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# WILLIAMS ACCOUNTING PROFESSIONAL CORPORATION

## Client Newsletter

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*Plan now for 2016.*

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## New for 2015 and 2016

Since my last newsletter we have had a federal budget, a provincial and a federal election. Shortly after the election a number of election pledges were implemented with more to come in a federal budget later this winter. Here is a summary of those items of most interest.

### 1. Children's Fitness Credit

The federal government kept the federal fitness tax credit to **\$1,000** for 2015. This is in addition to the \$500 federal arts credit. This is not to be confused with the Ontario Child Activity tax credit of \$551. Generally, anything that is fitness or arts related qualifies for Ontario purposes. Ontario also allows many other items including tutoring. What is **NEW** is that the federal fitness credit is now refundable and will benefit some lower income tax payers. When we complete your tax return we are required to see these receipts so please provide them and we will determine the optimal way to make the claim.

### 2. Income Splitting for Parents

For the second year CRA is allowing income splitting for parents with children under 18. Called the Family Tax Cut by the federal government this new measure can save a family up to \$2,000 in 2015. There are lots of rules on this but when your return is prepared we will calculate the maximum allowed and give it to the parent who will benefit the most. This is the last year for this as the new federal government is eliminating it in 2016.

### 3. 2015 Child Care Expenses

For 2015 the maximum deduction for child care expenses has been increased by \$1,000 per child. The new limits are \$8,000 for children under 6, \$5,000 for children age 7 to 16 and \$11,000 for children eligible for the disability tax credit.

### 4. Universal Child Care Benefit

Beginning in 2015 there were major changes to this program. The amount received for children under 6 increased to \$160 per month from \$100. In addition, for children from 7 to 18 there was a new benefit of \$60 per month. To allow time for implementation, the first six months of payments were sent in July 2015. These funds are taxable! And as of July 2016 this too has been eliminated to be replaced by a new Canada Child Benefit.

## New for 2015 and 2016 Continued...

The previous government eliminated the child tax credit effective 2015. In all cases, Canadian parents will come out ahead in 2015. But the new Canada Child Benefit won't be so generous to higher income earners. It is income tested so some clients will not benefit with the new program.

### 5. Lower Middle Class Taxes and New High Income Tax Bracket

In December 2015 the new government announced lower taxes for those in the "middle" tax bracket. For those earning between \$45,282 and \$90,563 the federal taxes have been reduced from 22% to 20.5%. This could save someone up to \$680 per year. But they also created a new tax bracket for income over \$200,000. So now the top federal tax bracket is 33%. When combined with the Ontario taxes the top marginal tax bracket is now 53.53%!

### 6. New TFSA Limits

The \$10,000 TFSA limit for 2015 was nice while it lasted. For 2016 the limit is back down to \$5,500. The contribution limit is cumulative so if you have never contributed the total cumulative limit is now \$46,500.

## Lower Small Business Tax Rates!

Beginning in 2016 the small business tax rate has been reduced to 15% from 15.5%. This reduction is currently scheduled to continue. Beginning in 2017 another reduction is planned to 14.5% with further reductions in the following years. Having said that, there is a new federal government and so the future is not quite as clear as it was before the election.

If you are currently operating your business as a proprietorship this may be a good time to evaluate if you should incorporate to potentially take advantage of the lower business rates.

## Tax Free Employee Benefits

Most benefits you receive from an employer are taxable, but some are not. It can be advantageous to negotiate tax-free benefits when you discuss raises with your boss. And if you're self-employed, your boss is usually quite willing to let you reduce tax! So consider arranging to be paid the following to reduce your tax bill:

- Contributions to a "private health services plan"
- Payment of club dues if the primary beneficiary is the business
- Home computer if the primary beneficiary is the business
- Tuition fees for courses related to the employment
- Scholarships to children of employees
- Uniforms or special clothing
- Overtime meals
- Reasonable per km motor vehicle allowances (Now LOWER for 2016)

There are rules for these so please call us before you implement them in your business.



