The Tax Planner

from
Coleco

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For Coleco ADAM
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Contents

Introduction **1**
Overview 1
Hardware requirements 2
Package Contents 2

Getting Acquainted **3**
Startup 3
Profile IDs and Passwords 3
Signon 4

Entering Data **7**
Menus 7
Data Panels 7

Reporting **11**
Detail Reports 11
Summary Reports 11

Financial Modelling **13**

Appendix A. Tax Rates **15**
Average Tax Rate (A.T.R.) 15
Marginal Tax Rate (M.T.R.) 15

Appendix B. Income or Tax Shelters in Other Provinces **17**

Appendix C. Revenue Canada Publications **19**
Self-Employed Income 19
Rental Income 19
Allowable Employment Expenses 19

Appendix D. Partial Deduction for Dependents Earning Income **21**
Dependent Children Under 18 Years of Age 21
Dependent Children 18 Years of Age and Over 22

Appendix E. C.P.P. Contribution on Self-Employed Earnings........ 23

Appendix F. Earned Income........ 25

Appendix G. RHOSP "Top-up"........ 27

Appendix H. Sample Reports........ 29

Appendix I. Help Text........ 33
Personal Profile Panel........ 33
Deductions Panel........ 37
Interest, Dividends and Capital Gains Panel........ 41
Special Deductions Panel........ 43
Child Tax Credit Panel........ 46
Forward Averaging Panel........ 47

INTRODUCTION

Overview

The **Tax Planner** is a powerful tool that, when properly used, can greatly simplify personal tax planning and can give you, the taxpayer, a clearer and more complete picture of your tax situation. The **Tax Planner** takes data about your financial situation and from them provides answers to important tax planning questions, all at a glance:

- How much more income could you earn without increasing your tax rate?
- What effects do present deductions have on tax paid?
- How could other available deductions affect your tax situation?
- What other avenues are available as deductions or additional income sources, and how do these options affect the total tax paid?

The **Tax Planner** can quickly answer these questions and more.

Despite its power and versatility, the **Tax Planner** is easy to use. Procedures for entering data and producing reports are clear and logical.

Financial modelling -- 'what if' experimentation -- is easy to perform simply by changing numbers around and checking the results, or by setting up different financial profiles and comparing the overall tax reports.

Tax planning should not be a sudden frantic rush at tax time; it should be an on-going, year-round consideration. The **Tax Planner** is there to help you throughout that process.

Hardware requirements

- ADAM computer system with printer
- SmartBASIC Digital Data Pack

Package Contents

- **Tax Planner** Digital Data Pack
- User's Guide
- Reference Card

GETTING ACQUAINTED

Startup

1. Turn on ADAM.
2. Insert your SmartBASIC Digital Data pack into drive A.
3. Press **Reset**.
4. When the SmartBASIC message appears, insert your **Joy of Tax** Digital Data Pack into drive A.
5. Type **run tax.analyse** and press **Return.**
6. Sit back while ADAM loads the **Tax Planner** program. This may take up to 7 minutes.

Note: If ADAM informs you of an I/O (Input/Output) error, type **run tax.analyse** again and press **Return.**

Tax Planner is now ready to go.

Profile IDs and Passwords

Profile IDs: These are used to identify particular **Tax Planner** profiles (financial descriptions) that you create. A valid profile ID is any combination of three letters or numbers; however, as an aid to memory, we suggest that you use the initials of the person for whom you are creating the profile. If you will be creating more than one profile for each person, use two initials and a distinguishing number.

Valid Profile IDs: JED, JD1, JD2, etc.

Passwords: These are used to keep personal tax data secure from others who may be using the computer. A valid Password is a combination of up to six letters or numbers. You may assign a different password to each profile you create, or you may use one password that covers all profiles in the system. However you decide to do it, we recommend that you use passwords that are easy to remember. **A profile cannot be accessed without the correct password.**

Signon

When you have loaded **Tax Planner**, you will be prompted to enter a **Tax Planner** profile ID. Create a new profile by entering a new ID (three letters and/or numbers). You will now be asked for a password. Type in your password (up to six letters and/or numbers) and press **Enter.**

When you type in a password, you will not see the characters on the screen. This is for added security.

When you are entering a password for the first time -- for example, for a new profile -- the system will ask you to verify the password. Type it in again, exactly as you did the first time, and press **Enter.** If both entries of the password do not match exactly, you will be asked to enter the password again.

When you enter the password for a profile that has already been created -- that is, when you are subsequently accessing a profile -- you need only enter the password

once. As before, however, the password will not appear on the screen. If you enter an incorrect password, ADAM will exit from **Tax Planner.** If this happens, type in **run tax.analyse** again and press **Return.**

once. As before, however, the password will not appear on the screen. If you enter an incorrect password, ADAM will exit from Tax Planner. If this happens, type in run tax planner again and press Return.

