

Client UPDATE

We invite you to visit
our website!
www.freedmanca.com

- FAQ's -

Q - Are there any disadvantages to transferring investment income earned personally to a corporation?

A - Yes. Transferring a personal portfolio to a corporation may make it difficult to utilize personal capital losses. As well, adding non-active assets to an active corporation may impact a shareholder's eligibility for the enhanced capital gains deduction.

Q - Is the cost of my safety deposit box deductible?

A - Currently yes, but the 2013 Federal Budget proposes to make the cost of renting a safety deposit box from a financial institution non-deductible.

Q - How can a person go eight days without sleeping?

A - By sleeping at night.

Q - If I contribute \$1000 to charity, how much will I save on my income tax?

A - You save 20% of tax payable on the first \$200 and 40% of tax payable on the remaining \$800, for a total tax savings to you of \$360. For donations made after March 20, 2013 qualifying first time donors may receive an additional Federal Tax Credit of 25% of the first \$1000 of monetary donations over and above the amounts listed above.

Q - I only get a T4. Do I really need to do tax planning?

A - Yes, yes, yes, and yes.

Thinking of Retiring at 65? Think Again!

Postponing retirement can significantly increase your retirement income.

As long as you continue working and making contributions, CPP regulations provide for an incentive of .7%/month for each month that a claim for benefits is postponed beyond one's 65th birthday up to the 70th birthday.

At age 70, that translates to an up to 42% boost in benefits.

As well, receiving OAS can be deferred by as much as five years. Postponing results in a gain of .6%/month for each month past the 65th birthday that you do not receive benefits. That is a 36% potential gain in benefits at age 70.

A sign on the lawn at a drug rehab center said: 'Keep off the Grass.'

Business Owners

For those of you considering taking advantage of income splitting loans with family members, you should know that CRA has raised the current prescribed interest rate from 1% to 2%.

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

We were late remitting our payroll tax. Is that a problem?

You bet it is! You will be charged high penalties if your payroll tax remittances are late, so make sure you set up a system to ensure they are paid on time.

CRA also charges penalties for failing to deduct or withhold payroll taxes as required. The minimum penalty is 10%, and 20% will be charged when the failure to deduct was made knowingly or because of gross negligence.

For more information on payroll deductions, see the CRA web page at: <http://www.cra-arc.gc.ca/tx/bnsns/tpcs/pyrll/me nu-eng.html>.

If lawyers are disbarred and clergymen defrocked, then doesn't it follow that electricians can be delighted, musicians denoted, cowboys deranged, models deposed, tree surgeons debarked, and dry cleaners depressed?

Employer Health Tax Exemption Increased

Starting Jan. 1, 2014, the Employer Health Tax Exemption for private-sector employers, including small businesses, charities and not-for-profit organizations, will increase from \$400,000 to \$450,000. So, any of the above entities with payroll under \$450,000 do not have to file and remit Ontario Health Tax.



WHO WE ARE -

Gary A. Freedman + Associates, Chartered Accountant is a firm which provides personalized, professional advice in all areas of accounting and tax planning.

Known for his approachability, Gary has been committed to his clients for more than 20 years, and has built his practice by listening to their needs. With his warm and caring personality, clients know that with Gary, what they see is what they get!

The firm's client base consists of small business owners, builders, manufacturers, sub-contractors, daycares, 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 Planning & Tax Returns
- Family Trusts
- Bookkeeping, Payroll, WSIB
- QuickBooks Training

Investment losses may be deductible against other income

If you have invested in a private Canadian company that has failed, and your investment is uncollectible, you may be able to write off the investment and claim a deduction of 50% of the amount invested against all other sources of income. In essence, the investment is changing from a capital loss to a business loss.

We can review your investment to see if you are eligible for tax relief.

Why isn't the number 11 pronounced onety-one?

Visit us at

www.freedmanca.com

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or e-mail us at

info@freedmanca.com

Change is on the Way

2013's federal budget tax changes brought some not-so-good news for many private companies, but planning for these changes can soften the blow.

For example, some business owners may face more tax on dividends from their companies in 2014. If your company pays tax on its income at the small business rate, or earns investment income, you face a potential tax increase starting in 2014 when the company pays you "non-eligible" dividends from that income.

As a result of the changes announced in the budget, the top tax rate on these dividends paid in 2014 and after will increase from 32.5% to 35%.

You may want to have your company pay you non-eligible dividends in 2013 rather than 2014, to save on this tax increase.

Please contact us if you would like us to help you start planning in order to save money.

Deduction Deadlines

• A number of payments need to be made by December 31st to be deductible in 2013, including:

- Alimony payments
- Charitable donations
- Child care expense payments
- Political contributions
- Contributions to your RRSP (if you turn 71 in 2013)



Will giving a TFSA as a gift affect my limit?

No, go ahead and surprise him/her with the gift of a TFSA contribution. While this doesn't get you any tax benefits in return, neither does it affect your own contribution maximum.

QuickBooks Tips

Use right click menus!

QuickBooks makes extensive use of right-click menus throughout the program. Try them out anywhere you want to do something instead of heading to the toolbar icons & menus.

For example, highlight an entry in the Chart of Accounts, and you can perform myriad tasks, such as editing or adding an account, customizing the columns, transferring funds, or getting a QuickReport.

Lexiphiles

- The professor discovered that her theory of earthquakes... was on shaky ground.
- The batteries were given out... free of charge.
- After a dentist and manicurist wed... they fought tooth and nail.
- A boiled egg is... hard to beat.
- When fish are in schools they sometimes... take debate.

Elimination of the Penny

Effective February 4, 2013, circulation of the penny coin in Canada ceased. This affected *only cash* transactions. Non-cash or electronic payments such as cheques, credit and debit cards, and gift cards will continue to be settled to the cent.

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