



# Sims & Company

**CHARTERED ACCOUNTANT  
PROFESSIONAL CORPORATION**

346 Forman Avenue  
Toronto, Ontario M4S 2S7  
Tel 416-481-9101  
Fax 416-481-7693  
www.simsandcompany.com



March 12, 2021

Dear Client:

## **RE: 2020 Personal tax returns**

We have enclosed a number of checklists to help you co-ordinate and record your tax information. This process will also help us save time if all documentation and information is current and complete.

The following checklists are enclosed with this mailing. **Please note copies of checklists are also available on our website at [www.simsandcompany.com](http://www.simsandcompany.com)**

<b>Taxpayer Situation</b>	<b>Checklists to be completed</b>
Employee with no employment expenses	Complete Form 1, 2
Employee with regular employment expenses (include completed and signed T2200)	Complete Form 1, 2, 3
COVID Employees working remotely from home	Complete Form 1,2, 8 Have employer sign T2200S (Form 9)
Self employed	Complete Form 1, 2, 4
Partner earning self employed income	Complete Form 1, 2, 3
Taxpayer with rental income	Complete Form 5
Taxpayer with medical expenses	Complete Form 6
Held foreign property, including stocks or bonds, during the year	Review and complete Form 7 if applicable

We have also enclosed our engagement letter for your review and signature. This letter documents the terms of our engagement to provide you with personal income tax services. **A signed copy of this letter must be received in order to allow us to proceed with the preparation of your tax return.**

Please do not hesitate to contact us with any questions you may have either of a general nature or in connection with completing the 2020 tax forms. COVID measures will impact 2020 tax filings for many individuals. We remind you to visit our website at [www.simsandcompany.com](http://www.simsandcompany.com).

We are always interested in expanding our personal tax practice. We appreciate all referrals from our clients and would ask that you pass along our contact information where appropriate.

Yours very truly,  
SIMS & COMPANY  
CHARTERED ACCOUNTANT PROFESSIONAL CORPORATION

Steven Sims, CPA, CA



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March 12, 2021

### **Subject: Letter of Engagement**

Dear Client:

We appreciate the opportunity to work with you and advise you on income tax matters. Canada Revenue Agency (CRA) impose penalties upon taxpayers, and upon us as tax return preparers, for failure to observe due care in reporting on your income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

We will prepare your 2020 personal income tax return based on information that you provide to us. We will not audit or otherwise verify the data you submit, although we may ask you for clarification of some of the information. It is our responsibility to prepare your tax return correctly according to the law and the information that you have provided. It is your responsibility to provide us with all the information required to prepare complete and accurate returns. You should retain all the documents, cancelled cheques and other data that form the basis of your income and deductions. These may be necessary to prove the accuracy and completeness of the return to CRA. You have the final responsibility for the income tax return and, therefore, you should review it carefully before you sign it.

By signing this letter, you represent that you will provide us with accurate and complete information necessary to prepare your tax return. This includes informing us of all interests you held in foreign properties with an aggregate cost in excess of \$100,000 at any time in the year, as well as all income from any foreign properties regardless of their aggregate value and all income and transactions relating to non-resident trusts.

Our business respects the privacy of personal information, that is, information that identifies you as an individual, or that is associated with such identifying information. By engaging our services, you agree to provide such personal information as is necessary for us to meet your service requests.

Before you provide us with any personal information on behalf of others, you agree that you will have obtained consent for collecting, using and disclosing this information, according to current Canadian privacy legislation.

We confirm to you that we will not rent, sell or otherwise make your personal information, including contact information, available to any third-party without your permission. We use your information to complete your service requests, to inform you of changes in our business or service offerings, and to maintain our professional correspondence with you.

We follow rigorous privacy practices and we have a privacy policy that governs our use and handling of the information you provide to us. We invite you to contact our office if you would like additional information about these practices.

To change your contact information or to let us know if there are any types of correspondence you do not wish to receive from our office, please contact us.

Upon completion of your income tax return or after providing advice or other services on any matters respecting same, we will render you a bill for services at our usual billing rate. It is agreed this invoice will be paid upon receipt. Any amounts outstanding will be charged interest at 1% per month (12% annum).

**Before your return can be electronically filed (Efiled) Sims & Company must receive a signed copy of this engagement letter, one signed copy per tax payer, along with the individually signed T183 form, (Information Return for Electronic Filing of an Individual's Income tax and Benefit Return) Part D.**

CRA may select your return for review. Often they request copies of your receipts and other times they may require a full audit. Any adjustments proposed by CRA are subject to certain rights of appeal. In the event of such tax examinations, we will be available upon request to represent you and will render additional invoices for the time and expenses incurred.

