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Pre - Harvest Appreciation Barbecue!

We invite you to a
Client Appreciation
BBQ on July 29th
from 11:30 -1:00 pm
at our office on Main
Street in Fillmore

Important Deadlines!

September 30

Deadline for all AgriStability applications. If your application is not yet submitted, please make sure that all your information is sent to our office as soon as possible to ensure that your application is done by that deadline!

December 31

Deadline for paying the 2008 AgriStability Fee with penalty.

Our Office Hours are:
Monday – Friday
9am - 5pm

Wheatland Kernels

From Wheatland Accounting Service Ltd.

www.wheatlandaccounting.com

Spring 2008

President's Message

As this issue of Wheatland Kernels is printed, the 2008 crop across the prairies is well established and although there are the usual varied crop conditions, much needed rainfall has given producers reason to be hopeful that we may yet pull off decent yields, and cash in on some great prices. The dry spring in the southeast corner of the province has significantly decreased yields of hay and grass however, giving livestock producers yet another challenge to deal with.

With the possibility of good profits in the grains & oilseeds sector, tax planning is of added importance so that you are not caught off guard. We are working with several clients doing restructuring of their farms from proprietorships to partnerships or corporations to help manage this situation and plan for the future. It is always better to plan before you get into a real tight tax situation as at that point the options are usually limited. Keep on top of your income situation throughout the year, and contact us for an appointment if you want to assess your tax situation and plan for the future!

Please come and join us for our "Pre Harvest" Appreciation Barbeque on July 29th at 11:30 pm. For some of you it may not be "pre" harvest at that time depending on how hot and dry July is, but if possible come and mingle with our team and fellow producers for lunch on Wheatland Accounting!!

Kelvin Shultz, Diploma Ag, RPA, CAFA, President: Wheatland Accounting Services Ltd.

GST - Tips & Traps

- The GST rate is 5% as of January 1, 2008
- Anyone involved in a commercial activity with \$30000 or more of sales in the last 4 quarters must be registered for GST
- If you are under \$30000 of sales you may optionally register!
- Any registered individual or business must charge GST on taxable items.
- Most farm sales do not attract GST (zero rated), however be aware that there are some sales that you must collect GST for such as: canary seed, horses, custom work sales, cash rent on farmland, certain types of equipment which could have a non agricultural use, and vehicles used in the business. It is your responsibility to ensure that you charge the GST on these taxable items. If you are in doubt about the taxability of an item, it is best to ask.
- When you are issuing an invoice that includes GST you must include your GST number on the invoice
- Farmers and businesses may claim Input Tax Credits for the GST they pay on business use items. This will either reduce the GST owing or result in a refund.
- You must have receipts to back up the GST claimed in case of an audit. When we do books for our clients we do not claim GST without a receipt on file.
- GST applies to the sale of farmland, however when both the buyer and the seller are registered, the buyer may report both the GST collected and the Input Tax Credit on his GST return for the period that the land was purchased, resulting in no tax being paid or refunded.
- Automobile rules for GST are tricky and would require an article dedicated to them. Just remember that if you are purchasing an extended cab truck, don't just assume you will get all your GST back on it as the rules for these trucks are similar to cars and are the cause of many GST audits. Check with us before buying and we can inform you what your situation will be.

Impact of Agri-food Industry on the Economy

The agri-food industry plays an important role in the economic health of the country. The agri-food industry's contribution to Canada's Gross Domestic Product (GDP) was in the order of 8.8% in 1996 representing over \$70 billion worth of goods and services. Primary agriculture accounts for over 24% of the \$70 billion generated by the agri-food industry. This represents 2.2% of Canada's GDP. Allied food industries, such as food and beverage processing and the agri-food service sector (retail, wholesale and food service industries) account for the remainder.

The importance of primary agriculture and food and beverage processing sectors varies greatly from one region and province to another. For example, in 1996 these sectors accounted for 12.5% of GDP in Saskatchewan, but 4.2% of GDP in Québec and Ontario. However, the economies of Québec and Ontario are the largest in Canada. These two provinces contribute more than 56.2% of the nation's agri-food production and approximately 70.6% of the country's food processing. Canadian Federation of Agriculture www.cfa-fca.ca

Story for the Day!

One day, there was a blind man sitting on the steps of a building with a hat by his feet and a sign that read: 'I am blind, please help.' A creative marketer was walking by and stopped to observe. He saw that the blind man had only a few coins in his hat. He dropped in more coins and, without asking for permission, took the sign and rewrote it. He returned the sign to the blind man and left.

That afternoon the marketer returned to the blind man and noticed that his hat was full of bills and coins. The blind man recognized his footsteps and asked if it was he who had rewritten his sign and wanted to know what he had written on it. The marketer responded: 'Nothing that was not true. I just wrote the message a little differently.' He smiled and went on his way. The new sign read: 'Today is Spring and I cannot see it.' Sometimes we need to change our strategy. If we always do what we've always done, we'll always get what we've always gotten. And remember too, sometimes it's not WHAT we say, it's HOW we say it!!

Join us for our Pre-Harvest
Appreciation BBQ on July 29 at 11:30

We focus on agriculture!

Odds and Ends!!

- Trips to to obtain medical service over 40kms from your home can be claimed if you have proof of making the trip. Get your Dr's secretary to sign a card saying you attended their office and date it. A flat rate for auto expenses and meals can be claimed without receipts.
- Massage Therapists are not recognized in Saskatchewan as medical practitioners, therefore the fees cannot be claimed as a medical expense without a letter from the Dr requesting that you take the treatment.
- Specialized work clothes such as protective clothing for chemical handling or for construction can be claimed as a business expense, but regular work clothes cannot be claimed.
- There are no standard allowable percentages for power, telephone, automobile and heating fuel that Canada Revenue accepts. It depends on the amount of business use in each situation! Be prepared to justify the percentages you use with CRA.

Canadian Association of Farm Advisors (CAFA)

Wheatland Accounting takes pride in supporting CAFA.

Kelvin and Carla have been members of this organization for several years, and Kelvin is currently the Program and Membership Chairperson for the Regina Chapter.

CAFA is an organization made up of many professionals that advise farmers, and farmers themselves are becoming members. About 8 times a year accountants, lawyers, financial planners, bankers, agrologists, and farmers meet and listen to a presentation pertaining to some aspect of agriculture over lunch or breakfast!

The mandate of this organization is to improve the quality of advice given to farmers by professionals. For us this is invaluable towards keeping us informed of what is happening in other fields relating to agriculture as well as networking with other professionals who we can consult with and refer clients to for further information.

We had the Canadian Outstanding Young Farmers of the Year make a presentation to us this winter, and most recently the CEO of a large farmer owned bank from Minot ND gave us his vision of Agriculture from the American Banking perspective!

If you have questions, or think you would be interested in attending a meeting, let us know and we can arrange that for you!

Interested in a Workshop?

We are considering holding accounting-related workshops. Some topics up for consideration are:

- **General Bookkeeping:** whether you use a ledger or accounting software, this would cover the basics of what and how to record transactions
- **Ag Analyst Software Training:** learn more about this bookkeeping software for farmers to keep track of your financial situation

If you are interested in any of the above or have suggestions for a workshop that would help you manage your farming business, please feel free to contact Kelvin at (306) 722-3884 or by email at kshultz@wheatlandaccounting.com