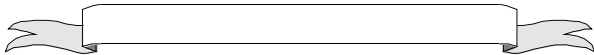


AGRIINVEST

Agriculture & Agri-Food Canada will be discontinuing the mailout of "Deposit Confirmation Notices" to AgrilInvest participants starting November 2017. Participants are encouraged to view their account transactions, track the status of their applications, view statements, and delegate a third party, such as an accountant, access to view the same. The initial AgrilInvest Deposit Notice showing the maximum amount you are entitled to deposit and the participants current account balance will still be forwarded after the AgrilInvest Administration has processed the application.

New with the 2016 program year, a Participant Identification Number or PIN must be included on the Statement of Farming Income and Expenses e-filed with CRA in order for the AgrilInvest application to be filed. If you are a new participant, you must submit a Participant Identification Number Request form to AgrilInvest (prior to e-filing) who will send your PIN by mail. If you have applied to AgrilInvest previously, please ensure that our office has your AgrilInvest PIN number.

New changes to the program in the 2018 program year include increasing the minimum benefit payment to \$250 from \$75, and reducing the Allowable Net Sales (ANS) to \$1 million. This will result in the maximum annual government matching contribution being reduced to \$10,000, from \$15,000.

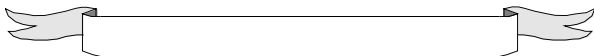


LIVESTOCK DEFERRALS

The south regions of Alberta have been designated as Drought Deferral areas by Agriculture and

Agri-Food Canada for 2017, including the Counties of Stettler, Paintearth and Lacombe as well as Special Area's 2, 3 and 4. This provides farm operations who have reduced their breeding herd by at

least 15% due to drought or excess moisture, to defer a portion of their sales to the following year. Please discuss this with your accounting provider when reviewing your income tax plan for the 2017 year.



Please note, we are now unable to file personal or corporate income tax returns without having a signed consent form returned to our office. Please ensure you return a signed T183 to us after reviewing your return.

AGRISTABILITY

New changes to the program in April 2018.

The minimum net entitlement to qualify for a benefit will be \$250.00, the Reference Margin Limit will be capped to 70% of the Olympic Average to ensure producers have an improved access to support, and a late participation mechanism has been added where producers have had a significant income decline and a gap in participation.



SPECIFIED CORPORATE INCOME

Any income paid to related corporate parties will restrict the ability to claim the small business deduction in the recipient corporation. If, for example, your corporation pays your child's corporation \$100,000 for custom farming, and that amount is more than 10% of their income, it will affect their ability to claim the small business deduction limit on this income. Talk to your accountant if this may apply to you.

How did the farmer
find his lost cow?

He tractor down!



FEDERAL INCOME TAX CHANGES

Income Sprinkling

Effective January 1, 2018 income and dividends paid to family members have to be "reasonable". This means dividends and other investment income will need to be based on actual time spent and capital contributed to the business. Special limits will also apply to tax payers under 25 years of age. 2017 will be the last year where a "reasonableness" test will not be applied to these types of income. You may wish to discuss whether an increased dividend should be paid in 2017.

Wages have always been subject to a reasonableness test and will continue to do so.

Passive income

Finance Canada has indicated that they are planning to announce new rules with regard to passive income – income on investments, rentals (including land), etc in a corporation. We do not yet know what these rules will entail but will start planning as soon as announcements become available.

ESTATE AND RETIREMENT PLANNING

It is important that we plan ahead for retirement. This is especially true for farmers and small business owners as many producers see significantly larger taxable income in the final years of their operation. All the hard work and reinvesting capital now become liquidated in a short period of time, whether or not the land is sold. If you are transferring your operation to the next generation special rollover or capital gains rules may be available. There are many different decisions that can be made surrounding these events. Please ensure that you are talking to your accountant well before you retire in order to plan ahead and make the best use of your tax brackets leading up to retirement.

RRIF

If you are between the ages of 65 and 70 consider transferring some funds from your RRSP to a RRIF to create an annuity in the amount of \$2,000 each year. Taxpayers 65 and over are allowed a non-refundable tax credit of up to \$2,000 for pension income. This allows you to withdraw \$2,000 tax free from your RRSP/RRIF.

FREIGHT AND ELEVATION CHARGES ON GRAIN CHEQUES

AgriStability allows gross grain sales to be recorded, and freight, elevation and other charges deducted off your grain cheques to be expensed as point of sale of adjustments. These adjustments do not affect AgriInvest, but they will affect how AgriStability margins are calculated. On our clients with an AgriStability claim, these calculations may see an increase in benefits. Consider recording grain sales at gross and record freight and other deductions as an expense in your records.

How does a farmer
count his cows?

With a cowculator!



The federal government was discussing the cancellation of the ability of farmers to defer grain cheques. Agriculture Canada has now announced it will still allow farmers to defer income when they deliver grain to a licensed public elevator or process elevator and receive a deferred cash purchase ticket or storage ticket.