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Questions? Call (613) 726-7788
and we will be happy to
address any of your questions.

Fewer Source Deduction Remittances

The government has introduced tax changes that reduce how often small and medium-sized businesses have to prepare and remit source deductions to the Canada Revenue Agency.

The changes are as follows:

- The threshold level of average monthly withholdings at which employers are required to remit up to two times per month has increased from \$15,000 to \$25,000.

- The threshold level of average monthly withholdings at which employers are required to remit up to four times per month has increased from \$50,000 to \$100,000.

These changes will apply to amounts withheld after December 31, 2014.

Does a Cost Plus Health Plan Qualify as a PHSP?

If you are a sole employee-shareholder and your corporation uses the "cost plus" method to provide you with a health care plan, be aware that you may need to defend your position with CRA regarding the proper treatment of the transaction.

The Canada Revenue Agency (CRA) has recently issued a technical interpretation on this kind of plan in a situation involving a corporation operated by a sole shareholder who is also the sole employee. CRA's position is that this type of transaction may result in a shareholder benefit and the deduction may be disallowed for the corporation.

Although this ruling does not set any legal precedents, it does suggest that CRA may challenge such arrangements.

The cost plus method

- ✓ The corporation deals with a plan administrator and provides the administrator with the employee's eligible health expense invoices.
- ✓ The administrator processes the claim and directly reimburses the employee for the cost.
- ✓ The administrator charges the corporation a fee based on the amount of expenses claimed.
- ✓ The corporation effectively pays the health expense plus a fee to administer the plan.

Important Deadlines to Remember

February 28, 2015

2014 T4, T4A, T4PS, T5 slips and summaries must be filed. Please ensure that any applicable taxable benefits (i.e. automobile, shareholder loan) are calculated and included on the T4s.

March 1, 2015

RRSP contributions made on or before this date may be deducted on your 2014 personal income tax return if you have not exceeded your contribution limit.

March 15, 2015

The 2014 Employer Health Tax Annual Return must be filed and any amount owing must be paid.

March 31, 2015

2014 Inter Vivos Trust Returns are due (i.e. family trusts).

April 30, 2015

April 30, 2015 is the last day to pay your 2014 personal income tax liability to avoid interest charges. In order to avoid penalties, personal income tax returns must be filed on or before April 30, 2015, with the exception of self-employed individuals (and their spouse or partner) who have until June 15, 2015.

When these deadlines fall on a weekend or a statutory holiday, the deadline defaults to the next business day.

CRA's Prescribed Interest Rates

The prescribed interest rates for the first quarter of 2015 are as follows:

- **1%** to calculate a deemed interest benefit on subsidized employee and shareholder loans;
- **3%** on refunds of income tax overpayments; and
- **5%** on payments of overdue income taxes, insufficient income tax instalments, unremitted employee source deductions, CPP contributions or EI premiums, and unpaid penalties.

These rates are in effect from January 1, 2015 to March 31, 2015.

2014 Personal Tax Organizer

If you would like us to prepare your 2014 personal income tax return, it is time to bring out the 2014 personal tax organizer envelope. You should have received your 2014 engagement letter and organizer envelope with your 2013 tax package.

If you do not have the engagement letter and personal income tax organizer envelope, please contact [Elaine Griffin](#).

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