ENTERING DATA

Information is entered into the **Tax Planner** through the use of menus and data panels.

Menus

A menu is simply a list of options or directions that may be taken. To select an option from a menu, press the Smart Key corresponding to the menu option that you want to select.

Some menu selections will take you to a **sub-menu** requiring you to make another selection. These sub-menus work the same way as the main menu. You can return to the main menu by pressing **Esc.**

Data Panels

Menu selections will usually take you to data panels. These ask you to provide the **Tax Planner** with data needed for tax calculations.

A data panel basically consists of a number of questions and spaces -- **entry fields** -- in which to answer them. When you enter a data panel, the cursor is at the first entry field. Select the entry field that you want to work with by using **Return** or the **up arrow** and **down arrow.**

To answer a question on a data panel, just type in the information requested and press **Return.** The information will be entered, and the cursor will move to the next entry field. If you press **Return** without having entered an answer, **Tax Planner** will assume the answer to be zero -- will "default to zero"-- or No in the case of yes/no questions.

If you enter a data panel that already has data entered, you can change any of the data by simply positioning the cursor on the entry field that you want to change, typing the new information and pressing **Return.** If the cursor is on a field that already has data entered and you press **Return** without entering another value, the entry will remain unchanged and the cursor will move to the next entry field.

When entering numeric answers, Tax Planner will allow only two digits after the decimal point. If there are no cents in your answer, you need only enter the number of dollars. Thus, $100 could be entered as:

100.00 or 100

When an entry is negative, enter the minus sign before the number.

As a general rule, you should enter answers as positive numbers whether they represent income or deductions. The only time you may need a minus sign is where the answer could be either positive or negative and you must distinguish between the two situations. **Tax Planner** will tell you where this may be the case.

The largest allowable entry is 9999999.99 (either positive or negative).

At any time while on a data panel, the following key commands are available to you:

Escape Pressing **Escape** will return you to the previous menu. Any data entered on that panel will be retained as long as you pressed the **Return** key after making each entry or change. Any information you entered without pressing **Return** will not be retained.

Backspace The **Backspace** key moves the cursor backwards one character at a time on an entry field, allowing you to correct an entry. If the cursor is at the beginning of an entry field, the cursor does not move.

Note: Information entered on data panels is not automatically saved to the Digital Data Pack for permanent storage unless you request ADAM to do so. In other words, if you quit without saving, any information you have added in this session is lost. To permanently store information, select **Save Data** (Smart Key I) on the Exit Menu.

REPORTING

Reports illustrate the results of calculations using the information entered through data panels.

The **Tax Planner** can produce two general categories of report.

Detail Reports

The **Tax Planner** Detail Report gives a complete breakdown of all of the components of a profile. This clearly shows the effects each factor has on your overall tax picture and makes it easier for you to fill out your tax return.

The Detail Report demonstrates the true power of the **Tax Planner.** As well as automatically inserting values into the report where conditions require, the program also modifies information that you have entered where necessary because of legal limitations -- for example, where a deduction you have entered is not warranted by your taxable income, the **Tax Planner** automatically decreases the amount of the deduction to the allowed maximum.

Summary Reports

For a quick overview of your tax status, or for financial modelling, you will probably find this the most useful feature of the **Tax Planner.** The Summary Report illustrates the profile's current tax situation, listing taxable income, total tax payable, and marginal and average tax rates (see "Appendix A. Tax Rates" on page 15).

The Summary Report also displays a number of variations in the income stated in the profile, demonstrating how income changes affect tax payable and marginal and average rates.

Examples of the Detail Report and the Summary Report are included in Appendix H.

FINANCIAL MODELLING

One of the greatest benefits of the **Tax Planner** is the ease with which you can explore "what if" scenarios.

To investigate the effect of changes in income or deductions, enter hypothetical figures in the data panel entry fields and then run the reports. This way you can easily see how the overall tax picture changes.

Note that any value entered in any entry field will be lost when you exit from the program, unless you specifically save the data. Saved data will be displayed when you sign on again with that ID.

You might find it more convenient to keep hypothetical data on a separate profile. You can then manipulate that profile without affecting the "true" situation.

APPENDIX A. TAX RATES

Average Tax Rate (A.T.R.)

Average Tax Rate is a statement of total tax paid as a percentage of net income.

$$\text{A.T.R.} = \frac{\text{TOTAL TAX}}{\text{NET INCOME}} \times 100\%$$

Marginal Tax Rate (M.T.R.)

The marginal tax rate is an expression of the tax paid on the next dollar of income. In other words, if your net income were to increase by one dollar, your marginal tax rate would be the percentage tax you would pay on that dollar.

$$\text{M.T.R.} = \frac{\text{CHANGE IN TAX}}{\text{CHANGE IN INCOME}} \times 100\%$$

By examining the effects of changes in income on marginal tax rate, you can see the relative tax brackets that exist in an indexed tax structure. Note that a change in income not only affects taxable income but can also drastically change the rate at which tax is paid.

