

KAPADIA CHARTERED ACCOUNTANTS PC

MONIL KAPADIA CPA,CA,CFA (647-867-6200)

HETA KAPADIA CPA,CA,CFA (647-671-0537)

About us	<p>Monil Kapadia and Heta Kapadia are CPA, CA (Canada), CFA and CA (India).</p> <p>We understand your need and guide you to file your taxes, optimizing your return and also help you to create a financial goal and a secured future. Please contact us to know more about our services.</p>
When to meet your Accountant	
For Contractors	It is essential to meet your accountant immediately to understand the expenses and to make sure all the initial set ups are made timely.
For full time / part time employees:	Upon receipt of all your T4's, T5's and RRSP contribution slip, ideally by end of February so the taxes are filed by 30th April deadline
Different types of Jobs	<p>Full time or Part time job - (Employer - Employee relations) - In this type of Job, Employers withhold taxes and other deductions from Gross salary.</p> <p>Contract jobs: Employee is paid on hourly basis and is responsible to pay the taxes. The rate is higher in a Contract Job considering the risk and benefits.</p> <p>Being new to the Country, there are high chances new immigrants get a Contract job. A Contractor can choose to be a Sole Proprietor or an Incorporated company. Taxes are at preferential rate for Incorporations at 13.5%</p>
Pros and Cons of Full time Vs Contract jobs	<p>Pros:</p> <ul style="list-style-type: none"> - Tax Saving of up to 10% of your income if you Incorporate. - No taxes are deducted, so enables good cash flow initially when you need it - Many expenses are deductible against the income - Total income is normally 30% to 40% higher in a Contract Job. <p>Cons:</p> <ul style="list-style-type: none"> - House Mortgage is a challenge for Contractors for first 2 years. It is simple after 2 years - You pay for Health insurance (approx. 2K annually premium) - Have to find another contract on completion of project, generally if you get in big organization opportunities are ample
Information for Contractors	
Incorporation Tax	<p>A Corporation has to file taxes within 6 months from the year end along with HST return and Net income can be withdrawn through various routes from the company to the Shareholders</p> <p>Please contact us if you want to understand the process and how to save taxes in a Contract job</p>
Expenses	All official expenses including Food, Telephone, Internet, Home rent use, Car expenses, etc. can be claimed as deduction against the Income
HST Credit	You are eligible to claim all the HST you paid for official expenses
T2	T2 is the tax return for Corporation. The Share holders can be paid salary from the Corporation.
Other points	Benefits from Tax splits, defer taxes, etc are possible through tax planning and optimization techniques under Incorporation. The income is 30% to 40% higher than full time and Tax savings are add up the benefits
Information for Full time / Part time Employees	
Year end	Individuals pay taxes on income earned in a Calendar year - January to December. The deadline to file taxes of previous year is 30th April for Individuals.
Pay stub	Pay Stub or pay slip provides you the information of your Gross salary and deductions made by your employer. The employer will deduct CPP, EI and Taxes from Gross salary.
T4 slip	T4 slip is annual summary of your Gross salary, Taxes deducted, CPP & EI deducted. You will receive this from each Employer in mail by February of next year. This will help an accountant to file your return.
CPP	Canada Pension plan, this is mandatory contribution of 4.95% of your salary to the maximum of \$2,594 per year. Employer makes equal contribution. This is a pension plan and you start getting benefit after retirement age of 65 years
EI	The Employment Insurance (EI) program provides temporary income support to unemployed workers in addition to Maternity benefits, Sickness benefit and some other benefits. You will contribute maximum \$858 annually for EI premium

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Tax slabs	Below computations are based on Ontario province and considering no other provincial or special credits. This will give you an idea of approximate taxes you will pay.										
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Income</th> <th style="text-align: center;">Avg tax rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">50K - 70K</td> <td style="text-align: center;">24%</td> </tr> <tr> <td style="text-align: center;">70K - 90K</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">90K - 100K</td> <td style="text-align: center;">27%</td> </tr> <tr> <td style="text-align: center;">100K - 120K</td> <td style="text-align: center;">29%</td> </tr> </tbody> </table>	Income	Avg tax rate	50K - 70K	24%	70K - 90K	25%	90K - 100K	27%	100K - 120K	29%
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T1	Tax return for Individuals - provide all the details of your income and taxes. You will get a NOA - Notice of Assessment after CRA reviews your taxes. NOA is proof of your income.										
Provincial credits	<p>There are various federal and provincial credits available which will reduce tax liability, below are few of the credits (ON) which may be applicable to you (this is not a complete list) :</p> <ul style="list-style-type: none"> - Tuition fees paid - Medical expenses above \$ 2,302 - Charitable Donations - Political party Donations - Disability credits - First time home buyers credit - Child care expenses - Professional or Union dues 										
Common information for Full time and Contract jobs											
RRSP	An RRSP is a retirement savings plan that you establish and to which you or your spouse contribute. Deductible RRSP contributions can be used to reduce your tax. Contribution to RRSP reduces your employment income and reduce taxes. Any withdrawals from RRSP before retirement are chargeable to taxes in that year. Your deduction limit is 18% of your earned income, to a maximum value for the year which is \$ 26,230 for 2018										
OTB	The Ontario Trillium benefit is a refundable tax credit to assist low income families.										
OCB	The Ontario Child Benefit (OCB) is a provincial program that helps low income families provide for children under 18. Payments are issued monthly to eligible families along with their Canada Child benefit.										
RESP	A Registered Education Savings Plan, or RESP, is an investment vehicle available to parents in Canada to save for their children's post-secondary education. The Canada Education Savings Grant (CESG) is provided to complement RESP contributions, wherein the government of Canada contributes 20% of the first \$2,500 in annual contributions made to an RESP										
TFSA	The Tax-Free Savings Account is an account available in Canada that provides tax benefits for saving. Investment income, including capital gains and dividends, earned in a TFSA is not taxed in most cases, even when withdrawn.										
My CRA Account	My Account allows you to track your refund, view or change your return, check your benefit and credit payments, view your RRSP limit, set up direct deposit, receive online mail, and so much more. You can google and create My CRA Account after you have filed your taxes for the first time.										

