

Summer, 2011

Gregory, Harriman & Associates

Summer newsletter

GH&A News



Relay for Life—Strathmore

GH&A is once again fielding a team in the Strathmore Relay for Life, to be held June 10, 2011. If you see us out there, come over and visit!

4th Annual Heritage Days BBQ

GH&A, along with J Duncan Ventures, Community Futures Wild Rose and Wheatland Cellular, will host our 4th annual Heritage Days BBQ on Thursday, July 28, 2011 in the parking lot across from our offices. If you are planning to attend, please RSVP by July 21 to Kathy at kguttinger@gh-a.com.

Study Leave

Sam Miller and Minh Nguyen are out of the office this summer, prepping for the fall writing of the UFE (Uniform Final Exam), the last step to achieving their Chartered Accountant designation.

Community Crisis Society Cream Can Fundraiser 2010/2011

GH&A had the honor of sponsoring the Cream Can Fundraiser in our reception area until the end of April, 2011. We were able to raise \$506 during the 2011 tax season. We would like to thank our clients for donating to this worthy charity. During March and April, when a donation was put in the cream can, GH&A put their name into a draw for a flat screen LCD TV. The winner was John Allan.



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Changes to the Canada Pension Plan (CPP)



Effective January, 2011, CPP is changing, affecting:

- Anyone who contributes to CPP, whether employed or self-employed;
- Between the ages of 60 and 70 and working while receiving their CPP retirement pension, or
- An employer who contributes to CPP on behalf of their employees.

However, if you started receiving a CPP retirement pension before December 31, 2010 and are not working, you will **not** be affected by these changes.

The following changes are being phased in over a five year period (2011 to 2016). CRA is trying to

provide incentives for people to take their CPP retirement pension amount after age 65 by increasing the monthly CPP by a larger percentage (gradually from 2011 to 2013) and discouraging people from accessing their CPP before age 65 by decreasing their monthly CPP by a larger percentage (gradually from 2012 to 2016).

According to the CRA website, other changes that will begin in 2012 are:

- The number of years of low or zero earnings that are automatically dropped from the calculation of the CPP retirement pension will increase (in 2012 and 2014);

- You will be able to continue working while you start receiving your CPP retirement pension;
- If you are under 65 and working while getting your CPP, you and your employer **will have to** make CPP contributions and these contributions will be added to your CPP retirement benefits in 2013; and
- If you are 65 to 70 and working while receiving your CPP pension, you will be able to **choose** to make CPP contributions, and these contributions will be added to your CPP benefit in 2013.

WEConnect—Women Entrepreneurs

"We can help you increase your access to local and global procurement opportunities." - WEConnect Canada

If you are a woman entrepreneur interested in growing your business nationally and possibly globally, and your company is at least 51% female managed and owned, WEConnect Canada can help you achieve your goals.

It is a Canadian non-profit organization that connects these businesses with government and multi-national corporations that are committed to diversity in

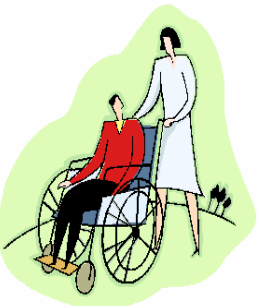
their procurement practices.

WEConnect provides education, training, coaching and mentoring programs to help the business women entrepreneurs make successful bids on large contracts. They also provide the opportunity to network with procurement officers and other certified firms.

If you are interested in finding out more about WEConnect

Canada, you can visit their website at www.weconnectcanada.org. In order to access these services, you will have to be certified as a Women Business Enterprise (WBE) by WEConnect Canada, which verifies that your business is majority-owned (51%), managed and controlled by a woman, or women.

Medical Travel



CRA has spelled out its position regarding what travel costs qualify as a medical expense for medical treatment both inside and outside of Canada.

If your doctor has certified that you are incapable of traveling alone to your medical treatment, you may claim the travel expenses of an accompanying at-

tendant. This attendant must be necessary for your care and well-being, and the care must be continuous and ongoing.

For travel to and from the treatment (**must be a minimum of 40 kilometers**), as well as any accommodations and meals required during the period of treatment for yourself and your atten-

dant, CRA is allowing all reasonable travel expenses.

If you are reimbursed or will be reimbursed for any of these expenses, you may not claim that portion of your expenses on the medical form.

Deductible Expenses for Employees

As an employee, you are limited in the expenses you can deduct when preparing your personal tax return. Some expenses, such as pension contributions, union dues and professional dues, can be deducted without issue.