APPENDIX B. INCOME OR TAX SHELTERS IN OTHER PROVINCES

The choice of province on the personal profile determines the tax rate used to calculate provincial tax.

A complication arises if a taxpayer receives income from a business with a permanent establishment in a province other than the one in which he resided at the end of the tax year (that is, other than the province selected as province of residence on the profile). Current tax laws state that such a taxpayer must allocate income between provinces from which he received income and pay the appropriate provincial tax on such income. The same situation applies to tax shelters.

APPENDIX C. REVENUE CANADA PUBLICATIONS

Self-Employed Income

Booklets:

- Small Business
- Starting a Business
- Commission Earnings

Rental Income

Booklet:

- Rental Income

Allowable Employment Expenses

Booklet:

- Commission Earnings
- Travel Expenses

Interpretation Bulletins:

- Contact Revenue Canada for current Interpretation Bulletins

General Publication

Probably the best general reference book is:

- Preparing Your Income Tax Returns (CCH Canadian Ltd.)

APPENDIX D. PARTIAL DEDUCTION FOR DEPENDENTS EARNING INCOME

If dependent children earn income over a certain threshold value, you will not be able to claim full deduction for them. This is why **Tax Planner** requires you to include any such partial deductions under Deductions for Other Dependents.

The calculation of partial deduction breaks down into two cases:

Dependent children Under 18 Years of Age

Here the threshold value for the child's income is $2,540. If a dependent child's income exceeds this value, you must calculate the partial deduction as follows:

Subtract $2,540 from the child's income, divide by two and subtract that value from the basic exemption ($710). The result is the allowable deductions.

As a formula:

$$\text{Allowable Deduction} = 710 - \frac{\text{Income} - 2540}{2}$$

Dependent Children 18 Years of Age and Over

In this case the threshold value is $2,600. If a dependent child's income exceeds this value, you must calculate the partial deduction as follows:

Subtract $2,600 from the child's income and subtract that value from the basic exemption ($1,360). The result is the allowable deduction.

As a formula:

Allowable Deduction = 1,360 - (Income - 2,600)

Include any such partial deductions under Deductions for Other Dependents.

Example: A 20-year-old dependent child earned $3,000 in the present tax year. This is over the threshold value ($2,600) so calculate the allowable partial deduction as follows:

Allowable Deduction = 1,360 - (3,000 - 2,600)
= 1,360 - 400
= $960

APPENDIX E. C.P.P. CONTRIBUTION ON SELF-EMPLOYED EARNINGS

To calculate your required Canada Pension Plan contribution, take your net self-employed earnings and add any pensionable earnings from regular employment (Box C on your T4 slips). From this total -- your total pensionable earnings -- subtract a basic exemption of $1800. Multiply the result by 3.6% (0.036) and subtract any C.P.P. contributions already made. This yields the C.P.P. contribution payable.

Note: The maximum C.P.P. contribution is $677.

Example: Your net self-employed earnings are $27,000 and your total pensionable earnings from regular employment are $4,000. You have already contributed $80 to the Canada Pension Plan. Calculate your required C.P.P. contribution as follows:

Contribution = (((27,000 + 4,000) - 1,800) x 0.036) - 80
= ((31,000 - 1,800) x 0.036) - 80
= (29,200 x 0.036) - 80
= 1,051.20 - 80
= $971.20

This is over the maximum C.P.P. contribution ($677). Therefore your actual contribution due is the maximum minus the amount already paid:

Contribution = 677 - 80 = $597

APPENDIX F. EARNED INCOME

Earned Income is the sum of:

Total income from employment (including tips and gratuities)
+ net self-employed income excluding losses
+ training allowances
+ taxable portions of scholarships, bursaries, fellowships and similar awards
+ net research grants
+ pension benefits
+ retiring allowances
+ maintenance payments
+ alimony
+ RRSP, DPSP, RHOSP income
+ rental income from real property
– business losses
– rental losses.

APPENDIX G. RHOSP "TOP-UP"

To stimulate building of homes, Revenue Canada has recently brought in a so-called "RHOSP top-up" plan that could provide you with a significant deduction if you have bought a home recently or are planning to buy one this tax year.

There are several strict criteria for eligibility for this deduction:

1. You must currently own or be eligible for a Registered Home Ownership Savings Plan (RHOSP).
2. You must purchase your home and move in during the current tax year or within 60 days of year end.
3. The home in question must be **new** -- never been lived in -- and must not have received a Federal Stimulation Grant.

The "top-up" deduction works as follows.

The total allowable lifetime contribution to a RHOSP is $10,000. The difference between your present total contribution and this maximum figure is the "top-up" amount, and can be claimed as a deduction (to be included under "Other Deductions" in the **Tax Planner**).

