

InFocus Accountants LLP Annual Newsletter



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In Memory of Douglas Cageorge

It is with profound sadness that we announce the passing of our long-time Partner, mentor and friend, Douglas Cageorge on December 22, 2020. Doug was one of the founding Partners of our firm, and will be remembered for his practical approach to complex tax matters, his wry sense of humor, and his love for the links. He will be dearly missed.

Our Office

These past 15 months have certainly presented challenges to our business, as we are sure they have to yours. We continue to work diligently to provide the best possible client service in a timely manner. As provincial and municipal restrictions continue to ease, we are now booking appointments in our office. We look forward to fully opening our doors in the near future and getting back to a sense of normalcy.

Changes to Notice to Reader Engagements

We are excited to deliver our first annual newsletter to you, our valued clients. We hope this provides you with useful, pertinent information to the ever-evolving changes to taxation and accounting that may impact your business or personal tax.

What's New?

CPA Canada has released new standards in relation to Compilation Engagements (formerly known as Notice to Reader engagements). Through additional year-end procedures and increased financial statement disclosure, these changes strengthen the reporting for these types of engagements.

Does This Affect You?

If you currently have InFocus Accountants LLP prepare year end Notice to Reader financial statements, you are affected by these changes. These new standards are effective for periods ending on or after December 14, 2021.

What Now?

Although this is a significant change to the standards, we will work to minimize the impact on your year end procedures and processes. We will need to discuss in detail with each individual client what specific changes are required to meet the new standards. Please feel free to reach out to us anytime to discuss these changes in detail. Alternatively, we will be contacting you in advance of your year end to discuss these changes before the year end work begins.



2021 Federal Budget Highlights

On April 19, 2021 the 2021 proposed Federal Budget was released. Here are some of the key highlights to the various tax and non-tax financial measures.

> There are no changes to the personal and corporate tax rates for 2021.

> Small personal measures include, but not limited to, Old Age Security enhancements, extensions of student loans and interest

free home renovation loans for energy efficient homes.

> Extensions and phase out changes to the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS) programs (see more details below).

> Accelerated CCA claim of 100% on certain depreciable assets purchased after April 19, 2021 and available for use before January 1, 2024.

> Canada Recovery Hiring Program (CRHP) to provide Employers with a subsidy of up to 50% incremental remuneration paid to new employees from the period of June 6, 2021 to November 20, 2021.

> New tax on the purchase of luxury goods such as vehicles and aircrafts priced over \$100,000 and boats over \$250,000 purchased after January 2, 2022. Few exemptions may apply.

Government Emergency Subsidies

The 2021 budget proposed to extend the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy to September 25, 2021. Starting after the period ending July 3, 2021, both subsidies will be phased out over the last three periods. A minimum revenue decline

of 10% will be required to receive any benefits for the phase-out periods. There are far more details embedded in the budget in regards to the various rules surrounding the subsidies. Please contact our office if you would like further clarification on the rules for these subsidies.

The Canada Emergency Business Account Loan (CEBAL) must be repaid before December 31, 2022. Repaying the balance before this date will result in loan forgiveness of \$10,000 or \$20,000 (depending on the original loan amount of \$40,000 and \$60,000 respectively).

Don't Forget!!

Don't forget to renew your annual corporation registration. Each year the Alberta government will send you a renewal form that must be filed at an Alberta registry office. Failing to file this annual return can result in the corporation being struck and will be costly to revive.

In addition, there are new requirements in Alberta that an operating business address must be provided when filing your annual return. A home address can no longer be used.

Estate and Retirement Planning

With the Federal government continuing to pile up debt beyond 1 trillion dollars, it is likely there will be changes to the current tax rules to assist with recovering from this deficit. There will be many questions on what tax changes may be coming, and what can be done to minimize tax exposure as a result of these changes. We are passionate about helping our clients navigate through these complex areas of tax and glad to discuss your specific retirements and estate planning with you.



Email Payments

We now accept email transfer payments. Upon receipt of your invoices, you can e-transfer payments to payment@infocusllp.ca.

