related Slips from outside of our custodian**

**Important:** The two attachments outlined above will be included for each return within the attachments for review. The **Slip Summary** provides an overview of all the T-slips captured on the return and the **Federal Summary** provides an overview of income and deductions for each taxpayer. It indicates the respective balance owing or refund as well as the combined balance owing or refund in the instance when completing a couple's return.

**Important:** While Optimize does pull tax slips from CRA Connect, and in the majority of cases those slips are correct. It is a best practice to review the tax return to verify amounts to ensure they are correctly reflected.

Both documents will be attached to the ticket when a request is in the **Ready to Deliver** stage. It is at this point that you should thoroughly review the slips to verify all fields are correct. Please review both summary examples provided below as a reference for what will be included for review.

## Example of Slip Summary

### 2021 Slip Summary

NAME: [REDACTED]

#### T3 slips - Feuillet T3

Description	1 OPTIMIZE PREMIUM INCOME	2 OPTIMIZE CORE EQUITY	3 OPTIMIZE CORE EQUITY
% reported by taxpayer	100.0	100.0	100.0
Taxable amount of eligible dividends	50 0.98	3.15	42.37
Foreign business income	24 0.00	0.31	4.13

#### T3 slips - Feuillet T3

Description	6 TD ASSET MANAGEMENT NT	7 TD ASSET MANAGEMENT NT	Total
% reported by taxpayer	100.0	100.0	
Name of foreign country	USA	USA	
Taxable amount of eligible dividends	50 4.80	4.79	110.20
Other income - investment	26 0.86	0.00	0.86
Foreign business income	24 0.00	0.00	8.56
Foreign non-business income	25 8.82	8.81	17.63
Foreign income tax - investment	34 0.26	0.26	0.52
Cost base adjustment - current year	42 8.08	8.08	

#### T4 Slips - Feuillet T4

Description	1 SUN LIFE ASSURANCE COMPANY Ontario	2 THE MANUFACTURERS LIFE Ontario	Total
Province of employment			
Employment income	14 109,118.39	47,785.00	156,903.39
CPP contributions	16 3,166.45	2,553.63	5,720.08
EI premiums	18 889.54	748.34	1,637.88
RPP contributions	20 5,452.02	1,666.98	7,119.00
Pension adjustment	52 11,449.00	2,977.00	14,426.00
Income tax deducted	22 29,113.34	8,429.89	37,543.23
EI insurable earnings	24 56,300.00	47,361.96	56,300.00
CPP/QPP pensionable earnings	26 61,600.00	47,785.00	61,600.00
Charitable donations	46 0.00	104.20	104.20
Other taxable benefits	40 79.88	310.28	390.16
Employee-paid premiums for private health services plans	85 848.32	0.00	848.32

#### T4PS Slips - Feuillet T4PS

Description	1 Sun Life Financial EPSP	Total
Taxable amount of eligible dividends	31 161.94	161.94
Other income	35 1,211.70	1,211.70

#### T5 Slips - Feuillet T5

Description	1 FINANCIÈRE BANQUE NATIONALE	2 THE MANUFACTURERS LIFE	Total
% reported by taxpayer	100.0	100.0	
Currency	CAD	CAD	
Taxable amount of eligible dividends	25 886.76	269.69	1,156.45

#### T5008 Slips - Feuillet T5008

Description	1 THE MANUFACTURERS LIFE	2 NBIN	3 NBIN
% reported by taxpayer	100.0	100.0	100.0
Currency	CAD	CAD	
Proceeds or settlement amounts	21 48.47	4,591.74	56.10
Cost or book value	20 39.21	4,109.77	54.99
Capital gains (losses)	9.26	481.97	1.11