As an example, assume you have contributed a total of $7,000 to your RHOSP and you are now buying a home that meets the criteria above. Your "top-up" amount is $3,000. Thus you can claim $3,000 among your Other Deductions.

This "top-up" option is still open to you even if you contributed nothing to a RHOSP. As long as you are eligible for a RHOSP and you purchase an eligible home, you can claim a "top-up" deduction of the full $10,000.

Only one "top-up" deduction can be claimed per household.

Note: As of this writing, Revenue Canada intends to discontinue the "top-up" option after the 1984 tax year.

APPENDIX H. SAMPLE REPORTS

DETAIL TAX STATUS REPORT

TAXPAYER: JOHN SMITH — PROVINCE: BRITISH COLUMBIA

TOTAL EARNINGS	35400.00
EMPLOYMENT EXPENSES	1000.00
NET EARNINGS	34400.00
OAS AND CPP INCOME	0.00
OTHER PENSION INCOME	0.00
FAMILY ALLOWANCE INCOME	500.00
UIC INCOME	0.00
TAXABLE CANADIAN DIVIDENDS	100.00
INTEREST AND INVESTMENT INCOME	0.00
RENTAL AND OTHER INCOME	3600.00
TAXABLE CAPITAL GAINS	0.00
ISIP TAXABLE CAPITAL GAINS	0.00
SELF EMPLOYED INCOME	4000.00
TOTAL INCOME	42600.00

DEDUCTIONS

CCP AND UIC CONTRIBUTIONS	500.00
RRSP CONTRIBUTIONS	2500.00
OTHER RSP CONTRIBUTIONS	1000.00
RHOSP CONTRIBUTIONS	500.00
UNION, PROFESSIONAL DUES	0.00
TUITION FEES	1000.00
CHILD CARE EXPENSES	0.00
BUSINESS INVESTMENT LOSSES	500.00
OTHER DEDUCTIONS	1000.00

NET INCOME 35600.00

FORWARD AVERAGE WITHDRAWAL AMOUNT	0.00
BASIC PERSONAL EXEMPTION	3960.00
AGE EXEMPTION	0.00
MARRIED EXEMPTION	0.00
CHILD EXEMPTIONS	2070.00
OTHER DEPENDANT EXEMPTIONS	0.00
MEDICAL/CHARITABLE DONATIONS	500.00
INTEREST DIVIDENDS, C.G. DEDUCTIONS	100.00
PENSION INCOME DEDUCTIONS	0.00
BLIND/INFIRM DEDUCTION	0.00
EDUCATION DEDUCTION	0.00
DEDUCTIONS FROM SPOUSE	0.00
GIFTS TO CANADA OR PROVINCE	500.00
LOSSES OF OTHER YEARS	0.00
FORWARD AVERAGE ELECTION	0.00
TAXABLE INCOME	28470.00

DETAIL TAX STATUS REPORT

TAXABLE INCOME		28470.00
DIVIDENDS TAX CREDIT	22.66	
BASIC FEDERAL CREDIT		5798.34
FEDERAL TAX CREDITS	200.00	
FED FORWARD AVERAGE TAX		0.00
NET FEDERAL TAX PAYABLE		5598.34
PROVINCIAL TAX		2551.27
PROVINCIAL TAX CREDITS	0.00	
PROV FORWARD AVERAGE TAX		0.00
NET PROVINCIAL TAX PAYABLE		2551.27
TOTAL TAX PAYABLE		8149.61
CHILD TAX CREDIT	0.00	
FORWARD AVERAGE FEDERAL TAX CREDIT	0.00	
FORWARD AVERAGE PROVINCIAL TAX CREDIT	0.00	
NET TAX PAYABLE		8149.61

SUMMARY TAX STATUS REPORT

TAXPAYER: JOHN SMITH | PROVINCE: BRITISH COLUMBIA

TAXABLE INCOME	28470.00	AVERAGE TAX RATE	19.13
TOTAL TAX	8149.61	MARGINAL TAX RATE	36.00

CHANGE INCOME	CHANGE TAX PAYABLE	MARG. RATE	AV. RATE
+10000	4019.37	40.19	23.13
+5000	1832.26	36.65	20.97
+4000	1440.00	36.00	20.58
+3000	1080.00	36.00	20.24
+2000	720.00	36.00	19.89
+1000	360.00	36.00	19.52
+500	180.00	36.00	19.33
+100	36.00	36.00	19.17
-100	36.00-	36.00	19.09
-500	180.00-	36.00	18.93
-1000	360.00-	36.00	18.73
-2000	720.00-	36.00	18.30
-3000	1080.00-	36.00	17.85
-4000	1440.00-	36.00	17.38
-5000	1800.00-	36.00	16.89
-10000	3521.20-	35.21	14.20

APPENDIX I. HELP TEXT

PERSONAL PROFILE PANEL

1. **Name**
   You may enter up to 30 characters or numbers in the name field. The name you enter will appear on all menus, data panels and reports associated with this profile.

