

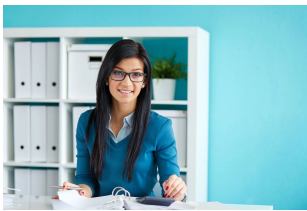


Sunil and Nita LLP
Tax and Business Advisors Chartered Professional Accountants



May all that is beautiful, meaningful and brings you joy be yours this holiday season and throughout the coming year!

Effective January 1, 2025 we have shortened our firm to **SNLLP** with domain name **snllp.ca**



Temporary GST/HST Relief to Help Canadians During the Holiday Season

The Canadian government has introduced a temporary GST/HST relief to support Canadians' with cost of living during the holiday season. This relief will provide a break on several items, benefiting

consumers including HST provinces such as Ontario, Newfoundland and Labrador, Nova Scotia, New Brunswick, and Prince Edward Island. .

What's Included in Tax Relief?

Several everyday items will be tax-free under the temporary GST/HST relief. This includes food, beverages, and certain children's products. The list of some items that will be exempt from the tax includes:

Restaurant Meals: Dine-in, takeout, or delivery meals at restaurants, including catered meals.

Prepared Foods: Items such as rotisserie chicken, vegetable or cheese trays, pre-made meals and salads, pizza, and sandwiches.

Snack Foods: Chocolates, candies, chips, donuts, muffins, and other similar items.

Beverages: Carbonated drinks, non-carbonated fruit juices, beer, wine, cider, and pre-mixed alcoholic drinks with up to 7% alcohol by volume (ABV).

Children's Products: Clothing, footwear, car seats, diapers, toys (such as board games and dolls) designed for children under 14 years old.

Entertainment: Video games, game consoles, and jigsaw puzzles for all ages. Note that game downloads remain taxable.

Books: Print books and audiobooks (if 90% or more is a spoken reading of a printed book), excluding calendars. Print newspapers are included, but digital publications and magazines are not.

Decorative Items: Christmas trees and similar trees, whether live or artificial.

What Does This Mean for Businesses?

For businesses, the tax relief means that the above-listed items will be treated as zero-rated rather than exempt. This distinction is important because businesses that sell these products are still involved in commercial activities. As a result, they can continue to claim input tax credits (ITCs) on eligible purchases related to these items.

Tax holidays IT nightmare for business owners

Christmas time is the busiest time for small businesses. Small businesses don't have enough resources to figure out this new GST/HST mandate. Businesses will require to make adjustments in their cash registers to accommodate this change causing increase in cost of doing business. This time of the year, a small business owner would like to be up front selling their products rather than struggling in the back room fixing or changing tax codes in computer system. Most of the business owners think that this change is not only an accounting nightmare but will cause bottleneck at cash register as retailers struggle to figure out right tax code.

The Canadian federation of independent Business says a recent survey showed that majority of small business firms oppose the planned GST/HST holiday.

We think this tax holiday may cause:

Small businesses will spend extra money to accommodate this temporary system

Some businesses will end up making mistakes which result customers not getting the benefit or businesses incorrectly exempting GST/HST causing fine/penalties when filling HST return with CRA

Extra implementation cost will be transferred to consumers, therefore the net savings for common person may not be significant

This policy mostly helps large spenders

We hope that everyone will benefit from this temporary tax holiday. Consumer spending will increase, helping bottom line and Canadian will get some needed help.



Important dates:

Please note that the payments must be made by December 31, 2024, for charitable donations deduction, provincial or federal contributions.

December 15, 2024 — Final 2024 instalment due date. CRA will consider pay on time of payment received by December 16, 2024, because December 15 falls on Sunday

January 30, 2025 — to reduce taxable benefit, the payment of any interest on loans from your employer and interest owed on loans from family members.

February 14, 2025 — To reduce taxable benefit, the reimbursement of any personal motor vehicle expenses to your employer from an employer-provided vehicle.

March 3, 2025 — Repay RRSPs withdrawn under a Home Buyers' Plan or Lifelong Learning Plan, RRSP contributions deadline.

April 30, 2025 — Final personal tax payments for 2024.

2024 Year-end Tax considerations

Shareholder Loans

Consider repaying shareholder loans within 12 months from the end of the corporation's tax year in which the loan was made. Non -repayment of the loan may become income for your taxes.

Salary or dividends?

There are several factors to be considered before making salary or dividend decision. Reach out to your accountant, if you are not sure

Clean energy investment tax credits

There are several refundable tax credits (ITCs) have been introduced to help capital investment in clean economy. Following are few examples:

- Clean hydrogen
- Clean technology manufacturing
- Clean electricity
- Carbon capture & storage

Multiple ITCs may be claimed for the same projects if it includes different types of eligible property

Superficial loss

These rules apply when you sell property (including shares) for a loss and buy back within 30 days before or after the sale date. In this scenario, your capital loss will be denied.

Transfer and swaps

There are penalties for swapping an investment from a non -registered account to registered account for cash or other consideration. Also, capital loss will be denied if you transfer an investment with an accrued loss to your RRSP or TFSA to realize loss without actually disposing the investment. If you want to avoid this situation, then consider selling investment with accrued loss and contribute (if contribution room is available) the cash from sale into RRSP or TFSA. After 30 days, you can buy back the security to re-contribute to RRSP or TFSA. Make sure you have contribution room because contribution room is not added back until the subsequent year

TFSA withdrawals

TFSA withdrawals are tax free, but the contribution room is not added back until the subsequent year. For example, assuming you have no TFSA room available; if you take out funds in February for short term needs and recontribute the same amount in August of same year. The contribution would result into an over contribution and have some tax consequences.

Pay dividend from Capital dividend Account (CDA)

Shareholders can withdraw tax -free from capital dividend account which is non-taxable portion of capital gains from sale of investments. However, the timing is important to optimize CDA.



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