



# Wheatland Kernels

From Wheatland Accounting Services Ltd.

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Winter 2013

## Important Deadlines

**Feb. 28** - T4 & T5 Filing

**Mar. 31** - T3 Deadline

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

**Mar. 1** - RRSP Purchase

**Mar. 31** - Trust Return Filing (or 90 days from the year end of the trust)

## President's Message

As we step into 2013, our team at Wheatland Accounting would like to wish you all the very best in the New Year. As usual every year presents its own challenges and opportunities, and the year past was no exception. The south east of the province in general had a better crop year than the year before which was a welcome relief, and it was an exceptional year for good crop prices. Change is a constant in Agriculture, and there have been some major changes in the last year that are having an impact including the new mandate for the CWB and the dramatic increase in farmland values.

The theme of our "Ag Day" held January 30, 2013 in Francis SK, is "Managing Change". We hope that you will be able to join us for this complimentary, information packed day. We are very excited about the agenda; several informative topics of interest are being covered by our own staff, and we are pleased to have Bill Allen from Sun Life and Paul Hammerton from MNP present to us as well. We also are much honored that the Deputy Minister of Agriculture for Saskatchewan, Alanna Koch, has made time in her schedule to be our Luncheon Keynote Speaker. Alanna will bring us up to date on where Saskatchewan agriculture fits in the world's economy. Please call our receptionist to register for the day.

We are now entering our 32<sup>nd</sup> year in business, and again we want to thank you for trusting your business to us, and we always welcome your thoughts on things we can do to become more effective advisors to you.

Kelvin Shultz RPA, Dip Ag, CAFA

Please have all personal tax documents in by April 15 to ensure your return can be completed by April 30.

**Tax envelopes will be coming in soon, these will assist in preparing your documents to send to us for your personal tax.**

***Clients that send in their 2012 tax information in the tax envelopes before April 1, 2013 will be entered into a draw for a \$100 credit voucher at Wheatland!***

**Our office will be closed  
January 30, 2013  
for Ag Day in Francis**

## Don't miss those tax credits and deductions!

This article will take a look at some things you should be aware of when gathering and collecting information for the upcoming tax season to maximize your credits and deductions.

- We will be forwarding larger tax envelopes this year to assist you in gathering any slips and other information you need to collect for tax purpose. There is a checklist on the envelope to help ensure that you include all the information that can benefit you.
- Unincorporated farmers who are not our bookkeeping clients please remember to fill out the Farm Tax Worksheet that we send out to assist you in gathering the information we require to prepare the farm portion of your personal tax.  
(If you use Ag Expert Software, you will only need to bring us a backup of your data).
- Collect and forward all your medical receipts, if possible have the pharmacy print out an annual statement listing all of the prescriptions you have purchased in the year, this saves us a lot of time adding up the little individual prescription receipts.
- If you travel at least 40 km for medical services, remember to have documentation of all Dr., Dental, Chiropractor and Optometrist visits in the last year as well as documentation for medical tests and hospital stays. An appointment card, letter of appointment, hospital admittance forms, or letter from your Dr. detailing appointments in the year will suffice. This allows us to claim medical travel expenses for you.
- Remember, if you have children involved in 4H, sports, music lessons, or any arts or physical active program to forward the receipts as they may qualify for a tax credit.
- Advise us of any changes in marital status as well as any changes in dependents
- Advise us if you were a first time home buyer in 2012, as there are federal and provincial credits available for you.
- Notify us if you are a caregiver of a mentally or physically infirm relative, as there is a new caregiver credit for 2012.

CRA has changed the age of children eligible to receive the Active Families Benefit from 6-14 to 6-18 for the 2012 year. The Active Families Benefit is a tax refund that helps with the cost of children's participation in cultural, recreational and sport activities. For more information please visit [www.pcs.gov.sk.ca/afb](http://www.pcs.gov.sk.ca/afb) or call 1-866-951-8828.

**AgriStability Reminder:**  
If our office prepares your AgriStability application, please remember to return to our office your completed 2012 AgriStability information sheets that were sent out in December.