2. **Residence Indicator**
   Select the correct code from the following table to indicate the province to be used for tax purposes.

   1. British Columbia
   2. Alberta
   3. Saskatchewan
   4. Manitoba
   5. Ontario
   6. New Brunswick
   7. Nova Scotia
   8. Prince Edward Island
   9. Newfoundland
   10. North West Territories
   11. Yukon Territories

   Note: If you have investments and/or tax shelters in more than one province, you may have to allocate income among the provinces. See Appendix B.

3. **Salaries and Commissions**
   Enter total salaries and income earned from direct employment. This should include salary, wages, tips, commissions, director's fees, bonuses, gratuities and honoraria. Include also any "taxable benefits", e.g. use of a car, a Provincial Health program paid by your employer, room and board paid by your employer,

favourable stock options, etc.. Do not include pension or self-employed income here.

4. **Familly Allowance Income**
Enter the amount of Family Allowance payments to be received this year. Remember that the person who claims the personal exemption for a child must also include the Family Allowance payments in income. Family allowance is currently being paid to a maximum of $359.40 per child per year (figures differ in Alberta).

5. **OAS and CPP Income**
Enter all payments received under the Old Age Security Pension and the Canada Pension Plan. Do not include Guaranteed Income Supplement or Spouse's Allowance amounts.

6. **Other Pension Income**
Enter all pension income from superannuation or pension plans as well as any annuity payments from RRSP or Income Averaging plans (you must be over 65), or deferred Profit Sharing plans (you must be over 60 or receive CPP disability or survivor pension). All such income qualifies for the $1,000 pension income deduction. Pension income that does not qualify includes lump sum payments on withdrawal from a pension fund or RRSP, retiring allowances and pension benefits transferred to RRSPs or RPPs.

7. **Self-employed Income**
Self-employment income may consist of Business, Professional, Commission, Farming and/or Fishing income, with very specific rules and restrictions concerning each. Refer to the appropriate Revenue

Canada Publications (see Appendix C) or consult your accountant.

8. **Unemployment Insurance Benefits**
(Displayed as UIC Benefits)
Enter any Unemployment Insurance payments.

9. **Rental and Other Income (Net)**
This is the "net" income received after deducting all allowable costs for your rental property. Such allowable costs include utilities, among others. Refer to the appropriate Revenue Canada publications (see Appendix C).

10. **Married Exemption**
You may claim an additional personal tax exemption if you were married at any time during the year and supported your spouse. The exemption of $3,470 is reduced by the amount of spouse's total income over $490. If your spouse earned over $3,960 then the married exemption has no effect and you should enter N.

11. **Spouse's Net Income**
Enter your spouse's net income before any personal exemptions. Net income is total income reduced by the deduction categories found under Main Menu selection 2.

Note: You may wish to prepare a profile for your spouse to help you calculate this.

12. Dependents Under 18 Years of Age
These dependents must be wholly dependent on you for support, and, for the purpose of this entry, you must be claiming **full** deduction for them. They may include any person under 18 who is wholly dependent on you and in your custody. Partial deductions should be entered under Additional Personal Exemptions (see Appendix D).

13. Dependents Over 18 Years of Age
These persons must be wholly dependent on you for support, and, for the purpose of this entry, you must be claiming **full** deduction for them. They may include any person under 21 and over 18 who is wholly dependent on you and in your custody. Partial deductions must be entered under Additional Personal Exemptions (see Appendix D).

14. Additional Personal Exemptions
This is a claim for personal exemptions based on dependents other than children and on children who have earned income over the allowed maxima (see Appendix D). You may claim $710 for each person under 18 and $1,360 for each dependent over 18. These dependents are typically parents, grandparents, aunts, uncles, brothers, or sisters. They may include in-laws. The claim is reduced if, in the present tax year, the dependent received income totalling over $2,600 (if 18 or over). For calculation, see Appendix D.

Note: This exemption is not available for non-resident dependents other than a spouse or children.

15. Age Exemption
The age exemption is $2,480. Enter **Y** if you will be 65 years of age or older at the end of the year. Otherwise enter **N.**

DEDUCTIONS PANEL

1. **CPP Contributions**
Enter the total amount you expect to pay this year for CPP. The maximum is $338.40.

Note: If you are self-employed, calculate your required CPP contribution as described in Appendix E.

If you have paid more than the maximum, enter only the maximum on this line. Overpayments have no direct effect on tax analysis. Remember to enter the full amount paid on your tax return, however.

2. **UIC Contributions**
Enter the total amount you expect to pay this year for UIC. The maximum is $508.56. If you have paid more than the maximum, enter only the maximum on this line. Overpayments have no direct effect on tax analysis. Remember to enter the full amount paid on your tax return, however.

