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*“Be who you are and say what you feel,
 Because those who mind don’t matter,
 And those who matter don’t mind.” –Dr.
 Suess*



Congratulations to the firm participants who competed in the Unchaga Run. Robert Hoy, Janelle Dubois, Brad Velie and Rachel van Tamelen hit the pavement for a 5K walk/run and Ken Burdeyney put in a 10K effort!



The staff and partners will hit the links on June 4 for the annual CA Golf Tournament at the Mighty Peace Golf Course. This annual event is always guaranteed to entertain!



InVision Chartered Accountants was happy to support the Peace Regional SPCA with a donation to their Silent Auction held at the recent Furry Fashion Gala.



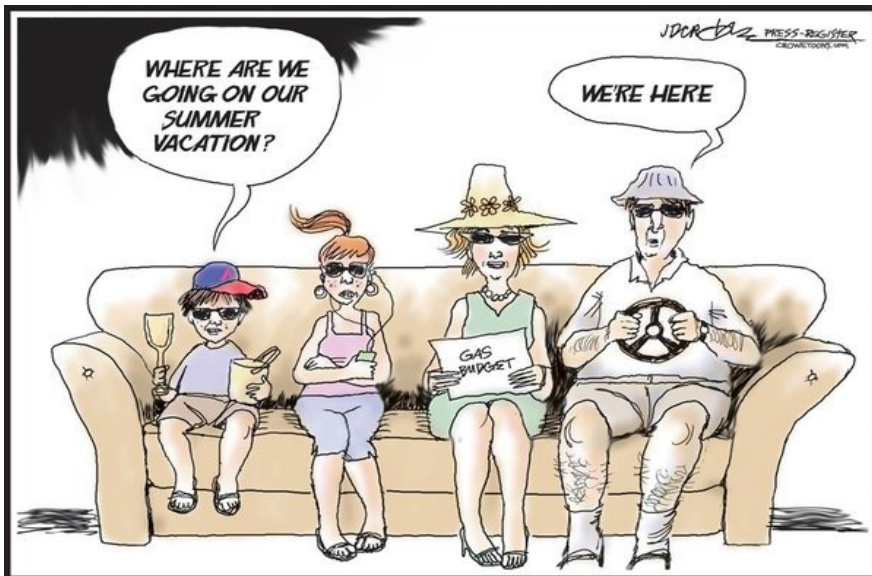
CENTENNIAL
 2010
 CAs OF ALBERTA

We are pleased to announce the recipient of the ICAA Centennial 2010 Scholarship is Sean Vreeling of Manning, AB.

Sean is 17 years old and will be graduating this June from Paul Rowe High School in Manning and plans to attend Grant MacEwan University in Edmonton. Sean has been accepted into the Bachelor of Commerce program at Grant MacEwan and intends to major in accounting.

We wish Sean much success in his studies and future endeavors in the accounting field.

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Repeated Failure to Report Income Penalty is a Hefty One!

Think it doesn't matter if you report that \$30 of income? Think again. Repeated failure to report income penalty is a hefty one.

If you fail to report an amount on your return for 2010 and you also failed to report an amount on your return for 2007, 2008 or 2009, you may have to pay a federal and provincial repeated failure to report income penalty. This penalty consists of a federal and provincial portion both of which are 10% of the amount that you failed to report on your current year return.

For example:

Joanne has been a resident of British Columbia all her life. At the time she filed her 2007 return she forgot to report \$50 of interest income she received that year. In 2008, Canada Revenue Agency (CRA) reassessed her return to include

the unreported income. When Joanne filed her 2009 tax return, she missed a T4 for \$2,500 of employment income she earned. Later that year when CRA reassessed her 2009 return to include the unreported employment income, Joanne was charged a \$500 penalty (\$250 federal + \$250 provincial) for repeated failure to report income. The penalty was charged because Joanne failed to include on her 2009 return income that was required to be reported and one of her tax returns for the three previous years was reassessed for the same reason.

If you didn't receive a T3 or T5 slip before filing your tax return, or you missed a deduction or credit (such as a donation slip, medical expense or RRSP receipt) we can file a T1 adjustment request to report the additional income or claim the additional expense or credit.

CRA inevitably catches "unreported in-



come" on T3s, T4s and T5s. So, it is best to "come clean" before CRA finds it and treats it as a "failure to report income" offense.