If this letter accurately reflects your understanding, please acknowledge your agreement by signing and returning to us the enclosed copy. Please feel free to call us with any questions or concerns at (416) 481-9101. Thank you for your trust in our business.

Sincerely yours,

**SIMS & COMPANY  
CHARTERED ACCOUNTANT  
PROFESSIONAL CORPORATION**

The services and terms as set out above are as agreed. As well, I acknowledge and accept my responsibilities as the taxpayer as outlined above.

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Signature

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Date

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Print Name

# Form 1

## 2020 Personal Income Tax Return Checklist

### Income

#### All "Tax" slips

T4 Slips - Employment income

T4A Slips – Income from CERB, CESB, CRB, CRSB, CRCB

T-3 & T-5, T600 Slips - Interest and dividend income (including details of interest bearing investments such as Canada Savings Bonds and Treasury Bills)

T4E slips – Statement of Employment insurance and Other benefits

T4RIF Slips - Pension income, annuity payments, other income

T2200 – Declaration of Conditions of Employment: completed and signed by employer

T2200S – Declaration of Conditions of Employment for working at Home Due to COVID-19: completed and signed by employer

T5013 – Statement of Partnership Income

Miscellaneous Income - Old Age (T4A OAS) and Canada Pension Income (T4AP), RRSP withdrawals, any other sources of income

US source income – W2, 1099, Schedule K-1, Foreign pension income

#### All broker and investment annual summaries and statements

Capital Gains and Losses - Copies of brokerage statements and year end summaries, details of sales of rental properties, etc.

Rental Income - Details of rental income and expenses

Self-employment Income - Details of self-employment (or partnership) income and expenses

Foreign Income or investment in foreign properties - Details of foreign income and any taxes withheld (foreign reporting slips, if provided). Advise us of total cost of investment or investment on foreign property.

#### Deductions

Carrying Charges - Details of interest expense (confirmation from the financial institution for large amounts), and any other investment-related fees

General - Tax receipts for RRSP contributions, professional and union dues and tuition fees

Eligible employment expenses with form T2200 signed by employer

COVID related remote work expenses with form T2200S signed by employer

Other - Details supporting child care expenses including some school fees and camps; maintenance and alimony payments; moving expenses and adoption expenses

Tax shelters - 2020 financial statements and T5013 of tax shelter investments, (i.e. oil and gas ventures, etc.)

**Personal Exemptions**

Medical/Dental expenses (provide receipts for items not covered by OHIP or private insurance)

Charitable and political donations (provide receipts)

Details of spouses and dependents incomes (and expenses) for the year

Provide form T2201 – Disability tax credit certificate for disabled taxpayer or dependents

Interest paid on your student Loan(s)

**Miscellaneous**

Photocopies of recent correspondence and 2019 notice of assessment from Canada Revenue Agency

Rent or property tax payments on principal residence

Installments of income tax - details of 2020 quarterly installments to Canada Revenue Agency

Are you a US citizen, green card holder or were you or your parents born in the USA?

Did you sell your principal residence during 2020? Provide details on amount of proceeds and year of acquisition.



**Form 3**  
**STATEMENT OF 2020 EMPLOYMENT/PARTNERSHIP ACTIVITIES**

<b>Name</b>	<b>Period over which expenses incurred (if not entire tax year):</b>	
<b>EMPLOYMENT EXPENSES (including GST/HST):</b>		<b>TOTAL FOR YEAR</b>
Accounting and legal fees**		
Advertising and promotion**		
Allowable motor vehicle expenses (from below)		
Entertainment promotion for clients:*		
Tickets - total	_____	
Other - total	_____	
Meals - total	_____	
Total cost X 50%	_____	
Business parking (do not list a second time in the auto expense section below)		
Other expenses (specify on separate list)		
<b>TOTAL EXPENSES</b>		
* club membership fees are not deductible		

<b>AUTOMOBILE EXPENSES</b>	<b>TOTAL FOR YEAR</b>	<b>DETAILS OF OWNERSHIP</b>
<b>EXPENSES:</b>		Make & model of auto _____
Fuel (gasoline, propane, oil)	_____	Was auto purchased, leased or disposed of in year? _____
Maintenance and repairs (including washes)	_____	Date of purchase or lease (if such event occurred during tax year) _____
Insurance	_____	Total cost of auto if purchased _____
License and registration fees	_____	Total monthly lease payment if leased (If leased, please list MSRP) (manufacturer's suggested retail) _____
Capital cost allowance (Sims will calculate)	_____	
Interest exp (if auto is financed)	_____	Date of disposition or lease termination (if such event occurred during the tax year) _____
Leasing expense (total paid for the year)	_____	Proceeds of disposition (if applicable) _____
Other expenses (specify)	_____	A. KM driven for employment purposes _____
Other:	_____	B. Total KM driven during the year _____
<b>Total expenses (D)</b>	_____	C. Employment usage (A/B) _____
<b>Employment portion (D X C)</b>	_____	
<b>Re-imbursalment from employer</b>	_____	