For other expenses, the employee must be required to pay their own expenses according to their employment contract. If your employer will sign Form T2200, Declaration of Conditions of Employment, certifying that you are required to pay your own expenses, you will be able to deduct certain expenses on your T1. If you are a commissioned salesperson, you are not only able to deduct specific expenses, but can also deduct any reasonable expense incurred to earn income, such as commissions. However, there are certain tests which must be met before you can deduct these expenses, such as being required to pay your own expenses as per your contract of

employment, must be required to carry on the duties of your job away from your employer's business location, your remuneration must be wholly or partly based on commissions and you do not receive a tax-free travel allowance for your expenses. Also, you can only deduct as much expense as what your commission income is. Expenses that are deductible are:

- Professional dues
- Union dues
- Salary paid to an assistant—there are certain circumstances and requirements attached to this expense
- Supplies consumed (T2200)
- Travelling expenses (T2200)
- Capital expenses—automobile/airplane—(T2200) there are certain requirements to qualify for this expense.
- Office rent/home office expenses (T2200)—there are certain requirements to qualify for this expense.

Commissioned salespersons are also able to deduct:

- Rental costs of equipment/telephone
- Meals and entertainment

If you are able to deduct any of the above expenses, it is crucial that you document them and keep copies of the bills and receipts for your tax return and if CRA should decide to review your return. For meal expenses, make sure to write on the receipt who you took to lunch and why. If you are claiming travel expenses, along with all of the other vehicle-associated expenses, you will need to keep a logbook to support the number of kilometers that you drive for business use. We can provide one for you, should you require it.

There are also special rules for certain types of employees, such as musicians, artists, long-haul truck drivers, railway employees and tradespersons.



Non-payment of tax installments can be costly

If CRA has determined you are required to pay installments, they will be mailing out an installment reminder to you. If you owed more than \$3,000 for both the current year and either of the two preceding years, you may receive an installment reminder, informing you that you must pay installments in the current year. The reminder will tell you of whether you need to make quarterly, semi-annual or annual payments.

However, if you are certain that your current year's taxes owing

will not exceed \$3,000, you will not be required to make any installment payments.

It is imperative that installment payments are either received by CRA, sent by first class mail or paid at any financial institution by the due date(s) noted on the reminder. If your main source of income is farming, then you will be required to make a single installment payment on December 31.

If you don't pay your installments on time, it can be costly. First,

CRA charges installment interest at CRA's prescribed rate of 5%. Next, interest charges are compounded daily. Lastly, there could be a penalty for late installments or under-remittances.

You should compare the installment amounts on the reminder against the installment calculations provided by our office, and if the recommended installments are less, you should contact our office to discuss the matter.

"Even if you must borrow to pay all the required installments on time, you should do so. Financial institutions offer better rates than the CRA."

Did you know ...

Protecting Personal Information

There is a growing concern about how easily the personal information that we accumulate online can affect our privacy. According to Canada's Privacy Commission Jennifer Stoddart, whenever you go online, you are building an identity through the words and images you post and the activities you do. Even if you delete it in one place, there may be cached versions or copies stored elsewhere that you can't control. "Nearly two billion people can potentially access information about you with the click of a button." Commissioner Stoddart says.

SME Resources

Are you a small to medium sized enterprise looking for information on funding sources, benchmarking tools and succession planning? Industry Canada's SME Direct webpage has information on all of those topics. www.ic.gc.ca/smedirect

Support for Small Business

The Canadian Federation of Independent Business offers support, consulting services, and a wide variety of member discounts / privilege programs to Canadian small business. www.cfib-fcei.ca

Government Services

The Service Canada website is an excellent resource for the different programs and

services available to Canadians. You can find out what benefits and programs that you may qualify for, whether it is finding a job, raising a family, having a baby, retirement planning, starting a business or other life events that we need to prepare for.

www.servicecanada.gc.ca

Adjustment to your Personal Tax Return

Did you miss recording a deduction or credit on your tax return, or missed some taxable income? If you find yourself in this situation, please contact our office, and we will be glad to prepare the T1 Adjustment for you.



"And now I just step back and let the grilling process destroy any nutritional value it might have had."

Tracking your costs on your vacation properties for capital gains purposes

It is important to keep track of the cost to purchase your vacation home and any improvements that you make to your property for when you sell your property. So keep your receipts and remember that some costs may not be improvements, but expenses to maintain or return your property to its original condition. If you are unsure of what category your expenditures fall into, you can contact our office and we will be glad to assist you.

June 15 Filing Reminder for Self-Employed Individuals & Their Spouses

If you or your spouse were self-employed in 2010, your personal tax return must be filed on or before June 15, 2011. However, if you were owing taxes on your 2010 income, your taxes owing were due on May 2, 2011. Any late payments will have interest charged and if your tax return is not filed on June 15, penalties will also be applied to the unpaid taxes.

Interest on Investment Loans

If you borrowed to purchase an investment and then sold that investment for a loss, you can continue to deduct that interest as long as you reinvest the proceeds that you received in a new investment instead of repaying the loan.



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