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Wheatland Kernels

From Wheatland Accounting Services Ltd.

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Winter 2012

President's Message

This year has commenced with extremely mild temperatures in SE Saskatchewan, and although we know this can and will change, it has certainly shortened our winter. The lack of snow as I write this is not a great concern to most of our clients who are hoping that there will not be another large runoff in the spring to add to the areas already under water from last spring.

In addition to a year of excessive moisture 2011 may also be remembered by farmers in the South East as the year of excessive tax. Good prices for commodities combined with reduced expenses as a result of fewer seeded acres create the potential for significant 2011 farm taxable income. Many of you have taken steps to reduce your income by pre buying 2012 inputs before year end. You still have the option of purchasing RRSPs up to the end of February and have your contribution deducted from your 2011 income.

Next year on the other hand is when the poor 2011 crop will likely become evident on tax returns, and in bank accounts. With extremely low levels of crop inventory carrying into 2012 planning ahead is important to ensure there is financing in place to cover the expenses of the upcoming crop. An Interim AgriStability Application can be filed up to the end of March that could provide you with some funding from that program. You should be aware that the calculation of an interim payment is an estimate only and when the actual return is calculated, it could result in additional funding, or in having to repay funding you have already received.

We want to thank all of you who joined us to make our 30th anniversary celebration in November a great evening. The staff prepared very well, speakers were excellent, the meal scrumptious, Danielle did a fabulous job of being emcee and we found that Vickie is a very talented impersonator!

The Wheatland Team wish you the very best in 2012!

Kelvin Shultz RPA, Dip Ag, CAFA

Important Deadlines

Feb. 29 - T4 & T5 Filing

Mar. 31—T3 Deadline

Mar. 30 - Deadline to change GST reporting period from monthly or quarterly to annual

Feb. 29 - RRSP Purchase

Mar. 30 - Trust Return Filing (or 90 days from the year end of the trust)

April 30 - Personal Tax Filing

Don't forget about your AgrilInvest deposit deadline as stated on your individual deposit notice!

Venture Funds

If you have purchased Venture Funds such as Global Opportunities and Sask Works please ensure we have both the RRSP slip and the venture fund contribution slip when preparing your tax.

Our office is closed January 19th For our Ag Day in Stoughton.

Please Forward Your Notice of Assessment With Your Tax Information!

Your notice of assessment will confirm RRSP contribution room, tuition, education and textbook amount carry forward, unused capital losses carried forward, TFSA contribution room, refund interest to report, and a host of other information.

For new clients, the Notice of Assessment shows the name and address on file with CRA; this will help to avoid errors for the first return that we file for you. RRSP contribution room can change unexpectedly when there is a Past Service Pension Adjustment (contribution room reduced) or a Pension Adjustment Reversal (contribution room increases). The Notice of Assessment will alert us to this, allowing us to update our records and advise you of your options before too much time has elapsed.

We focus on agriculture!

We welcome Kevin Stewart to our team!

Kevin Stewart is a Certified General Accountant with over 25 years of experience in public practice. He also worked for ten years in the agriculture industry as a controller for a seed plant in Manitoba. Kevin will be involved in tax, succession planning, business planning and financial statement review.

Kevin and his wife Susan are looking forward to relocating to Saskatchewan.

Some Tax Changes:

Basic personal, spousal and spousal equivalent amounts increased.
Provincial—\$14,535
Federal—\$10527
for 2011.

Child amounts increased for 2011.
Provincial— \$5514
Federal— \$2131

Corporate tax rate for small businesses was reduced from 15.5 to 14% effective July 1.

Agristability

If you are not in Agristability and would like to be, please contact us and we will request a new participation package be sent to you.

The deadline to enroll in Agristability for the 2012 year is :

April 30, 2012

CPP Changes

As of January 1, all employees (and self-employed taxpayers) will be required to contribute to CPP even if they are already collecting a CPP retirement pension.

- For employees who are under age 65, you have to start contributing to CPP again on January 1, even if you're already collecting a retirement pension.
- Employees who are over 70 continue to be exempt.
- For employees ages 65 to 69, beginning January 1, 2012, payroll departments are required to withhold CPP contributions unless they have a completed Form CPT30 *Election to stop contributing to the Canada Pension Plan, or revocation of a prior election* on file.
- For self-employed taxpayers, the requirement is not so urgent. For self-employed taxpayers between age 65 and 69 to opt out of the additional CPP contributions, all that is required is to indicate on Schedule 8 for 2012 (filed with their 2012 tax return) which month they want to cease contributing.

The good news for those who continue to contribute after they begin receiving their CPP retirement pension is that they are contributing to a post-retirement pension which could earn them an increased CPP pension of up to \$25 per month for each year they contribute while receiving the retirement benefits.

Be Prepared for the 2011 Tax Season

It is time to get organized for 2011 tax season to ensure that nothing is overlooked. Clients for whom we filed a 2010 tax return, will receive an *envelope* with this newsletter. This envelope lists critical information and slips to watch for and is meant to assist you in gathering the information we will need for your 2011 return.

Reminders:

- **Medical expenses** for cosmetic purposes such as hair replacement and teeth whitening are no longer accepted as allowable medical expenses.
- **Medical Travel** in excess of 40 kms can be claimed as a tax credit, however to do so you must have evidence of the trip such as signed appointment cards or a referral letter. If you were unable to drive due to a medical condition we can claim 2 meals. Please make a note for us if that is the case. Please include this documentation with your 2011 tax information that you forward to our office. It is not necessary to send meal or gas receipts.
- **Safety Deposit Box Fees** - if you use your safety deposit box for investment or business related activities, please send us the receipt or proof of payment and we can use it as a deduction on your income tax return.
- **Prescription drug printouts** can be obtained from your pharmacy. Please make sure this list is detailed because CRA will not accept documentation that shows only a total paid. Some pharmacies have a charge for this service.

New for 2011

- **Children's Art Tax Credit (CATC)**
This is a federal non-refundable tax credit based on eligible artistic, cultural, recreational or developmental programs paid for your child under the age of 16. The credit is maximized at \$500 of fees paid for each child which amounts to a \$75.00 tax credit on each child.

New Filing Requirements for Partnership Returns

Effective January 1, 2011, the Canada Revenue Agency (CRA) changed the criteria for filing the Partnership Information Return, form T5013. The new criteria will apply to partnerships with fiscal periods ending on or after January 1, 2011.

Prior to 2011, the requirement to file this return was based on the number of partners in a partnership. Now the requirement is related to financial thresholds, & clarifying the types of partners in the partnership. The filing requirement will include partnerships with revenues and expenses that exceed \$2 million, or exceed \$5 million in assets. The due date for filing the Partnership Information Return is Mar.31st or five months from the partnership's year end, whichever comes first.

If you are 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.