3. **Registered Retirement Savings Plans**
Enter your contributions to an RRSP during the year, including transfers from a pension plan to another RRSP or equivalent plan. The maximum contribution is 20% of earned income to an absolute maximum of

$5,500. If you contribute to an employer's Registered Pension Plan, then the absolute maximum is lowered to $3,500 less the amount contributed to the employer's plan. The latter contribution is entered on the next line: Other Registered Pension Plan Contributions.

4. **Other Registered Pension Plans**
Enter contributions to an employer's Registered Pension Plan to a maximum of $3,500. Note that if you are contributing to an employer's plan, the $3,500 maximum refers to the total of contributions to both employer's plans and your RRSP.

5. **Registered Home Ownership Savings Plan**
Enter contributions made to a Registered Home Ownership Savings Plan during the year. You may contribute up to $1,000 per year to a lifetime maximum of $10,000. You may only have one plan in your lifetime. For the 1984 tax year, there is a special RHOSP "top-up" contribution that can be included in Other Deductions. Refer to Appendix G.

6. **Business Investment Losses**
This is a special category of capital losses incurred as a result of owning shares or debt of a Canadian-controlled Private Corporation. Note that the corporation must be private (i.e. the shares are not publicly traded). Enter one half of your capital loss. Note that the $2,000 limit on deduction of capital losses does not apply here.

7. **Losses for Other Years**
You may elect to spread out your losses over different years. Enter the amount of past losses you wish to recognize this year. Remember to enter only one-half of your capital losses net of capital gains. Also remember that the total of capital losses claimed for the current year and capital losses from other years cannot exceed $2,000.

8. **Union and Professional Dues**
Enter dues or fees paid to a trade union or professional association of which you were a member during the year.

9. **Child Care Expenses**
Child care expenses include the cost of babysitting, daycare and up to $60 per week for boarding. The child must be under 14 years old or a dependent due to infirmity. You must have to pay the expense in order to take employment. The maximum claim is $2,000 per child up to $8,000 per family or two-thirds of your earned income, whichever is less. Earned income is defined in Appendix F.

10. **Alimony and Maintenance Payments**
Enter all alimony and maintenance payments that you will make during the year. Only regular payments under a decree, order, judgement or written agreement qualify.

Note: In the year of separation or divorce, you can **either** claim personal exemption for the estranged spouse and children **or** deduct any alimony or maintenance payments, whichever provides the greatest advantage.

11. **Allowable Employment Expenses**
Enter your allowable employment expenses. These normally include travelling expenses and commissioned salesmen's expenses. Naturally these are expenses for which you are not reimbursed by your employer. Allowable expenses are explained in more detail in the appropriate Revenue Canada publications (see Appendix C).

Note: The program does not display the standard exemption. If you enter a greater value than this, you must be able to support it with receipts.

12. **Other Deductions**
Common deductions include moving expenses, special RHOSP "top-up" deduction (see Appendix G), qualifying investments in petroleum exploration ventures or Canadian motion pictures/videos, and repayments with respect to CPP or UIC benefits, family allowance, salary or wages, scholarships, fellowships, bursaries or research grants.

INTEREST, DIVIDENDS AND CAPITAL GAINS PANEL

1. **Taxable Dividends from Canadian Corporations**
Enter all eligible dividends you expect to receive from taxable Canadian corporations (listed on T5 slips in the Eligible Dividends Box (B)). If including a spouse's dividends in your income would make you eligible for a married deduction or increase your present married deduction, you may do so. If you have not yet received your T5 slips, estimate your total dividends then multiply the total by 1.5. Enter the result in this field.

2. **Dividends Not Eligible for Dividend Deduction**
These include dividends you expect to receive from Canadian corporations that are not eligible for the Interest, Dividends and Capital Gains Deduction (listed on T5 slips in Box (F)).

3. **Interest from Canadian Sources**
Enter here the amount of interest you expect to receive from Canadian savings accounts, term deposits, bonds, etc.. Note that with Canada Savings Bonds you have the option of including bonus interest coupons for the year even though you haven't cashed them in (this may be advantageous in order to avoid having to include them all at once in the future). Also note that you could, alternatively, include one-half of such CSB bonus as a taxable capital gain. Use whichever method is of greatest benefit (test this out using financial modelling).

4. **Investment Income not Eligible**
Include here any other income (not included above) that you will receive as a result of your ownership of shares, bonds, deposits, mortgages, patents or any other financial instrument with the exception of real estate. Specifically, this might include dividends from foreign corporations.

5. **Interest on Money Borrowed for Eligible Investments**
(Displayed as "Eligible Carrying Charges")
Enter here any interest charges incurred on money borrowed to make investments that are eligible for the Interest, Dividends and Capital Gains Deduction. Primarily this will be money borrowed to purchase shares or bonds issued by a Canadian Corporation.

