

Client UPDATE

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- FAQ's -

Q - Can I leave my TFSA to my spouse?

A - TFSA assets can generally be transferred to a spouse or children upon death tax-free. One spouse must name the other as the TFSA's beneficiary, called a 'successor holder'.

Q - What are the five most wrongly claimed tax deductions?

A - Moving expenses, Medical expenses, Public transit amounts, Interest on student loans, and Tuition and Education expenses.

Q - What year is CRA going to stop sending out cheques for such things as tax refunds, HST refunds, and Canada Child Tax Benefits?

A - As of April 1, 2016 the CRA will only send money via Direct Deposit.

Q - What do bulletproof vests, fire escapes, windshield wipers, and laser printers all have in common?

A - All of these items were invented by women.

Q - Can parents be reimbursed from a trust for any expenses incurred for their children?

A - Parents are entitled to be reimbursed from a trust for such things as school or university tuition, vacations, camp, private tuition, programs, and such lump sum items as a car or house.

2015 Federal Budget

Seniors are the clear winners in this budget. They have the most to gain from a new TFSA contribution limit, a RIFF change that gives them more room to manage withdrawals, and a new tax credit to make their homes more accessible.

1) Personal Tax Measures

- TFSA contribution amount nearly doubles to \$10,000.
- New RIFF withdrawal rules beginning the 2015 tax year.
- Home-accessibility tax credit provides as much as \$1,500 in tax relief to seniors and disabled individuals.
- You may be able to donate proceeds from real estate sales and be exempt from the capital gains tax if you meet certain criteria.
- The budget confirmed measures that went into effect in the 2014 tax year, including the Family Tax Cut.
- The Feds increased the Universal Child Care Benefit and is creating a new benefit to replace the Child Tax Credit.

2) Business Tax Measures

- Ottawa will gradually reduce the small business tax rate to 9% from 11% on the first \$500K a year of active business income.
- The gross-up factor and dividend tax credit rate for non-eligible dividends is being adjusted downward gradually to 9% after 2018.

(Continued in next column)

- The Accelerated capital cost allowance (CCA) is being extended for 10 years. It was due to expire at the end of 2015.
- Machinery and equipment acquired after 2015 but before 2026 will have a favourable CCA rate of 50% for depreciation purposes.

- A simplified form is being developed for reporting foreign property assets for years after 2014 if the total cost of the property is less than \$250,000 throughout the year. The current requirements will continue to apply where the total cost is \$250,000 or more.

The CRA officer told the young lady that she should pay her taxes with a smile. She responded, "I've tried that three times now but they insist on cash or cheque."

Training a New Employee?

You may benefit financially by training a new employee. On average, The Canada-Ontario Job Grant program will fund two-thirds of a worker's eligible training costs, to a maximum of \$10K.

For more information go to Ontario.ca/employee training

A rubber band pistol was confiscated from algebra class because it was a weapon of math disruption.

**Ask a question or
arrange for a no-charge
initial consultation at
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

Are you Really Separated?

For tax purposes, a marital status of separated applies only to persons who have lived separate and apart for a period of at least 90 days.

You are NOT considered separated when you continue to reside in the same household or following a period of living separate, now share a household.

Therefore, if you resided together during the period under review, you are considered to be married or living common-law.

The Mona Lisa has no eyebrows. It was the fashion in Renaissance Florence to shave them off.

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Spring/Summer 2015

Kids Want your Cottage?

The cottage you purchased forty years ago for a few thousand bucks could now be worth thousands!

If you plan to pass it on to your kids, you can't avoid the tax bill but you can make it more palatable. You can sell or gift the property to them now which means you will pay the tax bill now but future capital gains will be their problem, not yours! By structuring the sale so that you loan them the money, you'll be able to spread the capital gains over 5 years.

You might also consider transferring the property to a trust that could help avoid future probate fees when the property is passed through an asset. When transferring property to a trust, be sure you include all the eligible costs when determining capital gain.

Give us a call to discuss other options to minimize the hit to your current cash flow.

I never make the same mistake twice. I make it 5-6 times, just to be sure.

Interest Expense on a Loan

CRA does not permit you to deduct interest expense on a loan to purchase common shares of a company unless there is a reasonable expectation that dividends will be paid to you in the future. You must acquire the shares for the purpose of earning income such as dividends.



Income Splitting

We are often asked with whom we may income split. You may income split with a spouse or common-law partner with a Fair Market Value Loan. With children/grandchildren and nieces/nephews you may income split via a trust with a Fair Market Value Loan. With parents, grandparents, brothers, sisters, and possibly cousins you may income split with either a gift or a Fair Market Value Loan.

It is particularly beneficial to income split with children aged 18-25 who are in university.

Should I file for my kid(s)?

File a tax return for your child if he or she has earned income so that RRSP contribution room will be created.

Bob and David were playing golf together for the first time when Bob teed off and hit his ball into the trees. He swung again and sliced the ball into a deep water hazard. His next swing sent the ball flying over the fence into a busy road. David said, "You really should use an old ball" to which Bob replied, "I've never had an old ball."

QuickBooks Tips Re-sort Lists

Sometimes lists are not alphabetical or there are missing customers or other problems that can be fixed by re-sorting the list.

Right click on a list to re-sort it or re-sort all lists at once by going to the Payee field in the Write Cheques Window, click Control+L, click on the Name button and select Re-sort List.

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