
CONTREN MANAGEMENT CONSULTANTS INC. SUMMER 2007 NEWSLETTER

SUMMER OFFICE HOURS

A reminder that our office will be closed on Fridays from June 8, 2007 until September 7, 2007. We will be reviewing our messages frequently whenever the office is closed.



STATUTORY (PUBLIC) HOLIDAYS

A reminder that Canada Day, July 1 and Labour Day, September 3 are Public Holidays in Ontario. The Civic Holiday, August 6, is not a paid Public Holiday. With Canada Day falling on a Sunday the employer can choose another day for the holiday.

FEDERAL BUDGET

RESP'S

There are a couple of significant changes to the RESP program announced in the March 2007 budget. The first is an increase in the grant (CESG) system. The maximum, *per year*, has increased to \$500. This is 20% of a \$2,500 contribution. The second is a change to the lifetime limit, an increase of \$8,000 to \$50,000. The other restriction on contributions, yearly maximum of \$4,000, has been eliminated. A contributor can now deposit the entire lifetime limit of \$50,000 as soon as the child has their SIN. The downside to large, one time contributions is the potential to miss out on the \$500 yearly grant.



APPRENTICESHIP TAX CREDIT

As promised the Federal government has provided some assistance to employers who have hired apprentices. An employer who hires a *qualified* apprentice can receive a tax credit of 10% of the employee's wages, after May 1, 2006, during the first 24 months of their apprenticeship training, to a maximum of \$2,000 per year. We are presently reviewing our files to determine if amended filings will provide tax refunds for clients who have already qualified for the Ontario program. Please remember to provide our office with all of your apprentice's details when assembling your fiscal year end information.

CAPITAL GAINS EXEMPTION

The lifetime capital gains exemption realized on the sale of qualified farm property or qualified small business corporation shares will be increased \$250,000 to \$750,000, effective March 19, 2007. If you have previously utilized or crystallized your \$500,000 capital gains exemption this additional \$250,000 is available for use presently. At the incremental personal tax rate in Ontario this increase saves an individual about \$110,000 in **personal** taxes if utilized.

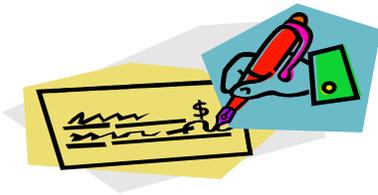
Please contact the office for further details regarding this change.



RRSP AND RPP CONVERSIONS

The new maximum age to convert your RRSP and/or RPP is now 71, up from 69. This means that you will now have an additional two years to earn eligibility and contribute for your retirement. There are transitional measures in place in order to ensure equity to individuals who turn 69, 70 or 71 in 2007.

TAX INSTALMENTS



The new threshold for monthly/quarterly tax instalments, for both individuals and corporations, is \$3,000. This means that if your previous years tax liability was less than \$3,000 you will not be required to send instalments throughout the taxation year.

CHILD FITNESS TAX CREDIT

This was announced in the previous budget but has been finalized for the 2007 taxation year. Effective January 1, 2007 a parent of any child under the age of 16, registered in an *eligible program* of prescribed physical activity, will be entitled to a non refundable tax credit up to \$500. Eligible programs are activities that incorporate cardio and strength, flexibility or balance. The programs must be at least 8 weeks in length and have at least one session per week **or** in the case of a camp occur in at least five consecutive days.

These stipulations may seem restrictive but basically any organized sport will qualify and we ask that you keep all payment receipts from hockey, soccer, basketball, baseball etc. to include with your 2007 personal tax documents.



PROVINCIAL BUDGET

MINIMUM WAGES

A reminder that the minimum wage rates for Ontario changed this past February, details as follows;

General Minimum Wage: \$7.75 per hour,

Student Minimum Wage: \$7.25 per hour,

Liquor Servers Min Wage: \$6.75 per hour.

Note that the existing legislation does provide for a further increase in the minimum wage, to **\$10.25** per hour, by 2010. The previous minimum wage schedule will change to accommodate this budget, with \$.75 per hour increased yearly starting March 31, 2008. A new Conservative government *might* reduce these increases, if elected.



ONTARIO CHILD BENEFIT (OCB)

Effective July 1, 2007, low income families will receive a \$250 per child (under 18 years of age) payment from the Ontario government. For 2008 this increases to \$600 per child and escalates to \$1,100 per child in 2011. Low income is considered \$20,000 of annual family income.

There will be an \$8 benefit reduction per child/per \$100 exceeding the \$20,000 family income threshold. This means that a family earning \$27,500 per year with one qualified child would have the OCB completely eliminated in 2008.

GST RETURNS

This past April the CRA revamped and updated their GST system. At that time they changed the format of the remittance forms and changed some of their registration procedures.

Unfortunately they have been experiencing a significant amount of difficulties processing returns filed that include April in the reporting date. You may receive a *reassessment* notice referring to your latest GST remittance, which may or may not indicate a balance owing. It appears that the new system is having difficulty picking up Line 108, your total ITC's. Our initial experience is that once you get through on their toll free line the staff are able to modify the filing relatively painlessly. If you receive a reassessment notice indicating a balance owing please contact the local office immediately to correct. We do not anticipate this unusually high level of assistance and cooperation to last.