6. **Other Carrying Charges**
Enter here any reasonable expenses incurred in order to earn investment income. This includes interest on money borrowed to invest, consulting fees, management fees, accounting fees, safety deposit box charges, etc. Do not include interest on money borrowed to earn income eligible for the Interest, Dividends and Capital Gains deduction. Carrying charges can include RRSP administration fees **if and only if** these fees are paid directly and not as a deduction from the RRSP itself.

7. **Taxable Capital Gains/Losses**
A capital gain or loss results from the selling of property (e.g. real estate or shares). The tax law governing capital gains is extremely complex; gains or losses are allowed to various amounts depending on the type of property. For detailed information you should consult your accountant or advisor. Generally

speaking you should include here one-half of your capital gains or losses expected this year. The amount entered cannot be less than -$2,000. Excess losses may be claimed in later years.

Note: Remember that the total of taxable losses for the present year plus declared taxable capital losses for previous years may not exceed $2,000.

8. **Taxable ISIP Gains or Losses**
Enter 12.5% (i.e. the taxable amount) of the capital gains or losses expected in your Indexed Security Investment Plan. These gains or losses are calculated after the costs of your investments have been inflation adjusted based on the percentage change in the CPI. Any estimate of these gains/losses must therefore include some estimate of the expected change in the Consumer Price Index. Each January your ISIP carrier will inform you of actual taxable gains or losses.

SPECIAL DEDUCTIONS PANEL

1. **Medical Expenses**
(Subheading of "Special Situations" on the main menu)
You may claim medical or dental expenses for yourself, your spouse and any dependents. Expenses include fees, equipment costs, prescription costs, etc.. They do not include government health plan premiums or the cost of birth control pills.
Eligible expenses incurred do not have to coincide with a calendar year. Expenses can be claimed for any twelve-month period ending during the present tax year.

2. **Charitable Donations**
Enter the amount of total donations to Registered Charities, Canadian Amateur Athletic Associations and approved educational institutions. Charitable donations are limited to 20% of net income. Excess donations can be carried forward for up to 5 years.

3. **Deductions for Blind or Infirm Persons**
Enter $2,480 each for yourself or for dependents for whom you have claimed exemptions who were blind or confined to a bed/wheelchair during the year.

4. **Tuition Fees**
Only the student can claim tuition fees. These fees must be over $100, and must be supported by an authorized tuition fee certificate.

5. **Education Deduction**
Enter $50 per month for each full or part month you were in full-time attendance at a qualified educational institution. This deduction must be supported by a T2202 or T2202A form. Any deduction remaining after the student's taxable income has been reduced to zero can be used by a supporting parent.

6. **Gifts to Canada or Province**
Enter the total amount of such gifts up to 100% of your taxable income. Excesses may be carried forward for up to 5 years.

7. **Deductions Transferred from Spouse**
Deductions transferrable are the spouse's allowable deductions less the excess of the spouse's net income over $3,960. Deductions include age exemption, blind/infirm exemption and education deduction. Deductions can also include the lesser of:

   a. the total of both Interest, Dividend and Capital Gains Deduction (maximum $1,000) and the Pension Deduction (maximum $1,000) that your spouse could claim.

   or,

   b. $3,470 less the Married Exemption claimed.

   For information on eligibility for the various deductions, consult the respective help areas.

8. **Federal Tax Reduction From Spouse**
(Displayed as "unused from spouse")
Enter here any unused portion of your spouse's federal tax reduction. This amount is shown in column 4 of the Tax Table included in Revenue Canada's General Tax Guide. The maximum entry is $200.

9. **Tax Credits -- Federal**
Enter any tax credits that will directly reduce your Federal taxes payable. Contact Revenue Canada or your accountant to determine what credits you are eligible for and the rules applying to each one. Examples of credits are the Political Contribution Tax Credit and the Foreign Tax Credit.

10. Tax Credits -- Provincial
Enter here any tax credits that will directly reduce your Provincial taxes payable. Contact Revenue Canada or your accountant to determine what credits you are eligible for and the rules applying to each one. Examples of credits are the Provincial Political Contribution Tax Credit and the Sales Tax Credit (Ontario).

CHILD TAX CREDIT PANEL

1. **Child Tax Credits -- Number of Eligible Dependents**
The person receiving the Family Allowance payments for a child may claim the Child Tax Credit; this is normally the wife. Enter the number of dependents for whom you will receive Family Allowance payments in the month of January in the year following this taxation year.

2. **Child Tax Credit -- Spouse's Net Income**
Enter you spouse's net income. Net income means income before the deduction of personal exemptions.

3. **Child Tax Credit -- Net Income of Supporting Person**
Enter the net income of any person who acted as the other parent of a child but to whom you were not married, or any person other than the spouse who claimed the child as a dependent.

