



# Client UPDATE

~Like us on Facebook~

## FAQ's –

**Q** – I've been clawed back on the OAS and now I'm worried that I'll never receive any OAS. Is this a permanent situation?

**A** – Don't worry; the slate is wiped clean every year. Every July 1<sup>st</sup>, CRA recalculates your OAS based on your previous year's tax return.

\*\*\*\*\*

**Q** – Does our not-for-profit qualify to register for HST in order to receive refunds on expenses paid?

**A** – Yes, as long as your percentage of government funding is at least 40% of your total revenue.

\*\*\*\*\*

**Q** – What's round and bad tempered?

**A** – A vicious circle.

\*\*\*\*\*

**Q** – What are the new minimum wages in Ontario?

**A** – Beginning on October 1, 2016 the general rate increases to \$11.40/hour, students under 18 working 28 hours/week or less will receive \$10.70/hour, and alcohol servers will get \$9.90/hour.

\*\*\*\*\*

**Q** – My child just received his first RESP payment. Does he/she have to spend it on tuition?

**A** – No. As long as the child is registered in a post-secondary program, the money can be spent in any way he/she chooses. Tuition, travel, a new car, the choice is theirs (or maybe yours!).

\*\*\*\*\*

## How to Avoid Higher Tax on Sales of Goodwill

If you own a business and you're planning an exit strategy or asset sale, you'll want to get it done by December 31<sup>st</sup>.

Beginning January 1, 2017, changes brought about by the Liberal's 2016 Budget will change the way CRA taxes asset sales. It essentially merges eligible capital property (ECP) into the depreciable property category.

As a result, your incorporated business will pay an additional refundable tax when it disposes of goodwill or other ECP. That tax is not refunded until taxable dividends are paid to shareholders. ECP includes such things as goodwill, customer lists, and franchise rights.

As a small private corporation, goodwill may be the single largest asset you'll have to sell.

If you think you might be affected, consider selling the assets before the end of the year or crystallizing certain gains accrued on the assets through a corporate reorganization.

Call us – we can help!

\*\*\*\*\*

## 2016 Deduction Deadlines

A number of payments need to be made by December 31<sup>st</sup> to be deductible in 2016, including:

- Spousal support payments
- Charitable donations
- Child care expense payments
- Child fitness expenses
- Political contributions
- Contributions to your RRSP if you turn 71 in 2016

\*\*\*\*\*

## Family Trust Advantages

Family trusts are not just for high rollers. If you and your family run a small business, own rental properties, or hold investments, you may benefit from a family trust.

There are several advantages of setting up a trust while you are still alive.

- by making yourself a trustee, you can keep control of the trust assets.

- by getting the assets out of your estate, you can reduce probate fees.

- having your assets in a trust will mean that they will not form part of the public record.

\*\*\*\*\*

"By the time you make ends meet, they move the ends."

\*\*\*\*\*

## Can Condo Boards of Directors be compensated?

Section 56(2) of the Condo Act of Ontario indicates that the board must first pass a bylaw which should include the amount and the period (not to exceed 3 yrs.) for which it wishes to be paid.

A meeting of owners must be called to have them approve a remuneration bylaw for the directors. This bylaw would not be effective without 51% of the owners voting in favour.

\*\*\*\*\*

Did you hear about the fellow whose whole left side was cut off? He's all right now.

\*\*\*\*\*

**Ask a question or arrange for a no-charge initial consultation at [www.freedmanca.com](http://www.freedmanca.com)**

\*\*\*\*\*



## **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 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 they see is what they get!

The firm's client base consists of builders, manufacturers, 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
- Bookkeeping, Payroll, HST
- QuickBooks Training
- T4s, T5s & Tax Returns

\*\*\*\*\*

### **Club Fees**

Membership dues paid to a facility for golf, yachting or other sports are not a deductible business expense.

However, for the purposes of CRA, a facility does not include the dining room, banquet halls, conference rooms, etc.

For example, the cost of purchasing meals and beverages at a golf club before or after the game is deductible subject to the usual 50% limitation, but the green fees are not.

A good strategy to consider when entertaining a client at a golf club is to make sure that the costs of meals and beverages are clearly itemized on any receipt or statement you receive. If the receipt is not clear, no amount will be deductible.

\*\*\*\*\*

**Visit us at**

**www.freedmanca.com**

**Call us at 905-669-7950**

**or e-mail us at**

**info@freedmanca.com**

Fall 2016

## **STOP THE PRESSES**

### **EI PREMIUMS SET TO DECREASE IN 2017**

Beginning January 1, 2017, the new EI rate will be set at \$1.63 per \$100 of insurable earnings, dropping from the current rate of \$1.88 per \$100.

The reduction in the premium rate announced on September 14th will mean up to \$118 per year in payroll savings for Canadian workers.

The good news is that this means even higher savings for employers since for every \$1.00 withheld from an employee the employer pays \$1.40.

\*\*\*\*\*

Officer asks guy unloading garbage out of his pickup into the ditch why he's dumping garbage there. "Don't you see that sign right over your head?"

"Yep," guy replies. "That's why I'm dumping it here, cause it says 'Fine for dumping garbage'".

\*\*\*\*\*

### **Convention Expenses**

You may only deduct the costs of two conventions in any one year.

If food or entertainment is included in the convention price, you are required to deduct \$50/day for these expenses from your claim. This amount can then be charged as an expense under meals and entertainment.

\*\*\*\*\*

Money talks... but all mine ever says is goodbye!

\*\*\*\*\*



## **CPP Changes**

CPP benefits will gradually expand between 2019 and 2023.

During that time, Canadians who earn \$55K or more will increase their monthly CPP contributions from an additional \$7/month in 2019 up to an additional \$34/month in 2023.

This means that by 2023, Canadians who had constant annual income of around \$50K will receive a pension benefit of about \$16K/year, up from the current \$12,000.

Is this a good or a bad thing? Only time will tell!

\*\*\*\*\*

### **QuickBooks Tips** **Customize the icon bar**

QuickBooks comes with a default icon bar on the left side of the screen. You can add, remove, or modify icons to better suit your requirements.

To remove an icon: Go to the View menu and click Customize Icon Bar. Select the icon you want to remove and then click Delete.

To add an icon: Go to View and click Customize Icon Bar then click Add. Select the desired item from the list and change the label and description if you wish. Click OK.

To modify an icon: Go to View and click Customize Icon Bar and select the item you want to modify. Click Edit, make your changes, and then click OK.

\*\*\*\*\*

### **Could a warm weather vacation be calling your name?**

The Tax Court of Canada recently ruled that travel to a warm climate (as advised by a doctor to ease chronic pain) is a legitimate tax deduction.

\*\*\*\*\*

### **Notice to Reader**

Gary A. Freedman + Associates publish this newsletter for information purposes only. It is neither a definitive analysis of any law, nor a substitute for professional advice.