



# Wheatland Kernels

From Wheatland Accounting Services Ltd.

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Fall 2013

## Presidents Message

Everyone is saying it! "Where did the summer go?" Yes it is very hard to believe that when we put out our last newsletter farmers were struggling to get the crop in the ground and now as I write this harvest is underway. For those that missed the violent hailstorms, crops for the most part look very good, but are on the late side. We are hoping Jack Frost is late arriving this year to allow time for late crops to mature.

As we look back on the summer it has been a busy eventful time for our Wheatland Team. Summer is a time for holidays, and all of our team has taken some time to relax and get away for a break. Danielle enjoyed taking her kids for their swimming lessons in Kipling, and camping at Crooked Lake. Sheila enjoyed a visit from their new granddaughter Kinsey from Kentucky, then also camped at Lake of the Prairies. Aimee spent a few weeks camping with her family at Goodspirit Lake. Katey spent time at Katepwa Lake and purchased a house in Fillmore this summer. Evelyn attended a family reunion in Ponoka, Alberta. Elaine and I went fishing up north with our son Steve at East Trout Lake.

Kevin Stewart left our team to work for a firm in Weyburn, where he can be involved in auditing which is his preferred line of work. We wish Kevin the best and are glad that for now he and Susan have decided to continue living in Fillmore. We welcome Joy Tian as a new team member, and look forward to her contribution to our team. Joy is from Saskatoon and is working towards her CMA designation.

We congratulate Aimee and Barry on their recent marriage. Many of the Wheatland team were on hand to witness this special occasion for them. Aimee was beautiful, Barry very charming and little Geo looked so cute in his suit! We wish them many happy years together. Congratulations again to Aimee on a successful completion of her CMA designation. This represented a lot of dedication and juggling of work, studies and family. With the combination of these two big events in Aimee's life, she is now Aimee Cavanagh CMA.

Elaine and I are planning a trip down to Argentina to visit our youngest son Rob. We leave September 26<sup>th</sup> returning October 28<sup>th</sup>, as it is quite a length of time away I do plan to keep in touch with the office and do some work remotely from down there. Please feel free to contact Aimee or other staff with any questions you have during my absence and they will help you.

Have a great fall and safe prosperous harvest!

**Kelvin Shultz RPA CAFA Dip Ag**

## Important Deadlines

### **September 30, 2013**

AgriStability application deadline, please ensure all information is into our office prior to September 15, 2013 so there is time to complete the application

### **December 1, 2013**

Final deadline to submit information to our office for a tax review

### **December 31, 2013**

Final deadline for paying the 2013 AgriStability fee with 20% penalty applied. Final deadline for submitting your AgriStability application with penalty

## FCC Learning Events

### **November 27, 2013**

Minimize Taxes and Maximize Purchasing Power- Redvers

### **December 2, 2013**

Put Mobile Technology to Work on Your Farm-Regina

### **February 3, 2013**

Asset Protection through Estate and Tax Planning-Weyburn

### **February 11, 2013**

Working Successfully with Family Members-Moose Jaw

**For more information, and to view more learning events please visit:**

[www.fcc-fac.ca/en/learningcentre/workshops](http://www.fcc-fac.ca/en/learningcentre/workshops)

## Office Hours

**Monday-Friday 9-5**  
**Closed from 12:00-1:00**  
**Saturday Closed**  
**Sunday Closed**  
**Holiday Office Hours**  
**Closed December**  
**25th, 26th, January 1st**  
**Closed at 3:00pm on**  
**December 24th & 31st**

## Partnerships

New filing requirements for partnerships involve filing a special partnership return in instances where a corporation is a partner or the total of partnership revenue plus expense exceed \$2 million, or the partnership exceeds \$5 million in assets. Note that this partnership return is usually due 90 days from the partnership year end.

If you are involved in a partnership and have questions regarding the above, or require assistance with the new filing requirements, be sure to call us so that we can help you comply with the new rules before the filing deadline.

## Reminder

To make sure an invoice is allowable in an audit, be sure the following information is included on your business invoices, and the invoices you receive:

\*Proper Name – if the business structure has changed to a partnership or corporation, the invoices must be made out in the new entities name.

\*Date

\*Business Number of the issuer

## Community BBQ

Thank you to the 61 people that attended the barbeque! Congratulations to Verla Hovind & Louis Caron on guessing the right amount of smokies and hot dogs served

## Does your farmland qualify for the Capital Gains Exemption?

With land prices these days, many farmers are counting on the CGE to eliminate tax on the sale of their farmland, be sure you understand the details before you take the plunge. Here are some points you need to consider:

- The exemption covers an accumulated lifetime amount of qualifying capital gains of \$750,000, set to rise to \$800,000 as of 2014. Any gain incurred over this lifetime limit will not be covered by the exemption
- To qualify, farmland must have been “used in the course of carrying on the business of farming in Canada” by the individual, his spouse, any of his children or parents, by a family farm corporation or partnership in which he, his spouse or any of his children or parents has a share or interest or a personal trust of which any of them is a beneficiary.

For land purchased after June 17, 1987, two tests determine whether the land is considered to be “used in the business of farming” (see note at bottom of article regarding land purchased before this date)

- Ownership test: Must be owned for at least 2 years prior to disposition by one of the permitted individuals above.
- Revenue test: In at least two years of ownership by a family member or personal trust who is a permitted user described above, the gross revenue of the person from the farming business in which the property was principally used must have exceeded income from all other sources. However, this test is not applied if the land was used in a partnership or family farm corporation for at least 24 months and the individual, spouse, common-law partner, child or parent was actively and continuously involved in the farming business.

If the land meets the above tests and you have the exemption available you still need to consider other potential implications, including:

- Cumulative net investment losses
- Business investment losses
- Payment of Alternate Minimum Tax
- Elimination of Guaranteed Income Supplement
- Claw Back of Old Age Security
- Reduction of Child Tax Benefit
- Reduction of Goods and Services Tax Credit

The Capital Gains Exemption is a tremendous tax planning tool for farmers, but due to the complexities involved careful consideration of the rules and implications need to be examined and should be discussed with your tax advisor.

***Note: For land purchased prior to June 18 1987 there are other tests that are generally more easily met than those above, but need to be considered.***

## Claiming Meals & Entertainment Expenses for Businesses

A business may pay for meals, beverages or entertainment that is incurred for the purpose of earning income from a business, but only 50% of these expenses are **tax deductible** to the business. It is important to remember that these expenses also have to be considered “reasonable amounts,” for example; a \$200 meal when picking up parts in town may not be considered reasonable by CRA and would be disallowed.

When purchasing a meal on a business trip, it would be helpful to write on the meal receipt the reason for the trip, to make easier proof of the business nature and to find other supporting documentation, should CRA audit your meal expense. This also helps our bookkeepers know if the meal was for a business or personal trip, and whether it can be claimed. It is also good to note that any meals purchased during a medical trip are unable to be an expense of the business, but instead are claimed on a medical expense or your personal tax return. These meals have a maximum deduction of \$17.00 per meal for trips over 80 km away for services that are not provided closer to your home. It is not necessary to keep meal receipts for medical purpose, but you do need to keep proof that the trip was for a medical reason.