FORWARD AVERAGING PANEL

1. **Forward Averaging -- Adjusted Income**
If you do not know your adjusted income amount, press "Return" and then fill in lines 2, 3 and 4: your net income history. The amount will be calculated for you.

   Forward averaging is generally useful only if you expect to be in a lower tax bracket in later years. It may help avoid high taxation for odd years of exceptionally high income.

2. **Forward Averaging -- Net Income Prior Years**
Consult previous tax returns.

3. **Amount for Forward Averaging**
Enter the amount of your eligible income you wish to forward average this year. The minimum is $1,000. Eligible income is the lesser of:

a. the difference between your net income this year and your Adjusted Income (see Help Area 1 for this panel).

or,

b. your Taxable Income (before Forward Averaging).

4. **Amount of Withdrawal**
Enter the amount you want to withdraw up to the amount that you have elected in previous years.

90-DAY LIMITED WARRANTY

Coleco warrants to the original consumer purchaser in Canada that the physical components of this Medium ("medium" refers to the digital data pack or disk) will be free of defects in material and workmanship for 90 days from the date of purchase under normal in-house use.

Coleco's sole and exclusive liability for defects in material and workmanship of the Medium shall be limited to repair or replacement at an authorized Coleco Service Center. This warranty does not obligate Coleco to bear the cost of transportation charges in connection with the repair or replacement of defective parts.

This warranty is invalid if the damage or defect is caused by accident, act of God, consumer abuse, unauthorized alteration or repair, vandalism or misuse.

ANY IMPLIED WARRANTIES ARISING OUT OF THE SALE OF THE MEDIUM INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE LIMITED TO THE ABOVE 90 DAY PERIOD. IN NO EVENT SHALL COLECO BE LIABLE TO ANYONE FOR INCIDENTAL CONSEQUENTIAL, CONTINGENT OR ANY OTHER DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE PURCHASE OR USE OF THE MEDIUM. MOREOVER, COLECO SHALL NOT BE LIABLE FOR ANY CLAIM OF ANY KIND WHATSOEVER BY ANY OTHER PARTY AGAINST THE USER OF THE MEDIUM.

This limited warranty does not extend to the programs contained in the Medium and the accompanying documentation (the "Programs"). Coleco does not warrant the Programs will be free from error or will meet the specific requirements or expectations of the consumer. The consumer assumes complete responsability for any decisions made or actions taken based upon information obtained using the Programs. Any statements made concerning the utility of the Programs are not to be construed as express or implied warranties.

COLECO MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THE PROGRAMS, AND ALL PROGRAMS ARE MADE AVAILABLE SOLELY ON AN "AS IS" BASIS.

IN NO EVENT SHALL COLECO BE LIABLE TO ANYONE FOR INCIDENTAL, CONSEQUENTIAL, CONTINGENT OR ANY OTHER DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE PURCHASE OR USE OF THE PROGRAMS AND THE SOLE AND EXCLUSIVE LIABILITY, IF ANY, OF COLECO, REGARDLESS OF THE FORM OF ACTION, SHALL NOT EXCEED THE PURCHASE PRICE OF THE MEDIUM. MOREOVER, COLECO SHALL NOT BE LIABLE FOR ANY CLAIM OF ANY KIND WHATSOEVER BY ANY OTHER PARTY AGAINST THE USER OF THE PROGRAMS.

SERVICE POLICY

Please read your Owner's Manual carefully before using your Medium. If your Medium fails to operate properly, please refer to the Operating Tips Manual or the Operating Procedures in the Disk Drive Manual. If you cannot correct the malfunction **after** consulting these manuals, please call Customer Service on Coleco's **toll-free service hotline : 1-800-361-2122 or 1-112-361-2122 for British Columbia residents.** This service is in operation from 8h30 to 17h Eastern Time, Monday through Friday.

If Customer Service advises you to return your Medium, please return it postage prepaid and insured, with your name, address, proof of the date of purchase and a brief description of the problem to the Service Center you have been directed to return it to. If your Medium is found to be factory defective during the first 90 days, it will be repaired or replaced at no cost to you. If the Medium is found to have been consumer damaged or abused and therefore not covered by the warranty, then you will be advised, in advance, of repair costs.

If your Medium required service after expiration of the 90 day Limited Warranty period, please call Coleco's toll-free service hotline for instructions on how to proceed: **1-800-361-2122 or 1-112-361-2122 for British Columbia residents.**

IMPORTANT: SAVE YOUR RECEIPTS SHOWING DATE OF PURCHASE.

ERRATA

The Tax Planner

On page 3 of this manual, step 5 should read :

5. Type run **tax.planne** and press **Return.**

Wherever **tax.analyse** appears in the text, please replace by : **tax.planne.**

F-100597 **Item no. 7859**