



Wheatland Kernels

From Wheatland Accounting Services Ltd.

Visit our website at www.wheatlandaccounting.com

Spring 2016

P.O. Box 123
Fillmore, SK S0G 1N0
Ph: (306) 722-3884
Fax: (306) 722-3560
info@wheatlandaccounting.com

*Annual Summer
Barbeque at our
office from
12:00-1:00pm
July 11, 2016
Everyone Welcome!*

Important Deadlines

AgriStability application
deadline
without penalty
September 30, 2016
*Please complete the forms
our office has sent to you no
later than July 31st*

AgriStability
application deadline with
penalty
December 31, 2016
*A penalty of \$500/month
will be reduced from your
benefit*

AgriStability fee
deadline with 20%
penalty applied
December 31, 2016

AgriInvest deposits to be
made **90 days from the
deposit notice**

Payroll Remittance

penalties:

3% for 1-2 days late

5% for 3-5 days late

7% for 6-7 days late

10% for more than 7 days or
no amount remitted

Presidents Report

The Wheatland team did an amazing job of working together to make our 34th tax season one of the smoothest in our history. We always breathe a little easier once we move into May with the majority of the personal tax behind us. Our corporate financial and tax team however continue to have very busy days through to the end of June. So although the office traffic is down immensely from what it was in April, there is still a buzz of activity going on with corporate financial statement and tax preparers getting that financial information out and our bookkeepers bringing clients books up to date!

Spring 2016 seeding is behind us now with a very different set of conditions than we have had in the last few years. Much less time was spent pulling the outfit out of the mud, and unplugging seed runs than in years before. Our clients report that in general seeding conditions were very good, at times a little on the dry side, but some recent rains over the last month have the crop off to a great start.

Spring is the season when an amazing amount of capital is put into the soil, invested in good quality seed, seed treatment and fertilizer. As the crop emerges there is a lot at stake and our farmers begin careful field observation to identify and ward off many yield robbers in the form of insects, weeds and fungus. This year we are finding that in many cases there is a tighter cash flow amongst our farm clients than in the last few years, creating a dilemma; "to spend or not to spend" on those added inputs that can make a big difference to the bottom line. If there is good crop establishment and favorable conditions for getting that crop to harvest, spending those last dollars on crop protection can make a big difference. If it is a toss up between pampering the crop, or pampering a desire for newer bigger equipment, the odds are that crop protection will come out the winner every time.

We want to thank you again for trusting your financial and taxation business to our team. We welcome your thoughts on added ways we can serve you better and meet your individual needs. Give us a call or stop in anytime. All the best for the 2016 growing season.

Kelvin Shultz PBA CAFA Dip Ag

Passionate about Agriculture Scholarship

Every year Wheatland Accounting awards scholarships to students who are going on to study agriculture in post secondary education. The students submitted essays describing their passion for agriculture This years winners are :

- Mason Cameron, Kennedy SK
- Savannah Schaeffer, Vibank SK
- Shae-lynn Baran, Wolseley SK

Read the winning essays at :

<http://www.wheatlandaccounting.com/scholarship.html>

Office Hours

Monday-Friday 9-5
Closed from
12:00-1:00

T5018 Filing Deadline June 30

If you are an individual, partnership, trust or corporation involved in construction activities which provide your primary source of business income and you make payments to subcontractors for construction services, you must report amounts paid or credited on a T5018. Please contact the office as soon as possible if you have questions or think this may apply to your operation.

The payroll deductions tables are updated in January and July of each year, so be sure to please update your EI and CPP calculations if you pay the same salary each month.

Canada Revenue Agency requires us to have the signed authorizations to forms in our office before we Efile a tax return. Please ensure that these signed forms have been returned to our office otherwise filling your return will be delayed.

Canada Child Benefit

The new Canada Child benefit will issue its first payment on July 20th 2016 This is the new tax free monthly payments for eligible families, and will replace the Universal Child Care Benefit, The Canada Child Tax Benefit, and the National Child Benefit Supplement. If you are already receiving the Child Care Benefit or Canada Child Tax Ben fit you do not need to apply for the CCB. The eligibly rules are generally the same as CCTB; you must live with the child and the child must be under 18. You must be primarily responsible for the child, and you must be a resident of Canada for tax purposes. If you are not already receiving one of the other benefits, there are three ways you can apply for the CCB: Automated benefits application for newborns, the online service “apply for child benefits” located on my account, or the RC66 form. Amounts are based off your 2015 adjusted family net income, and the number of children you have, with annual payments up to \$6,400 per child under 6, and \$5,400 per child aged 6-17. Families with an adjusted family net income of less than \$30,000 will receive the max amount, with the amount lowering as your net income rises, until it reaches zero. To see learn what your benefits will be, go to the link provided below.

<http://www.budget.gc.ca/2016/tool-outil/ccb-ace-en.html>

Cash vs. Accrual Accounting

There are two methods of accounting that can be used in keeping records and filing income tax. It is important to realize which method you are using and to understand the advantages and limitations of each method to ensure that you are getting the best information from which to analyze your records.

Cash Method: Canada Revenue gives farmers special treatment in that they allow them to file their income tax on the cash method whereas other businesses must use the accrual method. As its name implies under the cash method income is reported at the time you receive payment, and expenses at the time the seller you are purchasing from receives their payment. One advantage of this method is simplicity; however another is the control of taxable income by the timing of purchases and sales. Deferring income, pre buying inputs, and holding inventory are all means of controlling taxable income. For tax and simplicity reasons, all of our farming clients use the cash method to file their tax.

Accrual Method: Why then should we even consider the accrual method? Think about the information the cash method gives you and ask yourself can you really judge the profitability of any given year under this method? Consider two different years back to back. The first year was an excellent crop, but not much of it was sold during the year. The second year was a complete disaster but most of the first year’s crop is sold in the disaster year. Do you get the picture? The cash method could easily account for higher income in the disaster year.

The accrual method matches the grain or livestock produced in any given year with the expenses incurred to produce that income. This is done by removing from income the value of inventory on hand at the beginning of the year as that was prior year production, then adding into income the end of year inventory value as that was current year production. Also accounts receivable, deferred grain, pre purchased inputs and accounts payable are all likewise matched to the proper production cycle.

Is this more complicated? Yes but it is also much more meaningful. Many farmers are now using both methods. The cash method is used to report to Canada Revenue but the accrual method gives them the management information they need.