## Example of Federal Tax Summary

Summary				2021 Tax Summary (Federal)			
Total income				Non-refundable tax credits			
Employment *	10100	86,370	102,082	Basic personal amount	30000	13,808	13,808
Old Age Security	11300			Age amount	30100		
CPP/QPP benefits	11400			Spouse / eligible dependant *	30300		
Other pensions	11500			Family caregiver amount	30500		
Split-pension amount	11600			Infirm/caregiver *	30425		
Universal Child Care Benefit	11700			CPP/QPP/PIPI/EI *	30800	3,765	3,765
Employment Insurance	11900			Volunteer firefighters' amount*	31220		
Taxable dividends	12000	134		Canada employment amount	31260	1,257	1,257
Interest	12100	20		Home accessibility expenses	31285		
Limited partnership	12200			Home buyers' amount *	31270		
RDSP	12500			Adoption expenses	31300		
Rental	12600			Digital news subscription expenses	31350		168
Taxable capital gains	12700	94		Pension income amount	31400		
Support payments	12800			Disability amount	31600		
RRSP	12900			Transfers *	31800		
Other *	13000			Interest on student loans	31900		
Self-employment *	13500			Tuition / education	32300		
Workers' compensation and social assistance	14700			Medical expenses	33200		
Total income	15000	86,617	102,082	Subtotal	33500	18,830	18,999
Net income				Credit at 15%	33800	2,825	2,850
RPP	20700	8,461	9,705	Donations and gifts	34900		
RRSP *	20800			Non-refundable tax credits	35000	2,825	2,850
Split-Pension Deduction	21000			Total payable			
Union and professional dues	21200	2,186	1,344	Federal tax	40400	12,818	10,574
UCCB repayment	21300			Non-refundable tax credits	35000	2,825	2,850
Child care expenses	21400			Dividend tax credit	40425	20	
Disability supports deduction	21500			Min. tax carry-over/other *	42600		
Business investment loss	21700			Basic federal tax	42900	9,973	7,724
Moving expenses	21900			Non resident surtax			
Support payments	22000			Foreign tax credits / other	40500		
Carrying charges and interest	22100			Federal tax	40600	9,973	7,724
CPP/QPP/PIPP *	22200	291	291	Political/inv. tax credit/other *	41000		
Exploration and development	22400			Labour-sponsored tax credit	41400		
Employment expenses	22900			Alternative minimum tax	41700		
Social benefits repayment	23500			CWB Prepayment (RC210)	41500		
Other deductions *	23100		26,011	Special Taxes	41800		
Net income	23600	75,679	64,732	Net federal tax	42000	9,973	7,724
Taxable income				CPP contributions payable	42100		
Canadian Forces personnel	24400			EI self-employment	42120		
Security options deductions	24900			Social benefits repayment	42200		
Other payments deduction	25000			Provincial/territorial tax	42800	7,549	6,116
Losses of other years *	25100			Total payable	43500	17,522	13,840
Capital gains deduction	25400			Total credits			
Northern residents	25500			Income tax deducted *	43700	18,461	23,758
Additional deductions	25600			QC or YT abatement *	44000		
Taxable income	26000	75,679	64,732	CPP/EI overpayment *	44800		
2022 Estimated				Medical expense supplement	45200		
GST/HST credit		168 00		CWB (Schedule 6)	45300		
Child Tax Benefit		90,148 00	31,009	Canada training credit (CTC)	45350		
RRSP contribution limit				Other credits *	45400		
* More than one line is considered				GST/HST rebate	45700		
				School supply credit	46900		
				Canadian journalism labour tax credit	47555		
				Other refundable credits	47556		
				Instalments	47600		
				Provincial tax credits	47900		
				Total credits	48200	18,461	23,758
				Balance owing (refund)		(939)	(9,918)
				Combined balance (refund)		(10,857)	

### Thoroughly review all applicable numbers and fields within each completed tax return directly with clients prior to submitting with the CRA

**Important:** Once the request has landed in the **Ready to Deliver** stage and prior to reviewing it with the client, you should take the necessary time to fully review the details of the return to ensure that all of the appropriate information has been added as per the information provided by the clients. On top of using the guide provided below to review the tax returns with the client, do use the same guide when reviewing the information prior to scheduling time with the clients to discuss the return.

As a best practice, prior to delivering the tax return to the client, you should review the client's tax return from the prior year. This allows you to ensure that any tax credits that the client may have inadvertently missed this year are added accordingly if still applicable.

While tax situations can be simple, reviewing a tax return can be difficult and even confusing for some clients. The guide outlined below is to be used as a checklist when reviewing each tax return package with clients in your scheduled review meeting. By going through the return with them, you can ensure that they fully understand:

- The components of their returns, including their various income sources
- What deductions were made to lower their taxable income
- Which tax credits our team took advantage of in order to maximize their return and deliver the best possible outcome
- Ensure that all tax slips and information provided is accurately reflected on the Tax Return

When you're ready, call the taxpayer to let them know we've completed their tax return, and that you're looking to go through it with them over the phone at a high level.

Next, walk them through the various income streams that make up their taxable income, such as their:

- Employment income
- Investment income
- Rental income
- Self-Employment income
- Various Pension income including Old Age Security and Canada Pension Plan

Then, let them know which deductions were incorporated in order to reduce their taxable income, such as:

- Carrying charges
- RRSP deductions
- Union or Professional dues
- Home Office expenses
- Any optimal split pension deduction amounts

Finally, highlight the tax credits which were claimed in order to further reduce their taxes payable, such as:

- Tuition transferred from their child or children
- The climate incentive tax credit

Once you have reviewed the return with the taxpayer, email them the T1 PDFs for further review and complete the field in the email from the tax team to have the ticket automatically moved into the stage **Sent To Client**.

**Important:** Please ensure that you and your team are verifying all information is accurately reflected on the tax returns that are being delivered and that all applicable slips have been included. Any information that is omitted or inaccurate must be reviewed and an amendment requested prior to filing.

