

TAX



Planning Letter

Midyear 2015
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For favourable tax results in 2015,

-----schedule a midyear planning review

Midyear Tax Update--Part III

Here are four 2015 changes that may affect your tax situation.

❖ TFSA

TFSA-the Tax-Free Saving Account, allows Canadian residents, aged over 18 with a valid SIN number to earn tax-free investment income throughout their lifetime. Contribution for TFSA is not tax deductible, but income earned and withdrawals from it are tax-free.

Effective as April 24, 2015, the TFSA annual contribution limit from \$5,550 to \$10,000. According to the statistics of CRA, individual with annual incomes of less than \$80,000 accounted for more than 80% of all TFSA holders and about 75% of TFSA assets as of the end of 2013.

With the increasing limit and holders, more financial institutions open new seminars and on-line direct investment in order to meet the demands. Based on my experience and global economic knowledge, I will publish my opinion including the trend of global economy and each industry sections subsections, the characteristics of each financial institutions, etc., and answer some questions from my clients later on.

❖ Economic Action Plan 2015 to support small and medium-sized business

Two issues regarding small business : one is lower tax rate, another is refunding EI of payroll

Effective as May 21, 2015, CRA proposes to :

- reduce the small business income tax rate from 11% to 9% by 2019.
- reduce the payroll remittances from monthly to quarterly, starting in 2016

In addition, effective as September 2014, the Small Business Job Credit, a two-year measure that lowers the EI premiums for small business for two years. If you have a small business and remitted the payroll EI in the past two years, you would receive the refund from CRA for the Hiring Credit For Small Business (HCSB). However, your business should meet eligibility criteria in order to have this refund.

❖ Increase in Credit and Benefits for senior

Effective as June 25, 2015, CRA released the increases in credits and benefits to seniors:

- The government of Canada is making available up to \$1,310 in tax saving for single Canadian seniors and up to \$3,160 for senior couples.
- The government of Canada has proposed a new Home Accessibility Tax Credit starting with the 2016 tax year. This proposed 15% non-refundable income tax credit would apply on up to \$10,000 of eligible home renovation expenditures per year, and up to \$1,500 in tax relief.

❖ International tax jurisdictions

Effective as June 2, 2015, CRA released that Canadian government combats international tax evasion by joining forces with international tax jurisdictions. Under this agreement, Canadian government can share or exchange the financial information of Canadians overseas including corporations with over 90 countries around the world. For example, mandatory reporting of electronic funds transfers as well as wired, drafts, of \$10,000 and over.

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NOTE:

This newsletter is published first to provide you with information about minimizing your taxes and maximizing your return. Do not apply this general information to your specific situation without additional details that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact with us.

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