



DECEMBER 2016 Newsletter

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Happy holidays...

As we wind down 2016 and look towards a new year, I'd like to thank all of my clients and colleagues who helped to make this year so enjoyable. I look forward to continuing to help in the new year, and am happy to answer any questions you have by email, by phone or in person. Much happiness to you and yours in 2017!

A Note from Lynne



*Questions? Suggestions? Need to come in and have a chat about something? We'd love to hear from you – contact me at lynne@forgette.ca or my Office Manager, Chantal at chantal@forgette.ca
You can also reach us by phone at 613-271-0683 – we're here to help!*

Important Tax Changes for Corporations

The 2016 budget included the introduction of significant changes that will affect many businesses claiming the small business deduction on certain income. It's important for anyone with a corporation that claims the small business deduction to understand how these changes might affect them, as the new rules can have a widespread and sometimes unexpected effect.

As a refresher, the small business deduction reduces the tax rate that a corporation pays on the first \$ 500,000 of qualifying active business income in a Canadian controlled private corporation. The new rules, which are proving to be quite complicated and broad in scope, are not yet passed at this time, but are expected to apply when a corporation receives certain payments from non-arm's length parties. Since the changes are applicable for tax years that start after March 22, 2016, the new rules would already apply to some corporations even though not yet passed.

The good folks at Video Tax News, a tax update service that I subscribe to, have provided a video that is quick and to the point which you can use as a starting point to understand how your corporation might be affected by the changes. You can find the 15 minute video here:

<https://vimeo.com/189665527>

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A few reminders before December 31st...

Certain expenses have to be paid before December 31st in order to be eligible as deductions or credits on your 2016 personal tax return. Some examples are child care expenses, charitable donations and medical expenses. For teachers and early childhood educators, you can get a new tax credit for 2016 of 15% on eligible purchases of up to \$ 1,000 made before December 31st. For those taxpayers who are over age 65, certain expenses paid before the end of the year relating to enhanced mobility or reduction of risk of harm in your home may qualify for the home accessibility tax credit. For RRSP contributions, you can contribute up to March 1, 2017 to be able to deduct the contribution on the 2016 tax return. And of course, remember to hang on to all your receipts! Please call if you have questions.

Tax Season is Coming!

Checklists will be going out to my personal income tax clients via email by early February. There will be new items on this year's checklist and it's very important to please review carefully and then return the checklist when you provide your tax information to my office. Call if you have any questions! As usual, those with sharp eyes will have a chance to win prizes by finding the secret password.

Good luck!

Calls from CRA

If you've read my previous newsletters, chances are you already know to be cautious if you receive a call from someone purporting to be from CRA, as there are a number of scams out there where people pose as CRA to take advantage of you. But be aware that there are times where CRA may call you and so you also want to be sure you aren't ignoring a legitimate call by thinking it is a scam. My advice is to note the phone number and then get more information before you part with any details to anyone. For individuals, you can call CRA at 1-800-959-8281, or businesses can call 1-800-959-5525, and ask them to verify the phone number you were given before calling back. Or call me!

'Tis the season...

Remember that CRA has rules about gifts you may provide to your employees. Visit their website for more details, including a handy questionnaire that helps to determine if there is a taxable benefit or not to your employee:

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/bnfts/gfts/plcy-eng.html>

**And now for a break from taxes...**

Holidays stressing you out? Sometimes we get wrapped up in the go, go, go this time of year, or have added pressures that zap us of our energy. A quick tip? Keep a small vial of orange essential oil nearby, and take a nice deep inhale from time to time throughout the day to give yourself a bright and sunny lift!

Please remember that the information presented here is for educational purposes only, and it is not possible to include all situations, circumstances and exceptions – individual facts should always be discussed with a qualified professional.

Although I have made every effort to ensure the accuracy of the information in this newsletter, I accept no liability for any errors or omissions.

Please call or email if you would like any further information or have any questions!

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