## IMPORTANT GENERAL ITEMS & TIMELINES

### Important **General Items & Timelines**

#### Know our important general guidelines and timelines to be aware of

- April 1st is the recommended final date for prep form submissions.
- April 26th is the last day to approve Tax Returns to be filed from the email provided to your team.
- Any amendments which are required after a tax return has already been filed will only be actioned after May 1st.
- Be aware that Optimize only completes Canadian T1 tax returns (excluding Quebec). We do not complete returns for Corporations, Trusts, Estates or HST returns.
- Taxpayers with foreign property declared over \$100,000 and returns filed after the tax deadline may be subject to a T1135 Foreign Income Verification Statement penalty of up to \$2,500 imposed by the CRA even if they are receiving a refund.
- A best practice is to complete spouse returns together rather than separately. This ensures all deductions are being captured and minimizes the risk of a reassessment due to duplication (i.e. if both spouses claim the climate action incentive on their returns). It also enables child tuition credits to be transferred to the spouse which creates the greatest net benefit to the family.
- If we are not completing a spouse's return, ensure their Net Income is reported on the taxpayer's Prep Form.
- If it is the first time we are completing a return for a taxpayer, there may be delays in completing the return due to CRA processing timelines. A request is sent electronically to access the taxpayer's CRA profile and authorize Optimize as a Representative to file the return on their behalf. Only once we receive access will our tax team begin working on the tax return.
- For taxpayers with pension income, ensure that schedule T1032 has been completed to determine whether there is an optimal amount of pension to split (if any).



- Review key pieces of information that the CRA could have out-of-date records on such as mailing address and/or marital status.
- For taxpayers claiming Home Office expenses, ensure that the full annual expense amounts are captured on the Prep Form. These values will then be prorated based on the Home Office square footage.
- If the taxpayer has a signed T2200 and is claiming Home Office expenses (detailed method), they cannot claim the simplified Home Office deduction as well (simplified method based on number of days working from home) and so, the simplified method section should be left blank on the **Personal Information Prep Form**.
- If the taxpayer has a Home Buyers Plan or Lifelong Learning Plan repayment, we will attribute the minimum from any declared RRSP contributions. If the taxpayer did not make any RRSP contributions during the tax year, the minimum repayment amount will be added to the taxpayer's income.
- If one taxpayer has a refund and the spouse has a balance owing, the spouse cannot simply remit the difference as payment to the CRA. The CRA views each taxpayer independently and so, the full balance owing should be paid to avoid interest and penalties.
- While we always capture slips and pertinent information from the taxpayer's CRA profile, information such as installments paid could be missing or out-of-date. It's important to validate when reviewing the returns with the taxpayer that they did not make any installments throughout the year given the significant impact it could have on the return.
- We will answer "Yes" to providing taxpayer information to Elections Canada if not indicated otherwise on the submission.
- Taxpayers should keep on file all receipts and supporting documentation relating to their return for a period of 6 years. The CRA routinely audits tax returns and the taxpayer will need to provide the relevant proof of medical expenses, donations, carrying charges, etc., to the CRA in the event of a review.
- Tax Requests with spreadsheets attached (i.e. Rental Income and Expenses or Self-Employment Income and Expenses spreadsheets) will not be captured as only values indicated on the respective Prep Forms will be included in the tax return.



- Taxpayers looking to take advantage of the Disability Tax Credit must have a valid Disability Tax Credit Certificate on file with the CRA to claim the deduction. It is very common for these certificates to be issued through a specific period (i.e. 2018-2022); at which point they must be applied for again. Steps on applying can be found [here](#).
- If the taxpayer has a net tax owing of greater than \$3,000 in the current tax year and one of the two prior tax years, they will be required to remit installments to the CRA for the following tax year. Once the tax return has been filed, the taxpayer will receive a formal notice from the CRA outlining the installment schedule and payment amounts.
- Taxpayers who have Self-Employment Income may be required to register for a GST/HST Account and charge GST/HST accordingly. The criteria for a GST/HST Account can be found [here](#).
- Taxpayers who have a balance owing on their filing can use one of the methods provided [here](#) to remit payment to the CRA.
- There may be instances where a taxpayer has received an additional unexpected slip or require changes to be made to a Tax Return. Please wait for the return to be completed by the tax team and the ticket has been moved into **Missing Information, Ready To Deliver or Sent to Client**. The additional slip can then be added to the form within the email sent to your team with a Note outlining the details of the amendment. The ticket will be automatically moved to **Amendment Required** and once the Amendments have been completed, the tax team will move the ticket back into **Ready to Deliver**.
- Please be aware that any tax returns that have been eFiled which subsequently require an amendment after filing will have a \$75 amendment charge which will be debited from the corresponding relationship manager's payroll.