## Form 3A

Name	Period over which expenses incurred (if not entire tax year):	
<b>EMPLOYMENT EXPENSES (including GST/HST):</b>	<b>TOTAL FOR YEAR</b>	<b>TOTAL FOR YEAR</b>
Salary & Commission**	_____	<b>Commission Only:</b>
Office**	_____	
Stationary	_____	Licenses _____
Other (postage)	_____	Bonding _____
Telephone	_____	Equipment Rental _____
Other Expenses	_____	Training _____
Salary paid to assistant	_____	Other _____
Allowable motor vehicle expenses (from below)	_____	
Entertainment promotion for clients:*		
Tickets - total _____		
Other - total _____		
Meals - total _____		
Total cost -total _____ X 50%		
Lodging costs	_____	
Other travel costs	_____	
Office supplies	_____	
Telephone	_____	
Allowable portion - office in home (from below)	_____	
<b>TOTAL EXPENSES</b>	_____	<b>TOTAL COMMISSION EXPENSES</b>
	_____	_____
*club membership fees are not deductible		** only commissioned salespersons can claim

WORK SPACE IN HOME EXPENSES:	TOTAL FOR YEAR
Heat	_____
Electricity	_____
Water	_____
Home maintenance and repairs	_____
Insurance** (commission employees only)	_____
Property taxes** (commission employees only)	_____
Rent	_____
Other home related expense (specify)	_____
<b>Total home expenses</b>	=====
(A) Total square feet available in home	_____
(B) Total square feet used exclusively for employment purposes	_____
% used exclusively for employment (A/B)	_____
<b>DEDUCTIBLE AMOUNT</b>	=====
** only commissioned salespersons can claim	



# Form 4

## STATEMENT OF 2020 SELF EMPLOYED PROFESSIONAL/BUSINESS ACTIVITIES

Business operating name:

Business address:

Expenses are for the period:

Main Product or Service

GST/HST filing status: Regular \_\_\_ Quick \_\_\_ Not registered \_\_\_

BN -GST/HST number:

### TOTAL FOR YEAR

**TOTAL SALES** (from page 2)

**EXPENSES** (including GST/HST if using Quick method):

Advertising and promotion

Meals & entertainment (from page 2)

Bad debts

Insurance

Interest, bank charges

Business tax, fees, licenses, dues, memberships and subscriptions

Office expenses

Other supplies, materials

Legal, accounting and other professional fees

Management and administration fees

Rent (excluding your home)

Maintenance and repairs (except motor vehicle)

Salaries, wages and benefits (including employer's contributions)

Property taxes (excluding your home)

Travel (Including transportation fees, accommodations, and allowable part of meals)

Telephone and utilities

Fuel costs (except for motor vehicles)

Delivery, freight and express

Automobile expenses (from page 2)

Allowance on eligible capital property

Capital cost allowance (CCA)

Equipment rental

Office in home (from page 2)

Other expenses (specify)

**TOTAL EXPENSES**

**NET BUSINESS INCOME (REVENUE LESS EXPENSES)**

### FIXED ASSET PURCHASES (We Recommend that amounts less than \$500 be expensed)

Computer hardware

Furniture / fixtures (please specify)

Other (please specify)

## Form 4(continued)

# STATEMENT OF 2020 SELF EMPLOYED PROFESSIONAL/BUSINESS ACTIVITIES

REVENUES	TOTAL SALES
A. Sales (before GST) (non-participating provinces)	
B. Sales (before HST) (HST harmonized provinces)	
C. Add: HST billed at 13%	
D. Add: HST/GST at other than 13%	
E. Total Sales (A + B + C + D)	
F. Less: HST payable using quick method 8.8 on Ont sales Less 1% reduction on first \$30,000 of sales	
<b>Net gross revenue (E-F) (to page 1)</b>	

