



P.O. Box 123
Fillmore, SK
SOG 1NO

Important Deadlines

AgriStability
application deadline
September 30, 2012

AgriInvest—Your
deposit must be made
**90 days from the
date of the reminder
letter.** Watch your
mail closely for dates.

For Agristability
purposes please don't
forget to take your crop
inventory before you get
the new crop in the bins.

Welcome to our new
employee Evelyn Goetz.
Evelyn was born and
raised on a farm near
Spirtwood, SK. Evelyn and
her husband Tony
currently reside in
Creelman. Evelyn will be
assisting in bookkeeping
and we look forward to her
joining our team.
Welcome to another new
employee Katey Sexsmith
from Glenavon who will be
taking the secretary roll
and assisting in
bookkeeping.

**Have you had a new
addition to your family in
2012?
Congratulations!
Please inform our office
because it will affect your
tax return.**

Regular Office Hours:
Monday – Friday
9am – 5pm

Wheatland Kernels

From Wheatland Accounting Services Ltd.

Summer 2012

President's Message

Once again summer has sped by and as I write this most of the South East is well into harvest! Earlier in the summer hopes were high for above average yields as in general crops were looking very good. However as we begin harvest many reports are coming in of significant yield reductions in some crops due to above normal disease, heat stress and wind damage. As harvest progresses we hope to hear better news about some later crops that may have avoided some of the severity of these damaging factors. It is fortunate that prices are generally strong at this point and we do hope that all things considered 2012 will be a profitable year for all our farming clients.

Our Wheatland team has enjoyed a little well deserved down time over the summer. Aimee spent a couple weeks camping with her family at Rowans Ravine Park. Danielle spent some time with her kids between their lake cottage and camping, Darrell joining them when he could. Sheila enjoyed a few days down in Kentucky visiting her daughter in June. Kevin and Susan spent a week in Toronto visiting their daughter and grandson. Vickie and Rick attended the Cra-ven Country Jamboree again this year. Elaine and I enjoyed some very good fishing with our son Steve about two hours north of LaRonge on Reindeer Lake.

There are a few changes to our team over the summer. We wish Shelly the best as she leaves us for work in human resources with Sun Country Health Region based in Weyburn. Shelly holds a degree in HR so this position will give her an opportunity to put her training to use. We welcome our two new team members Evelyn Goetz, and Katey Sexsmith. We look forward to their contribution and support to our team!

Although the summer and fall months are quieter for us in terms of normal accounting activities, we are very busy with business, tax and succession planning projects. Much of the consulting activity related to these projects can be covered by government funding which is coming to a close just after the end of this year. If you are interested in taking advantage of this funding you should contact us immediately so that your planning project can qualify for assistance.

Have a great fall and safe harvest.
Kelvin

Contractor vs. Employee

Although it is common for workers to desire to be paid as independent contractors and from your position as an employer it can save on payroll cost by contracting out for services, you must take caution. Should CRA determine that the individual is an employee they will assess payroll deductions and penalties to the employer.

Canada Revenue Agencies determination of whether a worker is an employee or contractor is based on a number of factors:

- Control—does the worker or the employee control the way the work is done and the work methods used?
- Ownership of Tools—does the employer supply the equipment and tools required by the worker? Does the employer cover the costs of repairs, insurance, transport, rental?
- Chance of profit/risk of loss—does the employee assume the financial risk ?
- Does the employee work for more than one employer?

An independent contractor agreement should be signed prior to engagement.

We will be sending our newsletter via email, please contact our office to update your email address or if you would prefer to receive a paper copy.

Thanks to everyone who attended our annual barbeque!

There were 58 people that came out to join us for dinner. Congratulations to Jenna Millin for winning our smokie/hot dog guessing contest!

If you would like us to do a tax review please forward your information as well as an estimation of income and expenses to us no later than **December 1st.**

Shareholder Benefits

It is not uncommon for a shareholder of a closely held corporation to have the company pay for personal expenses and then deduct them from company income. For example purchasing a snowmobile that is used for personal enjoyment.

Be careful. There is a section of the Income Tax Act (ITA) that requires shareholders to include the value of any benefits they receive from the company, or the value of company property appropriated by them in their personal income.

If not reported as income, then subsection 15(1) of the ITA applies, and the result is punitive. That is, the deduction is not allowed to the corporation and the shareholder is taxed on the benefit. Hence, there is double taxation.

From a management perspective, it is always best to keep a clear separation of business and personal transactions, assets, and monies.

Employee Benefits. Are they taxable or not?

The amount of any taxable benefits provided by an employer should be subject to source deductions on a pay period basis. Taxable employment benefits should be reported on either a T4 for current employees or T4A for former employees.

Some examples that may be taxable benefits include:

- Personal use of an employer's automobile by the employee. Driving between the employees home and their regular place of work is considered to be personal.
- There is an interest benefit for loans to employee's for interest free or low interest loans. There is no benefit if the interest is paid based on CRA's prescribed rate of interest.
- Gifts and Awards.
Employers can give up to \$500 in non cash gifts and awards annually without incurring a taxable benefit. Any amounts over \$500 must be reported as a taxable benefit.
Cash and near cash gifts and awards are always taxable. This includes gift certificates and prepaid credit cards.
- Registered Retirement Savings Plans
Employer contributions to employee's RRSP's and RRSP administration fees are a taxable benefit. Employers do not have to deduct income tax on the contributions if they have reasonable grounds to believe the employee can deduct the contribution in the year. CPP and EI must be deducted if applicable.
- Medical Expenses
Generally, medical expenses of an employee that are provided or paid by the employer are a taxable benefit to the employee. Medical expenses are not taxable if they are paid out of a private health service plan such as medical or dental plans. Employer contributions to such plans are not a taxable benefit to the employee.
- Telecommunications
Home Internet Service and Cellular phone service is not taxable if the employer is the primary beneficiary of the service.
- Tuition fees and related cost is generally not a taxable benefit to the employee provided the training is employment related.
- House Rental
Any amount paid for employees housing expenses is a taxable benefit.

It is the responsibility of the employer to identify, calculate and report taxable benefits related to employment.

