

STRENGTH IN NUMBERS

KEMP HARVEY GROUP

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inside

FIRST-TIME HOME BUYERS REWARDED 2

SELF-EMPLOYED WORKERS HAVE OPTIONS FOR EI BENEFITS 2

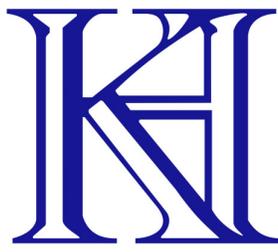
YOU CAN ACCESS YOUR CPP AND OAS INFO ON-LINE 2

ARE YOU OVERSTAYING YOUR WELCOME IN THE USA? 3

MAKE SURE YOUR WORKERS ARE COVERED WITH WCB 3

KIDNEY DONOR SHARES MESSAGE AND COMPLETES EXTREME EVENT 4

KELOWNA PARTNERSHIP CONTINUES TO GROW 4



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RENO CREDIT FOR SENIORS

British Columbia seniors who are planning accessibility improvements to their homes will receive a helping hand from the provincial government. One of the most significant items introduced in the provincial budget this year was the BC Seniors' Home Renovation Tax Credit. The purpose of this new program is to allow seniors to create greater home mobility via retrofits of their primary place of residence.

The credit applies to any purchases made after March 31, 2012. The home must be the individual's primary place of residence, it must in British Columbia and the individual must have turned 65 by December 31, 2012.

The program calculates 10% of eligible expenditures – up to \$10,000 – resulting in a maximum of a \$1,000-cash-back refund. The credit is available for purchases and services, as long as the payment, or the invoice date, falls after March 31, 2012.

The list of eligible expenditures is quite extensive and includes the addition of home improvements such as bathroom grab bars, relocated light switches or accessible door locks (more on Page 4).



Seniors are eligible for cash back when renovating for improved access.

There are several advantages to this provincial credit versus the federal Home Renovation Tax Credit (HRTC) which was allowed in 2009. The provincial credit is fully-refundable, meaning you will be refunded the entire amount of the credit, rather than simply reducing your taxes owing. Unlike the HRTC, there is no minimum expense level required in order to qualify for the credit. If you spend \$100, you will get 10% of \$100 back: \$10.

Amounts claimed for this new credit may be eligible for the medical expense credit.

If you live in a condo development, any expenditures made to improve access in the common condo area will also qualify for the credit. Please contact your strata board to determine if there were any eligible expenditures incurred during the year.

There are no plans to discontinue this seniors' credit in the future, so it should be available for 2013 and beyond. Please contact your local Kemp Harvey Group office to find out more information about this valuable credit.

FIRST-TIME BUYERS CREDITED

British Columbians new to the housing market could receive assistance whilst making one of the most important purchases of their lives.

If you are a first-time home buyer, and you are buying a new or substantially renovated home, you may qualify for the newly-introduced BC First-Time New Home Buyers' Bonus.

The credit is based on 5% of the purchase price of a new home, up to \$10,000. Harmonized Sales Tax (HST) is not included in the calculation of the purchase price.

The home must be your primary place of residence and it must be in British Columbia. Also, the home must be the first one you have purchased anywhere in the world.

The agreement for purchasing the home must have been entered into after February 21, 2012, and must be completed on, or before, April 1, 2013.

You must file your 2012 personal income return in order to receive the credit. You must also complete the BC program application and mail it directly to the provincial government.



New home buyers may be able to claim this BC credit.

EI OPTIONS FOR SELF-EMPLOYED WORKERS



Recently, the government introduced Employment Insurance (EI) benefits for the self-employed. The program allows self-employed individuals to obtain employment insurance for times when they are on maternity, parental, sickness or compassionate care leave.

You must register with Service Canada in order to qualify for the program. The premiums you pay into the program will be remitted to the Canada Revenue Agency when you file your personal income tax return.

When employed as a regular employee, EI is deducted from your paycheque and must be matched by

your employer, who pays 1.4 times the amount of your employee withholdings to the government. However, if you register as a self-employed individual, you will not have to pay this matching amount.

Once you have registered for this program, you must continue to pay Employment Insurance premiums on any self-employed income you earn in the future.

For this reason, self-employed workers must carefully consider whether it is worthwhile to register for Employment Insurance. The long-term costs may end up outweighing the current benefits realized by the worker.

DID YOU KNOW...

With tax time only a few months away, people are beginning to think about the steps they need to take in order to ensure their tax return is filed as soon as possible. You may find that you are waiting to receive tax slips related to your Old Age Security

(OAS) and Canada Pension Plan (CPP), and that is holding up filing your tax return. You can now register on-line with My Service Canada Account, which will allow you to print off your OAS and CPP slips early. Visit www.servicecanada.gc.ca for info.



SNOWBIRDS: CHECK YOUR DAYS

Each year, as the autumn leaves start to fall, many Canadian retirees head to the Southern States to soak up the sun.

