



GARY A. FREEDMAN
+ ASSOCIATES
CHARTERED PROFESSIONAL ACCOUNTANTS

70 Villarboit Crescent, Unit 1 Office: (905) 669-7950
Concord, Ontario L4K 4C7 Fax: (905) 669-7951
www.freedmanca.com Email: info@freedmanca.com

Client UPDATE

~We're on Facebook~

- FAQ's -

Q – My personal tax return was filed and the balance due was paid on time. Why did CRA send me a notice saying that I still owed tax?

A – Since it takes about a month for CRA to post all of the cheques that they receive in April to the taxpayer's account, the notice that you received is likely not correct. The payment that you sent has probably just not yet been posted to your account.

Q – How do I know how much I owe or where my refund is?

A – Set up an account with CRA by going to:
<https://www.canada.ca/en/revenue-agency/services/e-services/cra-mobile-apps.html>

Then you can log into "My Account" whenever you have any questions or concerns about your account.

Q – What do you call someone who can't stick with a diet?

A – A deserter.

Q – When can I stop contributing to the CPP?

A – The earliest that you can elect to stop contributing to CPP is the month that you turn 65.

Q – What installments do I pay if I expect that my income this year will be less than last year?

A – You can base your installments on your projected reduced amount of income. If you're wrong, CRA will just charge you interest on the difference.

CRA claims that CPP Enhancement Increases will benefit you

Starting Jan. 1, 2019 Canadians are required to contribute more to the CPP. This change, known as the CPP enhancement, is designed to help increase retirement income for working Canadians and their families. Once mature, the enhancement will, according to CRA, increase the maximum CPP retirement pension by about 50%. It will also increase the survivor and disability pensions.

Every silver lining has a cloud and in this case, the cloud is that in life you never get something for nothing. Starting this year in Phase I, annual CPP contribution rates will rise each year over seven years, and by 2023, you will be contributing about \$40 more per month. Phase II will begin in 2024 and will only affect those at higher income levels.

This CPP enhancement will not affect those who are retired, not working, and not making contributions to the CPP, which also unfortunately means that the CPP benefits will not increase.

When the CEO dropped a brownie on his calculator, he was accused of fudging the numbers.

Be sure to back up your tax claims with receipts. In a recent case, CRA assessed a taxpayer with gross negligence penalties. This penalty can be applied where a taxpayer has knowingly made a false statement on a business or personal tax return.

Most Recent Federal Budget Proposals

1. Maximum Home Buyers' Plan (HBP) withdrawal will increase from \$25,000 to \$35,000.
2. Parties to a relationship breakdown will have access to the HBP to acquire a new residence.
3. 50% stock option Benefits Deduction will now have an annual cap of \$200,000.
4. Medical Expense Tax Credit for cannabis has been updated.

Ontario Tax Update

The Ontario government indicated in its fall '18 economic update that it would not mirror a federal tax change that limits access to the small business deduction for corporations that earn over \$50,000 in passive investment income.

Ontario employers will also benefit from an increase in the amount of their Ontario payroll that is exempt from the Employer Health Tax (EHT). Based on indexation, the first \$490,000 of Ontario payroll will be exempt from EHT.

My wife and I played golf on our 18th wedding anniversary then went out to dinner at a lovely restaurant. We talked about the happy memories we'd shared over the years. She asked me if I wanted to go for another 18?

"No" I said, "It's too dark now."

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



- WHO WE ARE -

Gary A. Freedman + Associates, Chartered Professional Accountants is a firm which provides personalized, professional advice in all areas of accounting and tax planning. We are part of the QuickBooks ProAdvisor Program. Gary is a member of the Practice Inspection Committee of CPA Ontario. 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 you see is what you get!

The firm's client base consists of manufacturers, builders, daycares, small business owners, sub-contractors, professionals, high tech companies, registered charities and not-for-profits.

We offer a full range of professional accounting services including:

- Accounting & Auditing
- Personal & Corporate Tax
- Estates & Trusts
- Bookkeeping, Payroll, HST
- QuickBooks Training
- T4s, T5s & Tax Returns

New Accelerated Capital Cost Allowance is Good for Everybody

Manufacturing and processing equipment acquired and available for use from Nov. 21/18 will be eligible for a full tax deduction, meaning 100%!

Individuals and corporations can now claim enhanced CCA for purchase of most depreciable assets bought after Nov. 21/18. Enhanced CCA means that the previous half-year claim of CCA during the year of purchase will now be tripled.

The Condominium Property Act will be updated on July 1/19 to better protect homeowners.

Visit us at

www.freedmanca.com

Call us at 905-669-7950

or e-mail us at

info@freedmanca.com

You and your Estate

Pretend that you are the executor of your mother's estate. You looked after mom for years and your sister did nothing, so mom wrote her out of the will. Being the good person that you are, you convinced mom to leave sis a small percentage of the estate, in this case 5%.

Be prepared for your sister to exploit the fact that she is entitled to be treated the same way as anyone else with a share of the estate. Did you know that her 5% could mean a share of everything that mom left, including every single item of furniture, jewelry, and anything else in the house?

Wills lawyer Les Kotzer of Fish & Associates recounted the above scenario to us. His will-planning seminar can be found at www.leskotzer.com

There is talk that CRA will be creating four new dedicated Real Estate Residential and Commercial Audit Teams in Ontario to ensure that:

- Taxpayers report all sales of principal residences;
- Capital gains from real estate sales are properly disclosed;
- Profits from real estate flipping are reported;
- Builders of new residential properties remit GST/HST.

I recently entered a competition to see who had gained the most weight and lost the most hair. Obviously, it wasn't called that. It was advertised as a 'School Reunion'.



Did You Know?

If you are going through a CRA audit, did you know that CRA would use the current Fuel Consumption Guide as well as average fuel prices to recalculate your fuel expenses?

Deadlines

Just a reminder that the deadlines for submitting 2019 installments for personal income tax and HST are March 15th, June 15th, September 15th and December 15th.

July 15th is the deadline for filing quarterly payroll tax remittances.

What is QuickBooks Enterprise and is it right for me?

QuickBooks Enterprise is financial services software that offers end-to-end accounting solutions without the need for ERP implementation.

QuickBooks Enterprise targets mid-sized businesses that have outgrown **QuickBooks** or other entry-level accounting platforms.

I was having dinner with Garry Kasparov (world chess champion) and there was a checked tablecloth. It took him two hours to pass me the salt.

T1134 - Controlled and Non-controlled Foreign Affiliates

We are often asked if it is necessary to file the T1134 annually. The short answer is no, as long as:

The total cost of the controlled and non-controlled foreign affiliates to the reporting taxpayer is under \$100K, and the controlled and non-controlled foreign affiliates are deemed to be dormant.

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.