

# Client UPDATE

## - FAQ's -

**Q** - Why does my HST assessment say that I owe interest from last year?  
**A** - If, in 2011, you owed more than \$3K, you were required to make quarterly HST installments in 2012. If you didn't, you will see interest on your assessment.

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**Q** - What is my RRSP limit?  
**A** - Your limit is calculated and disclosed on your Notice of Assessment each year. Should you exceed the stated limit, CRA will allow you one time only to make an over-contribution of \$2,000. The maximum deduction limit for 2013 is \$23,820.

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**Q** - How is golf like taxes?  
**A** - Well, you drive hard to get to the green, and then you wind up in the hole.

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**Q** - Are employer paid AD&D and CI premiums considered taxable benefits?

**A** - Yes. As a result of the 2012 Federal Budget, employer paid premiums toward accidental death and dismemberment (AD&D) insurance and critical illness (CI) insurance are to be treated as taxable benefits for all coverage for 2013 and later.

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**Q** - Can I review the monthly Financial Statements or Reserve Fund study of my condo?

**A** - Upon written request and reasonable notice to the corporation, you are permitted to examine the records. The board can charge a minimal fee for the labour and copying charges.

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**Be sure to visit  
our website!  
www.freedmanca.com**

## Federal Budget Highlights

### Business Owners/Investors

- Lifetime capital gains limit increased from \$750K to \$800K.
- Tax rate on dividends increased by 1.6%.
- Machinery & equipment straight-line depreciation rate will stay in effect for another 2 years.
- Removal of deduction for Safety Deposit Boxes.
- Review of removal of tax benefits that arise from Testamentary Trusts & Estates. This would be a good time to investigate whether or not a Trust might benefit you.

## Provincial Budget Highlights

### Business Owners

Effective January 2014, the EHT exemption will increase from \$400K to \$450K.

### Individuals

Beginning in 2014, individuals will have the option to receive the Ontario Trillium Benefit in a single payment at the end of the benefit year. Alternatively, they may continue the benefit in regular monthly payments throughout the benefit year.

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

## Condo Flipper?

### Watch out - CRA is looking for you!

If you just sold your investment condo and made a hefty profit, your tax bill might be more than you think. Even if you own up to it being an investment property, you might not be allowed the capital gains tax break and that means a lot of that profit will go to our friends in Ottawa.

Call us for more details.

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### HST mirrors Income Tax

If you buy a car for over \$30K, the maximum amount of HST you can recover on your tax return would be the HST amount on \$30K. This matches the maximum tax depreciation amount on \$30K that is allowable on your income tax return.

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A patient was at her doctor's office for a physical when the doctor gave her grave news.

"You only have six months to live", he said. "Oh doctor, what should I do?"

The doc replied, "Marry an accountant." "Will that make me live longer?" asked the patient.

"No", said the doctor, "it will just SEEM longer."

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### Thinking of Hiring?

You may qualify for a refundable tax credit of up to \$3,000 per placement to hire a student who is participating in a co-operative education program at a recognized Ontario university or college.

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## **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

### **CRA wants you to be more charitable**

Starting in 2013, CRA proposes to introduce a temporary non-refundable First-Time Donor's Super Credit. This new credit effectively adds 25% to the rates used in the calculation of the charitable deduction tax credit for up to \$1000 of monetary donations to a registered charity.

If you and/or your child take the bus or subway, you may be able to claim the Public Tax Amount on your income tax return.

Cartoonist found dead in home. Details are sketchy.

**Visit us at**

**[www.freedmanca.com](http://www.freedmanca.com)**

**call us at 905-669-7950**

**or e-mail us at**

**[info@freedmanca.com](mailto:info@freedmanca.com)**

## **Have you started planning for 2013?**

- Contribute early to your RRSP or RESP for tax-deferred or tax-free growth.
- Maximize your yearly \$5.5K TFSA contribution limit.
- Consider income-splitting opportunities and the use of trusts to obtain additional graduated income tax rates.
- Consider tax deferral opportunities using corporations.
- Consider opportunities to use unrealized stock losses when selling an investment or property.

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You can now deduct \$100 in medical expenses for all the paper cuts you have suffered because the tax form is seventy-five darn pages long!

### **Will taxpayers be "Whistling Dixie"?**

As long as the federal tax collected is \$100K plus, CRA is proposing giving 15% of federal tax collected as a reward to persons that provide information to them about international tax non-compliance.

There is a voluntary disclosure program that will remove penalty and interest if the suspected party fesses up before CRA comes knocking on their door.



## **QuickBooks Tips**

You don't need to zip the QuickBooks backup files (\*.qbb or \*.qbx) because the programs already compress those files.

If you compare their size to the original data file (\*.qbw), you should see that the backup file is about one-fifth the size. Zipping the backup file does compress the file, but only by about 3%; so we don't see it as necessary.

### **Family Tree of Vincent Van Gogh**

- His dizzy aunt - Verti Gogh
- The brother who worked at a convenience store - Stop N Gogh
- A Mexican cousin - A Mee Gogh
- The Mexican cousin's Canadian half-brother - Gring Gogh
- The bouncy nephew - Poe Gogh
- A sister who loved disco - Go Gogh
- A niece who travels the country in an RV - Winnie Bay Gogh
- His accountant Gary Freedman - Accounting to Gogh

### **Bereaved seniors can lose out in many ways**

- There is no one to split income with.
- You may lose some or all of your OAS due to claw back. For 2012, the tax recovery applies to persons whose net income exceeds \$69,562.
- RSP/RIF get folded into one account. The surviving spouse pays income on both RIF's.
- You might lose out on some of your CPP. When one spouse is deceased, CRA will no longer pay two maximum monthly CPP amounts. Rather, they will give only a portion of the deceased's CPP to the surviving spouse.

### **Notice to Reader**

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