AUTOMOBILE EXPENSES	TOTAL	DETAILS OF AUTOMOBILE	
Fuel and oil		Make & model of auto Was auto purchased, leased or disposed of in year? Date of acquisition or lease, if applicable Total cost of auto/monthly lease Date of disposition, if applicable Proceeds of disposition A. KM driven for business use B. Total KM driven in year C. <b>Business</b> Portion (A/B) D. <b>Personal</b> Portion (1-C)	
Interest (excl. principal) & finance charges			
Interest with respect to a motor vehicle other than an automobile			
Insurance			
License and registration fees			
Maintenance and repairs			
Leasing costs			
Other (specify)			
CCA claim			
<b>Total expenses</b>			
Less: personal portion (D)			
Sub-total			
<b>ADD:</b> Parking for business purpose (100% deductible)			
<b>LESS:</b> Reimbursements			
<b>TOTAL (TO PAGE 1)</b>			

OFFICE IN HOME EXPENSES:	TOTAL	ENTERTAINMENT & PROMOTION	TOTAL
Heat		Business meals & beverages Other entertainment and tickets* Total 50% of Total ** <b>Deductible portion (to page 1)</b>  (*) Fixed club dues are not deductible (**) Deductibility of business meals is restricted to 50%	
Electricity (hydro)			
Water			
Insurance			
Maintenance and repairs			
Mortgage interest (excluding principal)			
Property taxes			
Rent			
Other (specify)			
Total home expenses			
(A) Total square feet available in home			
(B) Total square feet used for business			
% used for business purposes (A/B)			
<b>BUSINESS PORTION (to page 1)</b>			

## Form 5

# STATEMENT OF 2020 REAL ESTATE RENTALS

Address of property: \_\_\_\_\_

For the period from: \_\_\_\_\_ to \_\_\_\_\_

**Details of other co-owners or partners:**

<u>Name</u>	<u>% Ownership</u>

	Total	Personal %	Total less personal %
Gross rental income .....			
Other related income .....			
<b>Total income</b> .....			
<b>Expenses:</b>			
Advertising.....			
Insurance.....			
Interest.....			
Office Expenses.....			
Legal Fees.....			
Accounting Fees.....			
Other Professional Fees.....			
Maintenance & Administration Fees.....			
Management & Repairs.....			
Condo Maintenance Fees.....			
Salaries, wages & benefits (employer's contributions)..			
Property taxes .....			
School Taxes.....			
Travel.....			
Utilities.....			
Motor Vehicle Expenses (not including CCA).....			
Other Expenses.....			
<b>Total expense</b> .....			

Net Rent

**Details of building, land or equipment additions or dispositions during the year:**

Property details	Amount

**Form 6**

**STATEMENT OF 2020 MEDICAL EXPENSES**

Receipt Ref (*)	Date Paid	Name of Patient	Payment made to	Description of expenses (Dental, prescriptions, etc.)	Amount
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

\* Receipts must be numbered and attached to this form.

**TOTAL PAID**

**Premiums paid to a private health services plan:**

Name of Service provider: \_\_\_\_\_

Amount Paid : \_\_\_\_\_

Period Covered: \_\_\_\_\_

**Form 7  
STATEMENT OF 2020 FOREIGN PROPERTY HOLDINGS**

Estimated cost of property foreign property (in Canadian dollars) held at anytime during the year (rounded to nearest \$10,000)

**1. Funds held outside Canada**

Name of bank/other entity holding the funds	Country code	Maximum funds held during the year	Funds held at year end	Income (loss)
1)				
2)				
<b>TOTAL</b>				

**2. Shares of non-resident corporations (other than foreign affiliates)**

Name of corporation	Country Code	Maximum cost amount during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition
1)					
2)					
<b>TOTAL</b>					

**3. Indebtedness owed by non-resident**

Name of corporation	Country Code	Maximum cost amount during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition
1)					
2)					
<b>TOTAL</b>					

**4. Interest in non-resident trusts**

Name of trust	Country Code	Maximum cost amount during the year	Cost amount at year end	Income received	Capital received	Gain (loss) on disposition
1)						
2)						
<b>TOTAL</b>						

**5. Real property outside Canada (other than personal use and real estate used in an active business)**

Description of property	Country Code	Maximum cost amount during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition
1)					
2)					
3)					
<b>TOTAL</b>					

**6. Other property outside Canada**

Name of corporation	Country Code	Maximum cost amount during the year	Cost amount at year end	Income (loss)	Gain (loss) on disposition
1)					
2)					
3)					
<b>TOTAL</b>					

**7. Property held in an account with a Canadian registered securities dealer or a Canadian trust company**

Name of registered security dealer/Canadian trust company	Country Code	Maximum fair market value during the year	Fair market value at year end	Income (loss)	Gain (loss) on disposition
1)					
2)					
3)					
<b>TOTAL</b>					

**PLEASE COMPLETE THE FORM IF YOUR FOREIGN PROPERTY EXCEEDED \$100,000 AT ANY TIME DURING 2020**

Foreign property includes:

