



# Wheatland Kernels

From Wheatland Accounting Services Ltd.

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Winter 2016

## **Important Deadlines!**

**February 29**

T4 & T5 Filing

**March 1**

RRSP Purchase

**March 31**

T3 Deadline

**March 31**

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

**April 30**

Final day to cancel or  
change AgriStability  
for 2016

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

### **CRA SCAM**

*If you receive a phone call that you owe money to CRA it may be a scam. If you have not received a letter and the phone call is the first time you are hearing from CRA, there is good chance it's a scam!*

## **Presidents Message**

While many Saskatchewan residents head for warmer climate at this time of year, this finds Elaine and I in the Toronto airport en route to Gaspé Quebec to visit our son, Steve, and spend about ten days there with him. We certainly cannot complain about our Saskatchewan winter to date, so those of us who don't go south may not even get to feel too sorry for ourselves this year!

Since our last newsletter our new government has put forward some changes that keeps the accounting and tax industry busy analyzing the new realities and determining how best to deal with each new reality. These changes do not affect the 2015 tax year which we are working on right now, but come into effect in 2016. See our article in this newsletter about some of these changes.

Yes, 2015 tax time is just around the corner and our office is gearing up for a great season again. We have a vibrant team ready to be of assistance to you. There are a few new faces mixing with the seasoned ones that provide a nice balance of enthusiasm and experience. The best way to see the current team lineup is to visit our website at [www.wheatlandaccounting.com/team.html](http://www.wheatlandaccounting.com/team.html).

We are excited once again to be a funding partner of Saskatchewan Young Ag Entrepreneurs. As I write this Danielle is representing us at their annual conference in Saskatoon. We love the connection with this group of young ag achievers and follow their program. If you are 18 – 40yrs of age, progressive and committed to agriculture, or any age and just interested to follow and encourage youth in agriculture, you should consider joining this organization. Wheatland is offering a one year membership to the first four clients to submit their names, so please get your name in early for a free annual membership. The Wheatland team joins me in wishing you all the best for 2016 and we all look forward to working with you during the coming tax season.

**Kelvin Shultz RPA CAFA Dip Ag**

## **Understanding the effects of RRSP and TFSA contributions**

- An RRSP contribution up to your contribution limit will be a deduction from income for 2015 if it was made in the last 10 months of 2015 or the first 2 months of 2016, but will be taxable the year it is withdrawn from the plan
- A TFSA contribution is not a deduction from taxable income, but neither is the increase in value of the fund taxable, so you can build a tax free retirement or rainy day fund, subject to the contribution limits in place. At this point in time you are allowed total contribution of \$46,500.00 in your TFSA.
- An RRSP contribution applied against 2015 taxable income: under \$45,000 may save 26%, \$45,000 - \$89,000 will save 35% and over \$89,000 will save at least 39% tax. So you can see RRSPs are more of an advantage for those with higher taxable income than lower (particularly if they will be taxed in a lower bracket when withdrawn from the plan)
- Once you (and your spouse) are 71 years of age you can no longer contribute to an RRSP, but still can contribute to a TFSA. If you fall in this age group and have funds to invest in a TFSA, by all means do so.
- If you are under 71 years of age and have maxed out your RRSP limit and still have funds to invest in a TFSA, it is a good plan to do so.

**Office Hours**  
**Monday-Friday 9-5**  
***Closed from***

Clients that send in their 2015 tax information in the tax envelopes before March 31, 2016 will be entered into a draw for a \$100 credit on their Wheatland Account.

Please check us out on Facebook, If you like our page you will be entered to win a \$50.00 credit on your account.

**Saskatchewan Young Ag Entrepreneurs**

Wheatland Accounting Services Ltd. is a proud sponsor of the Sask. Young Ag Entrepreneurs. The Sask. Young Ag Entrepreneurs is a provincial group providing training, education and networking opportunities to producers and Ag professionals. Their goal is to have a voice for the agriculture industry as the next generation grows. For more information please visit their website at [www.saskyoungag.ca](http://www.saskyoungag.ca)

**AgriStability Reminders and Deadlines**

With the new calendar year now here, it is time for the preparation of the 2015 AgriStability applications. By now you should have received an AgriStability information sheet, we ask that you please return this information as soon as possible so that we can get started on your applications in a timely manner. Please contact our office if you have any questions regarding the information required.

The deadline to submit your forms without penalties applied is September 30, 2016.

If you have not done so already please send in your 2016 signed contract. As of January 31<sup>st</sup>, unpaid accounts will be invoiced based on the options chosen last year. Tax clients will not be charged interest, until after their tax is completed. **However in order for a tax return to be e-filed, our bill must be paid.**

**Tax Changes 2015 – 2016**

The Income Tax Act is one of the most changing legal guidebooks on record. A new government, bringing new priorities and approaches inevitably brings new tax changes. In this case our previous government also brought about changes in the election year that will affect 2015, some of which the new government will reverse in 2016.

**Family Tax Cut**

The family tax cut was introduced by the Conservative government last year as an attempt at income splitting for spouses with families. This federal credit will automatically calculate with your 2015 return if you qualify for it.

The credit is calculated based on the net reduction to your and your spouse's or common-law partner's combined federal taxes, as if an amount up to a maximum of \$50,000 in taxable income was transferred from the individual with the higher taxable income to his or her spouse or common-law partner. The maximum federal tax saving is \$2,000.

**Tax Rate Changes**

For the 2016 and subsequent tax years, the federal personal income tax rate on taxable income of \$45,282 to \$90,563 (the second income tax bracket) will be reduced by 1.5% from 22% to 20.5%

A planning point if your taxable income falls within this bracket is to maximize your RRSP deductible contributions in 2015 as it will save you 1.5% more tax than it will in 2016 and beyond.

A rate change that will not affect the majority of Canadians is that taxable income over \$200,000 will be subject to a federal income tax rate of 33%.

**Labor Sponsored Tax Credit**

The previous government announced that the federal Labor Sponsored Tax Credit that was previously at 15% of investments up to \$5,000 is to change to 10% in 2015 and 5% in 2016 then be phased out in 2017.

Part of the Liberal party platform was to reinstate this credit to its pre 2015 level, but so far that adjustment has not been introduced.

**Tax Free Savings Account**

The new government is cutting back the annual allowable contribution to Tax Free Saving Accounts from the recently instated \$10,000 per year level back to the previous \$5,500 level. If you did not take advantage of the 2015 \$10,000 contribution level it will not be lost, but will be included in the carry forward balance for future contribution.