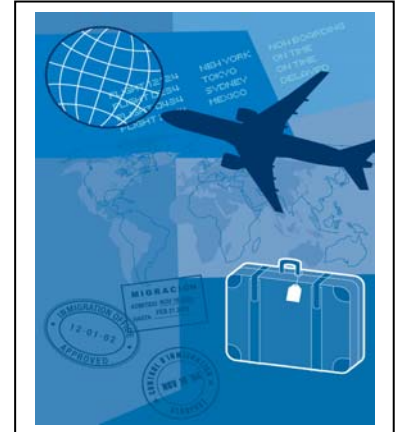

CONTREN MANAGEMENT CONSULTANTS INC.

WINTER 2009 NEWSLETTER

STATUTORY (PUBLIC) HOLIDAYS

A reminder that Family Day, February 16 and Good Friday, April 10 are paid Public Holidays in Ontario. Easter Sunday is **not** a paid Public Holiday.

If your employee works any public holiday they are entitled to either 2.5 times their regular pay **or** 1.5 times their regular pay **plus** another day off with pay. Dependent on your companies work schedule your employees **can** be paid for the Public Holiday on a substitute day chosen by the employer. The substitute day needs to be designated and honoured within three months of the actual Public Holiday.



PERSONAL TAX RETURNS

Yes, it's that time of year again. We have included a copy of our 2008 personal tax checklist with the newsletter and we have upgraded our tax processing system to include the e-file option. We will be able to e-file *simple* personal tax returns for our client's, which means you will likely receive a refund, if entitled, a few weeks earlier.

Last year the CRA received a tremendous number of e-file returns the last 10 days of April and this high volume overwhelmed their processing system for a few days. This system problem significantly delayed processing returns that were e-filed and resulted in late refunds for those returns.

We would appreciate receiving your tax information prior to April 10 in order to avoid any processing problems.

RRIF RECONTRIBUTIONS

The Federal government has made a significant concession regarding RRIF income for calendar 2008. Any taxpayer receiving the full minimum amount from their RRIF in 2008 may, at their option, re-contribute up to 25% of their withdrawal. This re-contribution must be made by March 2, 2009.

The taxpayer must re-contribute to the same financial institution that holds the RRIF. The institution will issue a T4RIF for the total amount withdrawn from the RRIF. The institution will then issue a separate receipt for the amount of the re-contribution.

These amounts are reported separately on your personal tax return so any taxpayer making a re-contribution will need to provide our office with both slips.



FEDERAL BUDGET

The latest Federal Budget contained a significant number of items applicable to both business owners and individual taxpayers. In a surprising turn of events some of these items are actually helpful to most taxpayers.

SMALL BUSINESS INCOME LIMIT

Effective January 1, 2009 the small business income limit is increased to \$500,000. Corporations with taxation year ends throughout calendar 2009 will have an increased prorated small business limit for fiscal 2009.



CAPITAL COST ALLOWANCE

For eligible new computers and software acquired after January 27, 2009 and prior to February 2011 a CCA rate of 100% is available and there is no half year rule for these acquisitions. This means that these purchases can be 100% expensed in the year of purchase.

The eligible period for qualified manufacturing and processing equipment, using the 50% straight line CCA rate, has been extended to the end of calendar 2011. The half year rule will still apply to these acquisitions.

PERSONAL TAX EXEMPTIONS



The federal government has increased the basic personal exemptions, effective January 1, 2009.

- The basic personal amount, spousal amount and dependant amount will increase from \$9,600 to \$10,320.
- The age credit will increase from \$5,408 to \$6,408.

CORPORATE TAX FILINGS

Effective January 1, 2010 all corporations with revenues in excess of \$1,000,000 per year will be required to file their corporate tax returns electronically.

This process will expedite any refunds requested and will also create an earlier assessment date, thereby shrinking the open period in the unlikely event of an audit or a corporate tax loss carry back request.

HOME OWNERS AND BUYERS

Fantastic news for home owners, first time home buyers and all contracting companies.

Home Renovation Tax Credit (HRTC)

The HRTC is a one time non refundable tax credit for eligible expenditures on eligible dwellings. This program operates as follows:

- The HRTC is Family based, therefore only one spouse is eligible to claim the credit.
- The HRTC is principal residence based, therefore expenditures at your cottage or condo in Florida are not eligible.
- The HRTC is calculated as a non refundable tax credit , calculated at 15% of the eligible expenditures. This means that the HRTC will reduce your federal taxes but will not create a refund.
- The HRTC is calculated on expenditures above \$1,000 up to \$10,000. The maximum credit will be 15% of \$9,000, therefore \$1,350.
- The HRTC only applies to expenditures of a permanent, capital nature to improve the premises. Maintenance items do not qualify.
- There is no immediate requirement to submit proof of purchase of goods and/or labour however you will need to keep receipts in the event of review by the CRA. This will eliminate any “cash” only contractors.
- The qualifying period for expenditures is January 27, 2009 to February 1, 2010 and only applies for the 2009 taxation year.

First Time Home Buyers Tax Credit (HBTC)

This is a new measure whereby qualified taxpayers will be eligible for a \$5,000 non refundable tax credit when they acquire their first principal residence. The HBTC is calculated at the lowest federal tax rate, 15%, therefore it results in a \$750 tax savings. There is not an expiration date for this program.

Home Buyers Plan (HBP)

Effective January 27, 2009 the limit for withdrawals from your RRSP for your first home purchase has increased to \$25,000. This program is an excellent program for young people to save tax while saving for a home.

A reminder that RRSP contributions do not have to be invested in stocks, bonds or mutual funds. An RRSP account can be as simple as an interest bearing savings account, thereby ensuring that your original contribution is secure and available.

PERMANENCE OF CHANGE SEMINAR – PART FOUR

Thank you to all of our participants in this year's seminar. The enthusiasm of the participants and the information and ideas exchanged by all who attended helped make this year's program a great success.

We look forward to providing another seminar in 2010, at about the same time of year, and welcome any and all suggestions for topics, presentations and speakers.

AUTOMOBILE DEDUCTION LIMITS

For calendar 2009 the per kilometre expense limits remain the same as 2008. An employee can receive \$.52 per kilometre for the first 5,000 kilometres and \$.46 per kilometre for each additional kilometre for calendar 2009.

Please note that the capital cost limit (\$30,000 plus taxes), the leasing deductible limit (\$800 per month plus taxes) and the interest deduction limit (\$300 per month), once again, remain constant with the previous year.

The employee vehicle benefit amount is \$.24 per kilometre of personal use for 2009, the same as 2008.