Recently, many of these migrating “snowbirds” have been the focus of discussion due to increased vigilance by the Internal Revenue Service (IRS) regarding the filing of Form 8840. If you, a Canadian citizen, spend an average of 4 months each year in the United States, you and your accountant should discuss the potential requirement for filing this form.

The IRS uses a formula to calculate visitors’ eligibility. To illustrate this formula, let us use an example of a fictional Canadian snowbird, Jane Doe. For many years, Jane would leave Canada on November 1, travel to Arizona, and then return home to Canada on March 31. During the spring of 2012, Jane discussed with her accountant the possibility of filing the IRS Form 8840. In order to determine this need, they added the following three amounts:

- the total number of days Jane spent in the USA during the prior year (January to March 2011: **90** days; November to December 2011: **61** days; **90 + 61 = 151**);
- the number of days Jane spent in the USA two years ago (January to March 2010: **90**; November to December 2010: **61**; **90 + 61 = 151**) multiplied by $1/3$ (**151 * 1/3 = 50.33**);
- the number of days Jane spent in the USA three years ago (January to March



Do you spend much of your time in the USA? You may need to file an IRS Form 8840.

2009: **90**; November to December 2009: **61**; **90 + 61 = 151**) multiplied by $1/6$ (**151 * 1/6 = 25.16**).

Jane’s formula total was **226.49** ($151 + 50.33 + 25.16$). Jane and her accountant realized this total was greater than the 183-day threshold, so Jane was required to file Form 8840 by June 15, 2012. All Canadian travellers who calculate a formula total more than 183 days must file

IRS Form 8840. The form includes a list of questions determining how closely one is linked with the United States. Individuals who file this IRS Form 8840 are exempt from filing a personal income tax return in the United States.

If you would like assistance with the filing of this form, please contact your local Kemp Harvey Group office more information.



DID YOU KNOW...

As a contractor, you may be responsible for paying the WorkSafe BC premiums for unregistered sub-contractors or labourers who have worked for you. Many individuals do not realize that nannies and at-home caregivers must also be covered by WorkSafe BC. WorkSafe BC has many on-line resources which provide support and forms to employers and

self-employed workers. You can visit the provider’s website, www.worksafebc.com, and receive a clearance certificate to ensure your hired individuals are, in fact, registered for WorkSafe BC. You can also report your British Columbia workers’ payroll and sub-contractors’ wages on-line.



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KELOWNA FIRM GROWS

British Columbia's Kemp Harvey Group has grown, once again.

Kemp Harvey Hunt Ward is pleased to announce the admission of four new partners to their firm in Kelowna. Jonathan Cone, Sue Leroux, Darin Schierbeck, and Laudalina Sofiak join Mike Sutton and Barb Sutton as partners in their expanding Kelowna office.

The new partners have extensive qualifications and experience with the Kemp Harvey Group, and are excited to be part of the Kemp Harvey Hunt Ward partnership team.

They invite you to contact their Sutherland Avenue office in Kelowna should you have any questions for the new partners. Congratulations to all of you.

CGA, DONOR COMPLETES ULTRAMAN

Terry and Laura Craig experienced a weekend of a lifetime this summer. The two were together as Terry, living organ donor and Kemp Harvey Kemp partner, completed the gruelling, three-day, 514-kilometre Penticton-based megatriathlon event – Ultraman Canada – in a total of 33 hours, 54 minutes and 49 seconds on August 6, 2012.

During the Ultraman Canada awards banquet on August 7, 2012, Terry was presented with the honoured "Ohana" sculpture. Each year, the sculpture is awarded to one participant who captures the true family spirit of the Ultraman, an invitation-only event which draws a select group of international qualifiers each year. Only 28 people were able to complete the 2012 event.

Terry is on a mission to break down the barriers which may prevent people from

becoming living organ donors— by lobbying, educating and sharing his family's story to promote awareness globally.

After receiving coverage and interviews with CBC Radio and Global TV, Terry was featured in the Autumn 2012 CGA-BC Outlook magazine, where he shared his vision of a future with more living organ donors and his proposals for tax credits for businesses which aid in topping up their organ-donating employees' wages, post-surgery.

After five wonderful years with her donated kidney, Laura experienced some complications with a virus in 2010, which resulted in kidney failure. She began daily dialysis in 2011 and she is presently on the kidney transplant waiting list. Visit www.bethekidney.com, where Terry regularly posts blogs and updates.

VARIOUS RETROFITS ELIGIBLE FOR TAX CREDIT

The following are examples of expenses eligible for the BC Seniors' Home Renovation Tax Credit as discussed on Page 1:

- Hand rails in corridors
- Walk-in bathtubs and wheel-in showers
- Raised toilets and hands-free taps
- Motion-activated lighting
- Widening passageway doors
- Lowering existing counters/cupboards
- Non-slip flooring in the bathroom

Some examples of *ineligible* expenses:

- General maintenance
- Repairs to a roof
- Installing new windows
- Landscaping or redecorating
- Installing air conditioning systems
- Equipment for monitoring

You can find more eligible and ineligible expenses on the BC Government Ministry of Finance website.