Tax blast from the past

The total tax bill of the average Canadian family has increased by 1,624% since 1961 — a faster increase than any other single household expenditure — according to a study by the Fraser Institute. In contrast, expenditures on housing increased by 1,198%, food by 559% and clothing by 526% from 1961 to 2009.

And while family incomes have increased significantly over the past 50 years, the total tax bill has grown at a much higher rate. Here's a comparison of the average Canadian family's income, taxes and other expenditures then versus now.

1961 Income: \$5,000. Total taxes paid: \$1,675 or 33.5% of income. Food, clothes and housing: 56.5% of income.

2009 Income: \$69,175. Total taxes paid: \$28,878 or 41.7% of income. Food, clothes and housing: 37.1% of income.

CRA reports that the 2009 tax year's returns filed includes a total of 24,456,610 returns, of which 65.3% were filed electronically.

EFILE The total number of EFILE returns is 10,646,040.

TELEFILE The total number of TELEFILE returns is 399,250.

NETFILE The total number of NETFILE returns was 4,914,700.

What your pet says about you



Your preference in pets may have an impact on your career, according to a survey by US recruiter CareerBuilder.

In the poll of 2,300 US workers with pets, dog owners were more likely to be in senior management, reptile owners were most likely to earn six figures and bird owners were most likely to be happy with their jobs. Owners of certain pets were also more likely to be drawn to particular professions (see below). So the question is: **how many CAs own fish?**

Dog owners: professors, entertainers, nurses, IT or military professionals.

Cat owners: doctors, realtors, machine operators, lab technicians, care workers.

Fish owners: human resources, hotel and leisure, farming/fishing/forestry, transportation or financial professionals.

Reptile owners: engineers, social workers, marketing/public relations professionals, editors/writers, police officers.

More social than e-mail

Social networks will replace e-mail as the main form of business communication for 20% of employees by 2014, according to IT research and advisory firm Gartner, Inc. The shift will result from a greater availability of social-networking services as well as changing demographics and work styles.

Canadian farmers using SM, but not to promote ag

A survey by Farm Credit Canada shows 54 per cent of Canadian farmers are using social media -- but mostly for personal use.

54 per cent of producers use SM for personal business, while only 30 per cent use it to promote their business, connect with customers and speak out about agriculture.

"There are opportunities to incorporate social media into a number of areas -- such as research, making business connections and promoting agriculture as an important part of society and the economy," says Kellie Garrett, FCC Senior Vice-President, Strategy, Knowledge and Reputation.

Four in 10 producers who are online, or 44 per cent, state they

spent more time using SM this year compared to last year, while 43 per cent of non-users say they don't have the time or they don't see value in using social media (30 per cent).

Age also appears to matter.

Producers under 40 are more likely to use Facebook for both personal (56 per cent) and business (11 per cent) compared to producers over 40 (34 per cent and 4 per cent respectively).

When putting SM to work for business, 44 per cent of producers are doing research and looking for information, while 19 per cent are reading up on industry news and 13 per cent are networking with other producers. Only nine per cent are advertising their products via SM and seven per cent building their network of customers. Four per cent are using SM to network with current or potential supplies and a meager three per cent are using social media to promote agriculture.

Use of social media is expected to grow among producers who are currently online and already using social media; four in ten (39 per cent) believe they will spend more time using social media in the upcoming years. Producers under 40 (45 per cent) are more likely to agree with this statement than producers over 40 (34 per cent).

Group insurance plans can be structured so employees don't get dinged

Imagine if you could provide your employees with a benefit that is completely tax-free. Impossible? Actually, there are a few such benefits, but one of the most valuable is a group insurance plan. Under the Income Tax Act, group sickness or accident insurance (GSAI) plan coverage can be provided and paid for by an employer as a tax-free benefit for employees.

Interestingly, the term "GSAI plan" is not actually defined in the tax act. Rather, the concept is generally described by the Canada Revenue Agency (CRA) "as an arrangement between an employer and employees under which provision is made for indemnification of an employee if an employee suffers a loss of employment income as a consequence of sickness, maternity or accident."

As a result of this broad definition, the CRA's position is that it is possible for individual policies owned by employees to be combined to form a common plan and be considered a GSAI plan, provided each employee is eligible to receive the same benefits under the plan and the plan has the same ratio of employee and employer-paid premiums. This means that the coverage can either be formal group coverage, where the group policy is held by the employer, or, alternatively, consist of employee-owned insurance policies, where the employer agrees to pay the premiums on the insurance policies for each employee for as long as that employee is working for the corporation.