Check out the new tools and information updated on our website at [www.wheatlandaccounting.com](http://www.wheatlandaccounting.com) – we would love to hear feedback on what you would like to see on our website so please call the office or email us your suggestions!

**Medical Travel Claims:**  
CRA may ask for documentation proving all travel-related medical expenses claimed on your personal tax return. This can include a letter from your medical practitioner stating that the medical services were not available in your home town.

*If you are a quarterly book-keeping client and think that you may be owing GST any quarter, please let us know when sending in your receipts.*

## Registered Retirement Savings Plan (RRSP)

A RRSP is a tax shelter that allows Canadian taxpayers a way to save money for their retirement.

- **Are there advantages to a RRSP?** RRSP's are deductible from income, and investment income earned within the RRSP fund is tax sheltered.
  - **How much is the reduction in tax from contributing?** This depends on your tax bracket. In Saskatchewan, the highest income earners will save 44% while the average income earner will save approximately 35%.
  - **Is it really tax savings?** The RRSP is a tax shelter, so income tax is deferred. When funds are withdrawn from the plan, they are taxable.
  - **How much can be contributed?** There are limits to the amount that can be contributed. The current year's limit is 18% of income earned in 2011 to a maximum of \$22,970, add to that any carryover amount of unused contribution room of prior years.
  - **When should contributions be made?** Contribute any time during the last ten months of 2012 and within the first 60 days of 2013. Therefore, March 1<sup>st</sup>, 2013 is the last day to contribute to an RRSP for the 2012 tax year.
  - **Is it wise to borrow the funds to contribute to an RRSP?** Can you afford the loan payments? The main reason Canadians do not contribute is affordability. Will the rate of return on the investment exceed the cost of borrowing? Interest on the loan is not deductible, so this may be difficult to achieve unless the funds are in a higher risk investment earning a greater return.
  - **When can funds be withdrawn?** RRSP's should be viewed as a long-term investment. The purpose of the RRSP is for retirement, so the funds should remain in the plan until that day arrives. However, funds can be withdrawn anytime but are subject to tax. In the year you turn 71; RRSP's must either be withdrawn, transferred directly to a Registered Retirement Income Fund (RRIF) or purchase an annuity.
  - **Is an RRSP worthwhile?** The intent is to provide for retirement, and that in itself is worthwhile. At retirement, there is the real possibility of paying less tax on the withdrawal amount than the tax that was deferred on contribution. Unless of course, if you have planned for alternative sources of income at retirement, the benefit of the RRSP can be diminished if it is taxed at higher rates.
- \*Be sure to review your current situation. Contributing to an RRSP may not be the best alternative for you. It may be advisable to pay down debt first or save in a Tax-Free Savings Account (TFSA). You should talk with your accountant or financial adviser to get an opinion on your specific situation.**

## Long-haul vs. Short-haul Truck Drivers

There are differences in the tax treatment of expenses that can be claimed depending on the classification of being a long-haul vs. short-haul truck driver for transportation employees. Here are some general guidelines:

### Long-haul

- Employee regularly has to travel away from the municipality and area where the employee regularly reports to work for a **period of 24 hours and a distance of at least 160 km**
- Employee and employer fill out form TL2 for the employee each year
- Employee can claim 80% of meals, up to a maximum of three meals a day, and can claim lodging and showers (must keep receipts) for all long-haul trips
- Employee can claim 50% of meals, for all other trips that do not meet the long-haul specifications

### Short-haul

- Employee has to travel away from the municipality and the metropolitan area the employee regularly reports to work for a **period of 12 consecutive hours**
- Employer fills out form T2200 for the employee each year
- Employee can claim 50% of meals, only one meal per day can be claimed

No matter the classification, all truckers are required to keep a log book of trips which indicates the date, destination, times and total hours away, km driven and the number of meals. CRA may also request the employer's verification of the trips recorded in the log book. Expenses can only be claimed on amounts above any employer reimbursements or allowances.