- Shares or bonds of non-resident corporations (ie IBM) on deposit with a Canadian broker
- Bonds, debentures or other debts of non-resident governments (ie US T-Bills)

Foreign property does not include:

- Shares or other foreign investments held in a RRSP

**Form 8**  
**Form T777S**

**Option 2 - Detailed method continued**

You may use this method to calculate your home office expenses if you:

- Worked more than 50% of the time from home for a period of **at least a month** (four consecutive weeks) in 2020. This period can be longer than a month. For examples, got to [canada.ca/cra-home-workspace-expenses](https://canada.ca/cra-home-workspace-expenses)
  - Have a completed and signed Form T2200 Short, Declaration of Conditions of Employment for Working at Home Due to COVID-19, from your employer
- and**
- Kept all your supporting documents

**Note:** You **cannot** claim any expenses that were or will be reimbursed by your employer.

**Calculation**

Office supplies (postage, stationery, ink cartridge, etc.)	8810		1
Other expenses (employment use of a cell phone, long distance calls for employment purposes, etc.)			
Specify:	9270		2
Add lines 1 and 2			3
Subtotal			
Work-space-in-the-home expenses (complete lines 6 to 15)			
Enter whichever is <b>less</b> : amount from line 12 or line 15	9945		4
Add lines 3 and 4			
<b>Enter this amount on line 22900 of your return</b>			5
<b>Total expenses</b>	9368		

**Calculation of work-space-in-the-home expenses**

Only include the expenses you paid for the days you worked from home.  
For an online tool to help you calculate the amount you can claim, go to [canada.ca/cra-home-workspace-expenses](https://canada.ca/cra-home-workspace-expenses)

Electricity, heat, water, home internet access fees	6		
Maintenance (cleaning supplies, light bulbs, etc.)	7		
Home insurance (commission employees only)	8		
Property taxes (commission employees only)	9		
Other expenses (rent, etc.): Specify	10		
Add lines 6 to 10	11		
Enter your total employment-use amount (see example below)			12
Enter your employment income (box 14 of your T4)	13		
Enter the amount from line 3 and any amounts from lines 207000 and 21200 of your return relating to this income.			
Line 13 minus line 14 (if negative, enter "0")	14		15
Line 12 minus line 15 (if negative, enter "0")			16
<b>Work-space-in-the-home expenses available to use in future years</b>			

**Example of how to calculate your employment-use amount (line 12)**

Sam is a salaried employee who worked from home using her dining room table in April 2020 due to COVID-19. the dining room represents 12% of the total square footage of her house and is used for work for 40 hours out of a total 168 hours in a week.

Sam paid \$200 for electricity, heat, water and internet and \$1,000 for rent. She will enter \$200 on line 6 and \$1,000 online 10.

To determine her employment-use amount, Sam must first determine her employment-use percentage. This is how she will calculate the percentage: (40 hours / 168 hours) x 12 % = 2.9%

Her employment-use amount is (\$200 + \$1,000) x 2.9% = \$34.80

Sam will enter \$34.80 on line 12

# Form 9 T2200S

## Declaration of Conditions of Employment for Working at Home Due to COVID-19

This form is only for employees who worked from their home in 2020 due to COVID-19. The **employer** must complete and sign this form if the employee chooses to use the detailed method to calculate their home office expenses (work-space-in-the-home and supplies). If the employee is required to pay for expenses other than home office expenses, do not use this form. Instead, complete Form T2200, Declaration of Conditions of Employment.

The **employee** does **not** need to attach this form to their return, but they must keep it in case the Canada Revenue Agency asks to see it later. However, employees must complete and attach Form T777S, Statement of Employment Expenses for Working at Home Due to COVID-19, to their tax return to deduct home office expenses for the year.

For more information about claiming employment expenses, see Guide T4044, Employment Expenses.

### Part A - Employee Information

Last name	First Name	Tax Year <b>2020</b>
Employer address		

### Part B - Conditions of employment

- 1 Did this employee work from home due to COVID-19?  Yes  No
- 2 Did you or will you reimburse this employee for any of their home office expenses?  Yes  No
- 3 Was this amount included on this employee's T4 slip?  Yes  No

### Employer declaration

I certify that this employee worked from home in 2020 due to COVID-19, and was required to pay some or all their own home office expenses used directly in their work while carrying out their duties of employment during that period.

I certify that the information given on this form is, to the best of my knowledge, correct and complete.

**Note:** Clearly print the name and telephone number on the authorized person in case we need to call to verify information.

_____ Name of employer	_____ Name and title of authorized person	
_____ Signature of employer or authorized person	_____ Telephone number	_____ Date
_____ Home address		