Some insurance policies come with a "return of premiums" feature, which means that all premiums paid into the policy are returned to the policyholder if there has been no claim during the duration of the policy. In March 2011, the CRA was asked whether such a feature on a GSAI plan would taint the tax-free

status of premiums paid by an employer under such a plan. The CRA replied that a GSAI plan "does not include any plan or contract of insurance that provides benefits other than sickness or accident insurance benefits. Thus, where a contract of insurance could provide other benefits to employees, such as a return of premiums... the contract of insurance will not qualify to be part of a GSAI plan."

Employers should be mindful of the CRA's clarification when establishing a GSAI plan for their employees, because if the employer pays the premiums on behalf of an employee for insurance that is not part of that plan, the premium payments will be considered by the CRA to be a taxable employment benefit to the employees.



"Summer is where the girls go barefoot and their hearts are just as free as their toes." — Unknown

CPP: Plan Now as Changes Begin

There are many changes coming for retirees tapping into CPP. Service Canada has produced a detailed fact sheet, **Changes to the Canada Pension Plan**, which explains the upcoming modifications, with examples included. Here is a summary of the new CPP rules, as outlined by CRA, and what to expect in the future:

1. Beginning in 2011, the monthly CPP retirement pension amount will increase by a higher percentage if taken after age 65

Before the changes, a CPP retirement pension increased by 0.5% for each month after age 65 (and up to age 70) that an individual delayed receiving it. This meant that an individual who started receiving their CPP pension at 70 received 30% more than if they had taken it at 65.

From **2011 to 2013**, the Government of Canada will gradually increase this percentage from 0.5% per month (6% per year) to 0.7% per month (8.4% per year). This means that, by 2013, an individual who starts receiving their CPP pension at the age of 70 will receive 42% more than if they had taken it at 65.

2. Beginning in 2012, the monthly CPP retirement pension amount will decrease by a larger percentage if taken before age 65

Before the changes, a CPP retirement pension was reduced by 0.5% for each month before age 65 that an individual began receiving it. This meant that an individual who started receiving their CPP

pension at 60 received 30% less than if they had waited to take it at 65.

From 2012 to 2016, the Government will gradually change this early pension reduction from 0.5% to 0.6% per month. This means that by 2016, an individual who starts receiving their **CPP pension at the age of 60 will receive 36% less** than if they had taken it at 65.

3. Beginning in 2012, the number of years of low or zero earnings that are automatically dropped from the calculation of the CPP pension will increase

Before the changes, when Service Canada calculated an individual's average earnings over their contributory period (from the earliest of January 1, 1966, or age 18 until the effective date of their retirement pension if effective before the age of 70), 15% of their lowest earnings were automatically dropped. This is called the "general drop-out provision." Under this provision, if someone took their CPP retirement pension at 65, up to 7 years of their lowest earnings were automatically dropped from the calculation of their average earnings.

Starting in 2012, the percentage of low earnings will increase to 16%, allowing up to 7.5 years of the lowest earnings to be dropped from the calculation, which will likely increase the benefit amount. In 2014, the percentage will increase again to 17%, allowing up to 8 years of the lowest earnings to be dropped from the calculation.

4. Contributors will be able to receive their CPP retirement pension without any work interruption

Starting in 2012, contributors no longer have to stop working or significantly reduce earnings for two consecutive months to receive the CPP retirement pension before the age of 65. This will make it easier for Canadians to make a gradual transition to retirement, combining CPP and part-time work, for example.

5. Post-Retirement Benefit

Starting in 2012, anyone who receives a CPP or QPP retirement pension and works outside the province of Quebec may have to continue making CPP contributions, which will increase their payments through the new **Post-Retirement Benefit (PRB)**. The amount of the new benefit will depend on the level of earnings and contributions individuals make to the CPP after they begin receiving the retirement pension.

Before the age of 65, contributions will be mandatory for individuals and their employers. From age 65 up to age 70, contributions will be optional (employers will have to contribute if employees do). Individuals who choose not to contribute to the PRB may later change this decision and start contributing. However, only one change can be made per calendar year. Self-employed individuals will have to pay both the employee and employer portions.



Provincial Tax Changes: July 1, 2011

There will be no changes to the CPP, EI or federal tax rates, income thresholds, or personal amounts on July 1, 2011.

June 15th Deadline Approaches

June 15th is the tax filing deadline for

the self-employed and their spouses and common law partners; it is also the date the second quarterly installment payment is due for some taxpayers. .

