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Client UPDATE

FAQ's -

Q – If real estate held by my corporation is sold, am I responsible to remit HST?

A – The vendor is only responsible if the purchaser is not registered for HST.

Q – Are Americans living in Canada responsible to file U.S. personal tax returns?

A – Yes, since the U.S. taxes its citizens and Green Card holders no matter where they reside.

Q – What trivia fact about Mel Blanc (voice of Bugs Bunny) is most ironic?

A – He was allergic to carrots.

Q – Can I still deduct 100% of my new computer?

A – No. Effective January 31, 2011, you can only depreciate 55% of the cost in the 1st year.

Q – How long do I have to keep my business records?

A – For tax purposes, you need to keep your business records for six years.

Thinking of Selling?

If you are thinking of selling your business, you'll want to make it as attractive as possible to potential buyers. Unresolved tax issues can depress the business's value but a positive tax position can increase it.

When you're preparing your business for sale, taking steps to get your tax issues sorted out can help you get top dollar from a buyer.

Call us today to talk about this very important issue.

Spring 2011

Death & Taxes

Not necessarily the two words you most want to hear. But since death and taxes are facts of life, you might as well know some of the realities.

After your passing, when the final tax return is submitted by your executor, there will be realization of gains or losses. If you have real estate holdings, securities portfolios, or shares in a family business, this can result in a significant tax cost to your estate. The full value of your RRSP and RIF funds are also included in income for the year of death.

It's not as bad as it sounds though. The taxes due can be paid over ten years as long as security is provided to CRA. There are some exceptions to this deeming provision. Most notably, assets passing to a surviving spouse can be transferred to the spouse at your original tax cost, deferring the tax until the survivor's death.

Other exceptions which are non-taxable include the death benefit received from a life insurance policy, as well as proceeds from a TFSA.

In our next newsletter, we will focus on other post mortem tax issues.

If a pig loses its voice, is it disgruntled?

For a no-charge initial consultation, call Gary at 905-669-7950 or e-mail: gary@freedmanca.com

Out of Country Medical Expenses

People who travel outside of Canada for medical treatment may be eligible to claim the cost of the treatment, as well as travel and transportation to the medical practitioner or facility as a medical expense for tax credit purposes. Experimental procedures that are not available locally may be eligible.

Federal Tax Rates for 2011

- First \$41K of taxable income is taxed at 15%.
- Next \$41K of taxable income is taxed at 22%.
- Next \$45K of taxable income is taxed at 26%.
- Amounts exceeding \$129K of taxable income are taxed at 29%.

Surgeons just love to see accountants on their operating table. When they open them up, everything inside is numbered.

Ontario Children's Activity Tax Credit

The Ontario Children's Activity Tax Credit has been approved. From music and painting to sports and dance, Ontario families will now get a tax credit for enrolling their children in a wide range of extra-curricular activities that encourage them to be healthy and active.

Parents will receive a refundable tax credit of up to \$50 per child under the age of 16 and up to \$100 per child with a disability under the age of 18.



- WHO WE ARE -

Gary A. Freedman, Chartered Accountant is a firm which provides personalized, professional advice in all areas of accounting and tax planning. Located in Concord, ON we provide services to clients throughout Canada.

Our client base is comprised of a wide range of industries including manufacturing, not-for-profit, e-commerce, construction, and hospitality.

Gary A. Freedman is a member of the Practice Inspection Committee of the Institute of Chartered Accountants of Ontario, the body which oversees all practicing chartered accountants in the province.

We are a people-oriented firm who works with our clients to establish and serve their needs.

- Financial Statements
- Personal, Corporate and Trust Returns
- Accounting & Auditing
- Personal & Corporate Tax Planning
- QuickBooks Training
- Bookkeeping & Payroll Services

WE ARE FLUENT IN ENGLISH, CANTONESE AND MANDARIN

Worried about a CRA audit? Avoid what's called a red flag. That's something the CRA always looks for. For example, say you have some money left in your bank account after paying taxes. That's a red flag.

Importing/Exporting

If you are importing or exporting goods, be sure to open an account with CRA. If you already have a business number with the CRA, you'll need to activate an import/export account against that number.

For additional information, call us at 905-669-7950 or e-mail: gary@freedmanca.com

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Self-Employed E.I.

Beginning in January 2011, self-employed Canadians will be able to access Employment Insurance (EI special benefits). There are four types of E.I special benefits:

- Maternity Benefits
- Parental Benefits
- Sickness Benefits
- Passionate Care Benefits

To be eligible for E.I. special benefits, you must register with the Canada Employment Insurance Commission, wait 12 months from the date of your confirmed registration and finally, apply for E.I. special benefits and meet the eligibility criteria.

Brand new golf balls are water-magnetic. Though this cannot be proven in the lab, it is a known fact that the more expensive the golf ball, the greater is its attraction to water.

Thinking of Moving?

Are you contemplating an inter-provincial relocation for work? If so, the timing of your move could either cost or save you a whack of tax depending on the difference in tax rates between the provinces. You are taxed in the province where you reside on December 31st.

RRSP Contributions

RRSP contributions right at the wire for 2010? This year, why not arrange to make monthly contributions and you'll be the winner in the long run since you will accumulate tax-free earnings inside the RRSP all year.



HST on Car Allowances

Are you one of the many employers who have forgotten to claim back the HST on the non-taxable car allowance paid to your employees? Don't worry if it has slipped through the cracks! CRA will allow you to claim these input tax credits on a perspective basis on future HST returns.

QuickBooks

To un-apply a payment from an invoice, find the payment (the easiest place to find it is usually the Customer Center found under Customer Menu) and uncheck the incorrect invoice(s) it was applied to.

Once you're done un-applying payments you can apply the payment to another invoice. All you have to do is open the correct invoice and click the Apply Credits button.

Introducing Our Newest Associate



Aimin Wen, CGA, ACCA

We are delighted to introduce Aimin Wen as the newest member of our team. Aimin comes to us with rich experience in taxation, accounting, auditing, & finance. In his spare time, he enjoys family, travelling, biking, fishing, and tennis.

Aimin is a versatile and seasoned professional with over ten years of public accounting experience and is a very welcome addition to our firm.

Notice to Reader

Gary A. Freedman publishes this newsletter for information purposes only. It is neither a definitive analysis of any law, nor a substitute for professional advice.