Time to Think About the Future

Do you have your will completed or updated? This can save your estate significant costs, time and taxes. Most importantly, this ensures your estate is properly handled after your passing. Don't wait until it's too late!

Disposing of Principal Residence – Penalty Alert!!!

A reminder that CRA now requires all personal tax returns to include information on disposition of your principal residence in the year of disposition. Although there is often no tax effect on the disposition, failure to report this information on your personal tax return can result in a non-compliance penalty of up to \$8,000.

Key Rates and Random Interesting Facts:

- Alberta's 2021 corporate tax rate for small active business income with earnings less than \$500,000 is a combined rate of 11% (9% federal and 2% Alberta). Active business income that exceeds \$500,000, or is not eligible for the small business rate, is taxed at 23% combined (15% federal and 8% Alberta).
- Personal tax rates in Alberta – See table below. Contact us for rates of other provinces.
- Did you know that probate fees in Alberta are a flat rate of \$525, whereas other provinces have a smaller flat fee, PLUS a percentage of the portion of the entire estate? For example, in British Columbia, the probate fees are \$350 + 1.4% of portion >\$50,000. Perhaps, we still have the "Alberta advantage" in some aspects after all!
- In 2019, Canada was ranked 22nd in the world for total tax revenue collected as a percentage of GDP. Countries ranked in the top four respectively are Denmark, France, Belgium and Sweden.
- Who pays most of our taxes in Canada? In a study done in 2017, 27.5 million people filed tax returns in Canada and over 9.1 million of those filers did not pay any taxes. Which means that two-thirds of total filers accounted for all taxes paid. Those with income greater than \$100,000 accounted for 52% of all federal income tax paid and 55% of all provincial income tax paid. This is quite contrary to the current narrative about higher income earners "not paying their fair share of income tax".

Combined Federal & Alberta Personal Tax Brackets and Tax Rates									
2021 Taxable Income	2021 Marginal Tax Rates				2020 Taxable Income	2020 Marginal Tax Rates			
	Other Income	Capital Gains	Canadian Dividends			Other Income	Capital Gains	Canadian Dividends	
			Eligible	Non-Eligible				Eligible	Non-Eligible
first \$49,020	25.00%	12.50%	2.57%	15.86%	first \$48,535	25.00%	12.50%	-0.03%	15.86%
over \$49,020 up to \$98,040	30.50%	15.25%	10.16%	22.18%	over \$48,535 up to \$97,069	30.50%	15.25%	7.56%	22.18%
over \$98,040 up to \$131,220	36.00%	18.00%	17.75%	28.51%	over \$97,069 up to \$131,220	36.00%	18.00%	15.15%	28.51%
over \$131,220 up to \$151,978	38.00%	19.00%	20.51%	30.81%	over \$131,220 up to \$150,473	38.00%	19.00%	17.91%	30.81%
over \$151,978 up to \$157,464	41.32%	20.66%	25.09%	34.63%	over \$150,473 up to \$157,464	41.22%	20.61%	22.35%	34.51%
over \$157,464 up to \$209,952	42.32%	21.16%	26.47%	35.78%	over \$157,464 up to \$209,952	42.22%	21.11%	23.73%	35.66%
over \$209,952 up to \$216,511	43.32%	21.66%	27.85%	36.93%	over \$209,952 up to \$214,368	43.22%	21.61%	25.11%	36.81%
over \$216,511 up to \$314,928	47.00%	23.50%	32.93%	41.16%	over \$214,368 up to \$314,928	47.00%	23.50%	30.33%	41.16%
over \$314,928	48.00%	24.00%	34.31%	42.31%	over \$314,928	48.00%	24.00%	31.71%	42.31%

On behalf of all of us at InFocus Accountants LLP, we want to thank you for your business. We understand there are a lot of choices out there but you continue to choose us. We greatly value and appreciate the trust that you put in our firm to provide you with accounting and tax services. We welcome any feedback that you might have for us as we continue to grow as a firm and look for ways to improve our professional services.

Thank you very much!