



Wheatland Kernels

From Wheatland Accounting Services Ltd.

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Winter 2018

Important Deadlines!

February 28

T4 & T5 Filing

March 1

RRSP Purchases

March 31

T3 Filing

March 31

Trust Return Filing (or 90 days from the year end of trust)

April 30

Final day to cancel or change AgriStability for 2018.

Pay your income tax without interest.

Did you know if you are paying yearend or harvest bonuses to employees that deductions need to be taken and remitted to CRA?

Corporate Tax Remittance Forms

Always ensure you have a corporate tax remittance form available to pay the government prior to your year end. You can have CRA mail you a copy if you don't have any, our office does not have generic forms.

President's Message

We want to wish you a very happy, healthy, rewarding and prosperous new year. As we look ahead to the future we know that regardless of what it brings our way, we are privileged to live in one of the best countries in the world. In spite of complaints about our extreme weather from time to time, I can't think of a place I would rather live than right here in Saskatchewan.

2017 brought a little detour in life's journey for Elaine and I after she was diagnosed with breast cancer in March. The remainder of the year was filled with many appointments in the city and Elaine is now beginning a series of radiation treatments. She has been a real trooper through all this and her prognosis is very good. We have nothing but praise for the Allan Blair Cancer Centre and their awesome staff and patient care.

We will soon be into the personal tax season again and our team is working hard now to tend to things that need to be done before this busy time is upon us again. We appreciate those that get their personal and corporate information into us early so we can get a head start on some files before the greatest volume comes into the office.

We developed an online contract system that will allow you to digitally sign your contract and also to pay online if you wish to. As usual when implementing new software, we have experienced delays. The new program however will allow us to be much more timely in the future.

The team at Wheatland want to thank you for your business and look forward to serving you in 2018.

Kelvin Shultz PBA CAFA Dip Ag

Personal Tax Changes for 2017

There are income tax changes for individuals in 2017 that we would like to inform you about.

Federal Tax Credits

- The arts and fitness credits are no longer available to reduce federal income tax.
- The federal education credit and text book credit have been eliminated.
- Eligible educator school supply tax credit—Eligible educators may be able to claim a 15% refundable tax credit up to \$1000 of eligible teaching supplies bought during the year.

Provincial Tax Credits

- The Saskatchewan employees tools credit available to tradespeople was eliminated, (there is still a federal trades persons tool deduction).
- The Saskatchewan tuition and education tax credits are eliminated. Unused credits can be carried forward for future use.

Don't forget about the following that became available in 2016:

If you renovated to accommodate someone that is claiming the disability tax credit or over the age of 65 that you are a caregiver for, you may be eligible to claim some of those qualifying expenses with the home accessibility non refundable tax credit.

You are required to report the sale of your principal residence. We will need the date of acquisition, proceeds, and address to claim the full principal residence exemption. You do not have to pay tax on the sale if it was your principal residence for all the years you owned it and you did not use any part of it to earn income.

Office Hours
Monday-Friday 9-5
Closed from 12-1

Tax can be rewarding!

Clients that send in all their 2017 tax information before March 29, 2018 will be entered into a draw for a \$50 credit on their Wheatland Account. Please have all your tax information in prior to April 15th to guarantee completion by April 30th.

2018 Contracts

All value billing contracts have been sent out via mail or email. Please contact our office if you have not received your contract or have any questions.

Medical Expenses

Did you know that if you travelled over 40 km one way for a doctors appointment, to the hospital, dentist, or eye doctor you can claim \$0.45 per km without gas receipts. If you are travelling more than 80 kms one way you can also claim a \$17 meal without a receipt. Simply keep an appointment card or your bill as proof in case you are audited and submit with your income tax receipts. Prescriptions may be claimed on your tax return, but if you are getting a summary from your pharmacy, you need to check with them to be sure that it only includes eligible prescription expenses.

2017, the year of the Tax Chaos!

This last year the government proposed the most profound changes to corporate income tax that Wheatland Accounting has seen in the last 37 years of business. What was first announced to be adjustments to the way corporations are taxed to make it fair, actually went far beyond that intention to where the proposed changes were extremely unfair to small business and farms across Canada. During the consultation period, which ended October 2nd, accountants, tax lawyers, farm and business groups, as well as business and farm owners responded with a massive set of concerns about these proposals. Ultimately mid-October the government backed off, scrapped some of their plans and refined others to address many of the concerns expressed. Limiting the use of the capital gains exemption proposals have been scrapped.

Now it is important for us to understand the changes that are likely to be instated. The following is an abbreviated form of some very complex proposals.

Income Sprinkling—This is the ability of a corporation to pay dividends to shareholders (often low income family members), who may not be actively involved in the corporation.

- There have been rules in place to penalize children under the age of 18 with high rate tax on receipt of such dividends, but no restrictions on those over 17 years of age.
- Now it is proposed that family members over the age of 17 will also have this penalty tax unless they fall into one of the exceptions:
 - Are actively engaged in the business on a regular, continuous and substantial basis for 20 weeks during the year, or the growing season for farms, (seeding through harvest).
 - Are 25 years of age or older and hold shares that would give them at least 10% of the votes and 10% of the value of all issued shares of the corporation.
 - Are allowed reasonable return on work performed, capital contributed or risk assumed.
- Spouse and/or a child (over 25 years of age) will be exempted if they hold at least 10% of the shares of any class.
- If a dividend does not comply with these rules it will be taxed at 48% with no access to the personal tax credits. This can result in a huge penalty so take care and give us a call before issuing a dividend to a child.

Passive Investment Income—this is income from investments held inside a corporation beyond what is required to operate the business

- Passive investment income over \$50,000 per year will be taxed at the highest corporate rate and the corporation will not receive refund when this income is paid out in dividends.
- The initial proposal was that all passive investment income would get this high tax treatment, but the government later brought in the \$50,000 income threshold which will allow passive investments of up to \$1,000,000 in most cases.

Wheatland Accounting is a proud supporter of the Saskatchewan Young Ag Entrepreneurs. The annual conference is being held in Saskatoon
February 23 - 25, 2018.
Please visit www.cyff.ca to register and see the full agenda.