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Client UPDATE

~We're on Facebook~

The Condo Authority Tribunal

The amendments to the Condo Act delegate to the Condo Authority the responsibility to administer the Condominium Authority Tribunal, which will resolve disputes through case management, mediation and adjudication. For example:

- The tribunal's services include online resources and self-help tools;
- The tribunal make binding decisions that are enforceable as if they were a court order;
- Existing dispute resolution mechanisms still apply to disputes outside the tribunal's jurisdiction;
- The divisional court would hear appeals from tribunal findings on questions of law.

Leaving Canada?

If you plan to become a non-resident, please know that CRA would look to whether you have actually severed your ties to Canada. Some of the things that they might look at would be:

- Have you given up your OHIP?
- Do you own a house in Canada?
- Do you have a physical presence in Canada?
- Are your children in school in Canada?

As a non-resident, you cannot continue to contribute to an RRSP or TFSA without penalty.

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



- FAQ's -

Q – Is there a form that I can submit so that I can speak to CRA on behalf of a deceased person's estate?

A – Yes, just download form RC552 E (Appointing a Legal Representative for a Deceased Person). Fill it out and send to your local tax office.

Q – Is there a reason why accountants are always so calm, composed, and methodical?!

A – Absolutely. It's because they have such strong internal controls.

Q – Do I need to provide a T4A to people, other than employees, that do work for me i.e. a renovation contractor or a cleaner, etc.?

A – No. Services should be reported on Box 048 but the CRA is currently not assessing penalties for failure to report the fees paid.

Q – I am thinking about selling my business. How should I set it up to best save taxes?

A – Consider setting up a trust so that you can multiply the capital gains exemption.

Q – I just bought a new car through my corporation that has zero emission. What would be the depreciation rate for this vehicle?

A – 100% CCA depreciation would be allowable up to \$55,000 + HST.

The Good, The Bad, and The Ugly

The Good:

- The EI rates are coming down from 1.62% to 1.58% - every little bit helps!
- There's an incentive to purchase an electric car. You get both greater tax depreciation and more HST back on the purchase.

The Bad:

- CPP rates are going up from 5.10% to 5.25%.
- The tax rate on ineligible dividends is going up from 46.84% to 47.40% for anyone with income exceeding \$220K.

The Ugly:

- If you pay dividends to a non-working spouse who is a shareholder, the dividends will now revert to the working shareholder and the tax will be paid at the high rate regardless of the person's income.
 - When you have active income in a corporation along with passive income, new rules will kick in. Passive income from \$50K to \$150K will grind down your small business deduction. This will translate to the corporation paying tax for this passive income at a high rate.
- Usually, the higher a golfer's handicap, the more qualified he deems himself to be as an instructor.

Did you know...

That if you sell a property, you must repay the tax that you saved on the depreciation you previously took?

- 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.

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, and registered charities and not-for-profits.

We offer a full range of professional accounting services:

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

Carryback of Postmortem Donations

In general, donations in a year are limited to 75% of an individual's income for the year. However, if a deceased person and/or their beneficiaries make donations in the year of death, the Donation Tax Credit can be used against the taxes owing in the year before death or the year of death without any income limitation. This means that eligible donations are now allowed for 100% of the individual's income for both year of death and the previous year.

Did you hear about the new restaurant called Karma? There's no menu: you get what you deserve!

Visit us at
www.freedmanca.com
Call us at 905-669-7950
or e-mail us at
info@freedmanca.com

My Investment Failed!

Can I still deduct the loan interest?

You bet you can! The Loss of Source Rule has been in force since 1994 and applies where borrowed money no longer has the potential to generate income because the source of this income has disappeared.

The rule essentially permits you to continue to write off this previously deductible interest expense.

So, if the funds were originally borrowed for the purpose of earning investment income, go for it!

I have a very good feeling about my job interview today. The manager said they were looking for somebody responsible. "You've found your man," I responded, "whenever there was a problem in my last job, they always said that I was responsible!"

Deadlines

- T4s and T5s must be filed no later than March 2nd, 2020.

- March 15th is the deadline to submit the first 2020 installment for personal income tax & HST.

- If you are an annual filer with a December 31st year-end, the HST return for your corporation is due on March 31st, 2020.



QuickBooks Tips

Invest the Time to Learn QuickBooks Correctly

Often, business owners books are disorganized because they decided to "wing it" when it came to entering their income and expenses in QuickBooks.

QuickBooks is a non-accountant's software—you don't need an accounting degree to use it.

We can help you and your staff get up to speed. Contact us by phone or email and we'll set up a time to work with you and/or your staff to make you experts in no time!

I was having trouble with my computer so I asked my 13-year old son to help me. He clicked a couple of buttons and fixed it. As he was walking back to his room, I asked him what the problem was. He said, "It was an ID ten T issue". Not wanting to sound stupid but curious in case I had the same problem again, I asked him what an ID ten T was. "Write it down", he said so I did. IDIOT... he never was my favourite child anyway!

Foreign Reporting Rules

If you have an ownership in a non-resident corporation, you are required to file a Foreign Affiliate Form within fifteen (15) months of the foreign corporation's year-end.

It's not all bad though. The good news is that you are not required to file this form if the cost of the interest in the foreign affiliate is less than \$100K and the foreign affiliate is dormant or inactive. If you need more information, please contact us and we'd be happy to provide more details on this often forgotten requirement.

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