



Wheatland Kernels

From Wheatland Accounting Services Ltd.

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

Visit our website at www.wheatlandaccounting.com

Spring 2014

*Annual Summer
Barbeque at our
office from
12:00-1:00pm
July 29, 2014
Everyone Welcome!*

President's Message

Time rushes on and nothing reminds me of that more than realizing that we have just completed our 32nd tax season. Comparing our first tax season when Wheatland completed 40 returns, with this past year when your incredible team of ten dedicated staff prepared over 600 returns, it reminds me of all the changes that have taken place in the years in between. Our business has matured into much more than a personal tax business as we offer services in bookkeeping, corporate tax, financial statements, corporate and personal tax planning, estate planning, succession and strategic planning.

Our agriculture specialization sets us apart in the industry and it is exciting to look ahead and see how we can continue to expand our services into new areas to meet the needs of our clients. I feel extremely fortunate to have a committed team and an amazing client base enabling us to work together towards greater profitability for our clients in the future.

We are sorry to announce that one of our valuable team members, Sheila Olver is retiring from Wheatland at the end of May. Many of you have dealt directly with Sheila through AgriStability and bookkeeping. She looks forward to spending more time with her granddaughter in Kentucky, and helping out around the farm. We all wish Sheila the best. We are actively advertising for a replacement for her position, so if you are aware of anyone who may be interested please let us know!

Wheatland has welcomed another member to our team, Jenn Kosior! She will be working part time, assisting in bookkeeping duties. We look forward to her contribution and support to our team.

Many of our farm clients are into seeding as I write this. After a long cold winter combined with a cool damp spring and recent rain delays, seeding is later than normal. We hope the weather will cooperate so that crops can be seeded and harvested in a timely manner this year. Please remember our Annual Summer Barbeque—hope to see you there!

Tax Installments

Generally, individuals and corporations are required to pay their income taxes in installments. An installment is an advance periodic payment of the total amount of the tax payable for the year. The Income Tax Act requires farmers, other individuals and corporations to make installment payments so that they are treated the same as employed taxpayers who have tax deducted from their employment income throughout the year.

There are three options to calculate instalment payments: 1. Current year tax payable 2. The previous years tax payable 3. A combination of the previous year and the year before.

Individual farmers only have to make one installment payment per year by December 31 each year of at least two-thirds of the net tax owing if their main source of income is from farming, and in each of the years 2012, 2013 and 2014 the net tax owing was more than \$3,000. An installment request will be sent from CRA for the amount they consider should be paid, however if you know that in 2014 your tax owing will be less than \$3,000 you will not be expected to make the payment, or if your net tax owing will be less than the prior year you may adjust your installment payment to an estimated 2/3 of 2014 tax payable.

Other individuals have to pay their income tax by quarterly installments for which CRA will forward installment requests calculated using option 3 above. Interest will be charged if installment payments are not made when required and if the interest calculated is more than \$1,000, CRA may charge an installment penalty.

Important Deadlines

AgriStability application
deadline without penalty

September 30, 2014

*Please complete the
forms our office has sent to
you no later than July 31st*

AgriStability application
deadline with penalty

December 31, 2014

*A penalty of \$500/month
will be reduced from your
benefit*

AgriStability fee deadline
with 20% penalty applied

December 31, 2014

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

The Payroll Deductions

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

Office Hours

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

Missing slips on your personal tax return

If you fail to report slips on your personal tax returns (T4s, T5s, etc.) for two years, CRA will charge a 20% penalty of the income on the missing slip, plus interest on the tax and penalty owing. If you find a slip that you missed reporting, please forward to the office and we can adjust your return to include those slips and avoid the penalty.

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 prior to June 15th if you have questions or think this may apply to your operation.

Who will get the Farm, When and How?

You have worked hard to build the farming business into the profitable venture it is today. Years of sweat, toil and personal sacrifice have gone into making your operation grow and provide you and your family with a rewarding income and lifestyle. Here are some questions you may ask yourself as you look five, ten, fifteen years down the road when you will want to step back from the long hours and pressure associated with managing your farm:

Is it too early to begin to plan for retirement and farm transition?

It is never too early to plan! A plan helps give a sense of direction to your future. It helps your farming children see where they fit into the future and gives them incentive to invest their time and energy into the farm when they know what they are working towards. Involving the whole family including non-farming children into your plans create an understanding of why things are being arranged the way they are and can even allow for their input.

Will the end result go exactly as planned?

No, it's not likely that it will, because life presents many changes from year to year, health, marriages, financing, economic conditions, your vision, your child's vision and numerous other events can change the plan. The plan is only the road map, it needs to be reviewed often; perhaps an old road has closed or a new one has opened, adjustments can then be made and you can carry on with a sense of purpose as to where you are going.

How do I go about this process?

You can start with answering some questions:

- Do I have a child/grandchild that is likely to farm? If the answer is yes, then continue asking the questions below. If the answer is no, then you should consider an exit plan.
- When will I want to cut back on the physical side of farming?
- When will I want to cut back on the management aspect of farming?
- Does my successor have the capability to manage the farm?
- Are the marriages or relationships of the concerned parties stable?
- How much will I/we require after retiring. Project retirement income from all off farm sources, then how much additional cash will I need from the farm?
- Will I finance the buyout, or will my child have to borrow to buy me out?
- Can the farm in its current form support my child's family and also support my/our retirement? If not, what steps need to be taken to allow the transition to happen?
- How will transferring the farm affect the non farming children? Do I have non farming assets that can be willed to them to make my estate equitable even though it may not be equal to all children?
- Are there tools and advisors out there to help me plan this transition?

Asking yourself these questions can create thoughts, ideas and even more questions that are necessary in developing a plan. Planning of this nature doesn't happen just in one session, but to plan properly will require time and family consultation. Wheatland Accounting would be pleased to discuss your succession planning needs and help guide you through the development of a plan that will best accommodate your goals and that of your children in a tax efficient manner.

Inactive AgriInvest Accounts

If participants in AgriInvest do not submit the program forms, or if no sales or purchases of eligible commodities are reported for two consecutive years, the participant's AgriInvest account will be closed and the funds will be paid out. This means that the entire government portion will be taxable in the year, this could cause considerable tax implications depending on the size of the account.

You can minimize the tax implications by taking withdrawals out over the two years if you know your account will become inactive. Just remember that the taxable portion of your account will be considered the first to be withdrawn. Inactive accounts are commonly created from the exit of farming, or from the change in entity type of your farm. For example, from sole proprietor to a corporation, as the corporation would now have its own AgriInvest account where the farming income and expenses are reported under. Please contact our office if you would like to do some planning around the most tax effective way to withdraw funds from your AgriInvest account.