## Death and Taxes

*"In this world nothing can be said to be certain, except death and taxes."*

Benjamin Franklin

One of the unpleasant parts of our business is hearing of the loss of a loved one. Often we hear the news from the spouse or child of the deceased or from the executor. While death comes to us all, the payment of taxes at the time of death can be lessened.

### Before Death

Since we are all going to die someday, planning to minimize taxes should not be something to avoid. As I have said to many clients, "You can chose to give your money to the government or give it to your family...your choice." Planning can involve transferring assets to beneficiaries before death, second wills, joint ownership, or full blown estate freezes. If this is an area that interests you give me a call to discuss.

### After Death

After death there will be a final return(s) to complete up to the date of death. There may also be returns for the estate. This is referred to as a trust or T3 return. The estate may have to continue to file each year until there are no assets left to distribute.

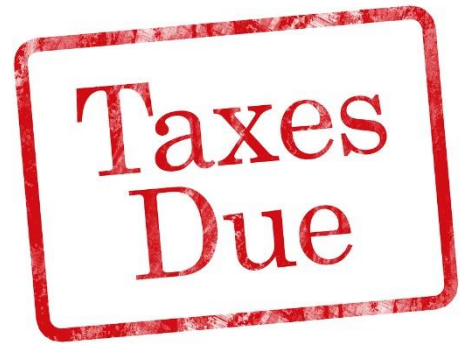
To minimize taxes it is important to speak to an accountant **before** you do anything. There are options that can save thousands in taxes but once certain actions are taken by the executor it is too late.

## Need a Good Referral?

I belong to a networking group. We refer business to one another. I have belonged to this group for 12 years and its members are all reputable business people. Many of their services I have used myself. So if you need any of the following services please contact me and I will give you their contact information:

- Information technology
- Mat Rentals, carpet and furniture cleaning and restoration
- Creative Design, Marketing and Advertising
- Custom Closets and Garages
- Life, Disability and Critical Illness Insurance
- Home and Auto Insurance
- Travel Agent
- Auto Repair Shop
- General Contractor
- Mortgage Broker
- Certified Home Inspector
- Auto Glass Repair and Tinting
- Lawyer
- Residential Real Estate Agent
- Investment Advisor

If you are in business and want to grow your business by referral give me a call and we can discuss the possibility of joining my networking group.



# CREATING VALUE FOR YOUR BUSINESS

Williams Accounting Professional Corporation is a full service firm providing bookkeeping, accounting and tax services to small and medium size business since 1997. Our team prides itself in its personal attention to the success of its clients and is considered a “One Stop Shop” for clients in Peel Region.



## CREATING VALUE

We take care of the details so you can focus on your business. We look for ways to minimize taxes through innovative strategies.



## FINDING VALUE

We look at the details. From optimizing salaries and dividends and income splitting to maximizing allowable expenses we help you benefit from our vast experience. By asking the right questions and digging deeper, we find more value for our clients.

We are in the process of updating our website and marketing materials. Stay tuned for updates!!

Could your business do better in 2016? Let's talk and "Create Value for YOUR Business"

## Upcoming Deadlines

Accountants work with deadlines all the time. Here are a few you should be aware of in the near future.

<b>T4 and T5 Issuing</b>	February 29, 2016
<b>RRSP Deadline</b>	February 29, 2016
<b>Personal Tax Installment</b>	March 15, 2016
<b>Trust Return</b>	March 31, 2016
<b>January-March HST and/or WSIB Return</b>	May 2, 2016
<b>Personal Tax Return</b>	May 2, 2016
<b>Proprietorship Tax and HST Payment</b>	May 2, 2016
<b>Proprietorship Tax and/or HST Return</b>	June 15, 2016
<b>Personal Tax Instalment</b>	June 15, 2016
<b>December Corporate Tax Return</b>	June 30, 2016



*Thank you for your referrals!  
We very much appreciate the referrals we receive. If you know of someone who may benefit from our services please pass my name to them. As always, we provide a complimentary initial meeting.*