

CRA Review Letters

The Canada Revenue Agency has a number of projects where they are reviewing specific expenses. Recent examples are asset additions to Class 10 and vehicle expenses. The CRA also conducts regular reviews on medical expenses and donations claimed on personal income tax returns. Please note that our office does not get a copy of these letters requesting information, they are sent directly to the taxpayer. If you receive one of these letters please forward it to our office in order for us to assist you in compiling the required information.



Mileage Log.

There's an App for That!

You may need to track your mileage for several reasons: medical trips, moving, business trips for expense reports etc. If you purchase a vehicle for business use you will need to prepare a mileage log for the Canada Revenue Agency to determine the business vs personal usage of the vehicle. There are several apps available for use on your smart phone to help you track your mileage, two that we have used are MileIQ and Everlance.

Medical Benefits for Seniors

Effective March 1, 2020 seniors family members who are younger than 65 will no longer be eligible to receive benefits under the Alberta Coverage for Seniors program. If you have a spouse or dependent that requires medical benefits coverage you will need to apply for private coverage. One option is Alberta Blue Cross non-group coverage. This program normally has a four month wait period, however, it appears that it will be waived to allow those spouses and dependents who

previously had coverage to continue to have coverage after March 1, 2020 if an application is received prior to that date. The monthly premiums are \$63.50 for a single person, \$118 for a family. If you qualify for a subsidy the rates are \$44.45 for a single person and \$82.60 for a family. You can apply for a subsidy if your taxable income is less than \$20,970 for a single person, \$33,240 for a family with no children or \$39,250 for a family with children.

★
Congratulations
★

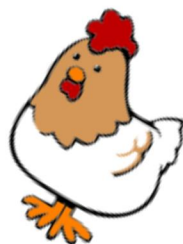
Congrats to Connor Ablett who passed his CFE exam and will be presented with his Chartered Professional Accountant designation!

QUESTION

What does a mixed up hen lay?

ANSWER

Scrambled eggs.



Leap Year

Keep in mind that 2020 is a leap year therefore the deadline to contribute to your RRSP is February 29, 2020, not the usual March 1, 2020, if you would like to deduct it on your 2019 tax return.

DIRECTOR'S PERSONAL LIABILITY

FOR NEGLIGENCE

In March 2019 the Alberta Court of Appeal found that a director could be held personally liable for an accident that caused injury to an employee of another corporation. The director was involved in both the management and direct installation of a staircase that collapsed during construction of a new home. The workers' compensation insurance authority covered the damages to the injured workers and then sued the director to recover the costs.

Where businesses carry WCB they may wish to purchase the optional personal or Directors Worker's Compensation insurance to avoid this type of liability.



Software and Accounting Records Backup

Our office can produce a copy of your accounting records in a PDF format. This is a readable format that will still be available if your accounting software becomes obsolete. Anyone who has records in an old NewViews format may wish to have us print that information to a PDF to ensure access in the future. If you are changing accounting software programs consider a PDF for future reference.

I am Starting Home-Based Business, What Can I Deduct?



You may deduct any expenses directly required in your business as long as they are reasonable for the type of business concerned. Keep receipts for any expenditure claimed, such as goods purchased for resale, office supplies, telephone and advertising.

If your business involves a great deal of travel start a mileage log of trips for business purposes including the date, destination, purpose

of trip and kilometers traveled. This mileage would be deducted at rates provided by the Canada Revenue Agency (2019 - \$0.58/km for the first 5,000 km, \$0.52/km thereafter).

Meals and entertainment are 50% deductible if for business purposes; write the name of the customer entertained on the back of the receipt.

If you meet clients in your home you can claim home office costs against profits from your business, you may

not create or increase a loss by deducting these amounts. If you qualify for home office expenses calculate the percentage of your home used exclusively for business purposes and multiply it by your utilities, taxes, insurance, maintenance and mortgage interest to determine the deductible expense.

You are not required to register for GST until your sales reach \$30,000, however, we suggest you register as soon as you start your business so that you can recover the Input Tax Credits on your start up costs.

Minimum Wage for Students

The minimum wage for students under 18 is \$13/hour as of June 26, 2019. Employers can choose to pay students more than this minimum wage. This new rate applies to the first 28 hours worked in a week when school is in session. It also applies to all regular hours worked when school is not in session, such as during spring break, Christmas break or during the summer vacation period. Students must be paid the general minimum wage of \$15/hour for any hours exceeding 28 hours in one week. Overtime rules still apply (1.5 x regular rate for any hours in excess of 8 hours per day or 44 hours per week).



For example, a student who worked 30 hours in a week can be paid as low as \$13/hour for the first 28 hours, but must be paid no less than \$15/hour for the 2 additional hours they worked.