



Client UPDATE

- FAQ's -

Q – How many years back can I go to add medical expenses that I have not yet claimed on my personal tax return(s)?

A – You can go back up to ten years to submit unclaimed medical expenses.

Q – I just landscaped my business property. Can I write off the cost?

A – CRA will allow all costs as long as: the deduction is claimed in the year the amount is paid, the landscaping is around a building or other structure, the building is owned by you at the time of the work, and the building is used by you primarily for producing income from it. To deduct the expense, one of the principal objectives must be beautification of the area.

Q – How do fish get high?

A – Seaweed.

Q – Is there an easy formula that I can use to calculate my RRIF payout?!

A – You betcha! One divided by (90 minus your spouse's age at December 31st of the prior year) is what your RRIF payout will be for 2018.

Q – I heard that there's a new rule for charitable donations.

A – You are right! Going forward, all official charitable donation receipts must now include the following website address:

canada.ca/charities-giving

We are pleased to announce that Gary A. Freedman, CPA, CA has once again been asked to serve as a member of the Practice Inspection Committee for the Chartered Professional Accountants of Ontario. This body oversees all practicing Chartered Professional Accountants in the province.

Govt. Action Against Private Businesses TOSI

Tax on Split Income (TOSI) is the biggest CRA tax project since GST and it's not pretty!

TOSI applies if more than one related person owns a private corporation.

In a nutshell: the passive owner will be taxed punitively at the top rate; the passive owner will receive limited tax credits (Dividend and Foreign tax credits); and, the passive owner will receive no personal exemptions other than disability.

TOSI will apply beginning in 2018. It is highly subjective with poorly drafted rules and carries with it great uncertainty.

If you think TOSI might apply to you, we urge you to call us for analysis of any income you have that is derived from private corporations, partnerships, unincorporated businesses, and rentals if more than one related person owns the entity.

Did you hear about the door-to-door security alarm salesman who was always #1 in sales? His trick was to just leave a brochure on the kitchen table if there was nobody home!

Say bye-bye to letting investments sit in Active Private Corporations!

New rules are in place for reducing Small Business Deduction (SDB) on investment income over \$50,000.

Shockingly, once it's over \$150,000, the SDB is completely eliminated and the tax impact will be 14% higher!!!

These rules will apply to taxation years beginning in 2019 for all related companies.

Reductions to SDB will be based on passive income from the previous year. Since 2019 is almost here, it is difficult to reduce passive income when it has been earned consistently over 2018, i.e., interest income.

If you anticipate that your passive income will exceed \$50,000 in 2019, then you should start planning soon.

It is important for you to understand where this rule would or would not apply. Each situation is different and needs to be analyzed as such.

Big Increases to CPP Maximums for 2019

The maximum pensionable earnings under the CPP for 2019 will be \$57,400.

The maximum 2019 employer and employee contribution to the plan will be \$2,748.90 each and the self-employed contribution will be \$5,187.60.

Ask a question or arrange for a no-charge initial consultation at www.freedmanca.com



- WHO WE ARE -

Gary A. Freedman + Associates, Chartered Professional Accountants is a firm which provides personalized, professional advice in all areas of accounting and tax planning. We are part of the QuickBooks ProAdvisor Program.

Known for his approachability, Gary has been committed to his clients for over 25 years and has built his practice by listening to their needs. With his warm and caring personality, clients know that with Gary, what you see is what you get!

The firm's client base consists of manufacturers, builders, daycares, small business owners, sub-contractors, professionals, high tech companies, and registered charities and not-for-profits.

We offer a full range of professional accounting services:

- Accounting & Auditing
- Personal & Corporate Tax
- Estates & Trusts
- Cash Flows
- Bookkeeping, Payroll, HST
- QuickBooks Training
- T4s, T5s & Tax Returns
- Cross Border Issues

Are you conducting business within your TFSA?

If in the eyes of the CRA, you are carrying on a business within your TFSA, you may be taxed on the income. CRA is actively targeting taxpayers who traded aggressively within their TFSA's. If this sounds like you, know that CRA may come calling to audit your TFSA and tax you on your profits.

The man tells his doctor, "Doc, help me, I'm addicted to Twitter!" The doctor replies, "Sorry, I don't follow you..."

**Visit us at
www.freedmanca.com
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info@freedmanca.com**

Where There's a Will, There's a Way!

So you think if you or your spouse becomes incapacitated and you both have signed wills, it's enough if you're both on the deed to your joint property? Think again! Without signed Financial Powers of Attorney, guess who your partner's new partner will be? You guessed it – the good old Ontario government (OPGT, to be exact)!

To be sure that the OPGT doesn't step in "to safeguard the legal and financial interests of adults who are incapacitated or mentally unsound", you MUST have Powers of Attorney in place.

Did you know that you could prepare your Powers of Attorney yourself? There are do-it-yourself POA kits available for just fifty bucks. Or, there are many qualified lawyers who will prepare them for you.

Contact us and we'll tell you where you can purchase your do-it-yourself Power of Attorney kit(s) or we can refer you to a lawyer who can do them for you.

Social Events

Just in time for the office Xmas party, CRA has increased the full allowable per event recoverable HST ITC amount from \$100 to \$150 per person. Should the expense be over \$150 per person, the entire HST ITC would still be only 50% recoverable.



Deadlines

■ Maximize your children's RESP(s) before December 31st
■ Submit all 2018 installments for personal income tax and HST before December 15th

■ Come in to do some RRSP and tax planning for 2019

■ Sell your losing Canadian stocks! To complete settlement by December 31st, the trade date must be before December 27th

■ You've only got two years to get back RRSP over contributions. Don't give CRA a gift; let us file the T3012 for you before it's too late

QuickBooks Tips

Secure your data by backing up your QuickBooks. Set up an automatic schedule. Backing up your QuickBooks is as integral as running your business. You can't have your entire QuickBooks on one system without backing it up because if it crashes, your information is lost.

Use QuickBooks Online and your data are automatically backed up on the Cloud. Otherwise, integrate QuickBooks with your backup solution for extra security.

If I hit it right, it's a slice. If I hit it left, it's a hook. If I hit it straight, it's a miracle.

Will they or won't they?

Will the feds loosen TOSI rules?

Will the feds reduce personal income tax rates to be more consistent with the U.S.?

Will Canada follow the U.S. in allowing corporations to write off capital additions rather than depreciating them over time?

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