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Client UPDATE

RRSP's as Security

Some taxpayers have pledged their RRSP's as security for a loan, not realizing the tax consequences.

While this allows you to obtain funds without withdrawing from your RRSP, the pledging of the RRSP or any investment within the RRSP will result in the full value of the pledged asset being included in the taxpayer's income for the year.

Using an RRSP as security may still be a better alternative than cashing in the RRSP since the funds will remain in the RRSP for further tax-free growth. If the loan interest is tax deductible the benefit of maintaining the RRSP may be higher.

Once the loan is repaid and the security released, the amount included as income can be deducted. You would not receive this deduction if you had cashed in your RRSP since contribution room is not replenished when funds are withdrawn from an RRSP.

If the cops arrest a mime, do they tell him he has the right to remain silent?



- FAQ's-

Q - Is it necessary for me to file the receipts for the Home Renovation Tax Credit with my tax return?

A - No, you don't need to file the receipts. Just provide us with the breakdown, listing each receipt. You should, however, keep the receipts in case CRA wants to look at them in the future.

Q - My last PST return will be filed on July 23, 2010. After it is filed, can I go back and make adjustments?

A - Yes, you can file one final return by Nov. 23, 2010 after which date you are out of luck!

Q - 40% of all people who come to a party in your home do this?

A - Snoop in your medicine cabinet.

Q - I live in a condominium. Am I still eligible for the Home Renovation Tax Credit?

A - Yes, you are eligible times two! You can claim costs that you have incurred on your own condominium as well as your pro-rated share of the costs that the condominium has spent on your behalf. You should have received a letter from the Board of Directors with this information.

**Call us at 905-669-7950
with your questions or
e-mail us at
gary@freedmanca.com**

Are you Ready?

Ontario will be switching to HST effective July 1, 2010: are you ready?

Since Oct. 14/09 many organizations have been required to self assess the 8% Ontario portion of HST on top of GST charged by suppliers where they have prepaid for supplies of goods and services to be received after July 1/10. Are you affected?

Starting May 1/10 vendors of taxable goods and services accepting prepayment for supplies to which HST will apply must begin charging and reporting HST. Does this apply to you?

As July 1/10 approaches, will you know when to collect Ontario HST, how to track the tax you pay and how to account for Net Tax on your GST/HST returns?

Electronic filing of GST/HST returns will be required of many registrants for periods ending after June 30/10. Does this affect you?

We can help you determine your collecting and reporting requirements, help you discover GST/HST recoveries and most importantly, provide you with ideas to minimize the impact on your business of the changeover from ORST to HST.

- WHO WE ARE -

Gary A. Freedman is a member of the Practice Inspection Committee of the Institute of Chartered Accountants of Ontario, the body which oversees all practicing chartered accountants in the province.

Gary A. Freedman, Chartered Accountant is a firm which provides personalized, professional advice in all areas of accounting and tax planning. Located in Concord, ON we provide services to clients throughout Canada.

Our client base is comprised of a wide range of industries including manufacturing, non-profit, retail, e-commerce, construction, and hospitality.

We are a people-oriented firm who works with our clients to establish and serve their needs.

WE CAN HELP YOU WITH:

- Financial Statements
- Personal, Corporate and Trust Returns
- Accounting & Auditing
- Personal & Corporate Tax Planning
- QuickBooks Training
- Bookkeeping & Payroll Services

These days there are two sides to a balance sheet: the left side and the right side.

On the left side, there is nothing right, & on the right side, there is nothing left.

**For additional information,
e-mail us at
gary@freedmanca.com**

BUDGET HIGHLIGHTS

March 4, 2010

- Read my lips – No tax increases!
- Minimal tax changes
- Tax deferral of stock options will be repealed – 5 year phase-out
- Interest currently paid by CRA on overpaid taxes will decrease from T-bill rate plus 2% to T-bill rate only.

May thy golf ball lie in green pastures, and not in still waters.

HST: POINT OF SALE REBATES

- Good news for Tim Horton's fans: prepared foods/ beverages for immediate consumption sold for no more than \$4 will only be charged 5%, not 13%.
 - Bad news for drivers: gasoline will be charged the full 13%
 - Children's car seats, booster seats, clothing, footwear, and diapers will be taxed at only 5%.
 - Books and newspapers (not including magazines) will be taxed at only 5%.
 - Feminine hygiene products will be taxed at only 5%.
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FOREIGN PROPERTY

If you own property worth more than C\$100K, you must tick off YES on the first page of your personal return. Property that must be reported includes:

- Funds in foreign bank accounts
- Shares of Canadian Corporations on deposit with a foreign broker
- Shares of non-resident corporations, wherever held
- Foreign rental property
- Interests in foreign mutual funds
- An interest in a non-resident entity
- Call for other items

Do cemetery workers prefer the graveyard shift?

Non-Filer?

Better think twice! From January to June 2009, CRA assessed \$63,000,000 in penalties/fines to non-filers.

QuickBooks

QuickBooks Payroll is easy to use. You can calculate & remit payroll taxes, create & print paycheques, ensure you're compliant with government requirements, and e-mail pay stubs to employees. We can teach you how to simplify your payroll with QuickBooks. Call us today with all your QuickBooks questions!

Notice to Reader

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