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FAQ's	
1	I landed mid of the year do I have to file taxes ? What about the income I earned before coming to Canada ?
	Filing tax return in first year is essential to ensure you get various Tax credit and benefits including Ontario trillium, child credit, Hst credit and so on. You become Tax resident in Canada when you land on PR and have residential ties. The income you earned before landing in Canada is not taxable, however Global income is Taxable after you land in Canada.
2	Do I have to disclose foreign property owned ?
	You'll need to declare any foreign property (stocks, real estate) you own when it comes time to file your tax return with a value in excess of \$ 100,000.
3	If I get an offer of full time versus Contract job what should I go for ?
	Both the options have pros and cons as listed above. However a Contractor has an option to Incorporate and get tax benefits versus a full timer. It is also a market practise to offer higher rate per hour for a Contractor as he is not entitle for full time benefits like health insurance (premium family cover 2K), ESOP, RRSP contributions, etc. As per the current market trend a Full time BA gets say 80K Gross, his after tax (avg 25% tax) in hand would be approx. 60K. In case of a Incorporated Contractor, he can expense out business expenses and Company is liable to pay preferential rate of 13.5% taxes after expenses and he receives Dividend tax credit. The in hand cash after taxes and benefits would be 70K approx. after paying personal taxes. Thus it leads upto 15% of tax savings as compared to full time employee. Other benefits of Incorporation would be Tax splits, deferred income, etc. Also note as per current market a BA gets a contract rate of \$80 per hour which turns to be \$130K annually. So not only a Contractor gets tax benefit but also higher pay. None of the options have job security as Contract can be terminated any time and Full time employee fired with small severance package. So Choice is yours.
4	Do I have to file my spouse return as he / she had no income or both had zero income ?
	It is always beneficial to file taxes together as the tax credit, standard deduction, tuition fees paid, etc. can be split / transferred to high income spouse to have the tax advantage. If both have zero income, filing taxes will help you receive various federal and provincial benefits and credits.
5	What information I need to give Accountant to file taxes ?
	In addition to T4 slips, basic information for all family members like Name, address, Date of birth, Sin number, contact details, date of landing , foreign income after landing, foreign property details, RRSP contribution slips and any other supporting to claim provincial credits should be enough to file taxes normally.
6	Do I need an Accountant to file taxes ?
	For Self - employed, Uber drivers, foreign income recipients, business persons and Contractors, Tax filing is complex and a Designated CPA is highly recommended to ensure Tax optimization and Tax planning. For full time employees or new immigrants with Zero income, tax return is not complex, if you have time and understanding of various provincial credits and have accounting / taxation knowledge, you can go for Online software and give a try, the only risk is if you are unaware of all the benefits and credits, you may loose one. Filing tax returns for full time employees is not expensive and can cost average of \$ 40 to \$ 60. Recommendation is to meet an Experienced CPA Designated Accountant. As this is not one time thing, but eventually you will earn high income and will have to plan your taxes to have optimal solution in later years, a designated professional is always a preferred choice.
7	Do I have to meet an Accountant in person ?
	Commute is a time consuming and costly affair. We meet in person to explain the tax liability and benefits and also work online through Skype calls, Emails and Phone calls to ensure your needs are understood and well taken care of, so you do not have to waste time and money in commute. Just fill up an excel checklist we mail you and attach T4 or any supporting's for provincial credits and consider your job done.
8	What about the money / jewellery I declared and brought while landing ?
	This are not taxable in Canada if declared properly on your first landing.
9	My employer deducted taxes and remitted to CRA, do I still owe any taxes ?
	Normally employer are obligated to compute taxes based on your annual income and remit to CRA. In most of the cases your deduction will be higher as provincial credits, transfer of benefit from spouse, etc. are not accounted for and you will have a Tax refund.

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10	How do I get a Tax refund ?
	It is ideal to provide your banking details - void cheque to your accountant while filing your taxes so auto transfer of refund will be set to receive e-transfer in 2 weeks of filing or they mail you the cheque.
11	I have earned income from Uber / Lyft, what do I need to know ?
	Ride sharing services are considered as business and you are consider self-employed with a 15th June Tax filing deadline like sole proprietors. HST registration is mandatory for ride sharing services. You can write off various business expenses against the income. You will need Uber / Lyft statement and a list of all the expenses you have incurred for the business to file your Personal return and HST return. Meet your accountant in advance to understand what can be expensed out so you have a better knowledge from the beginning.
12	I moved from one province to another, where do I have to file taxes
	Under normal conditions, a person files a tax return for the province in which they are residing on December 31 of the taxation year.
13	I have change jobs, how do I get T4 from all the employers ?
	You get T4 from each employer you have worked with, T4 will be mailed to you based on the address your employer has in records. If you have moved, contact your employer and ask them to mail to new address or email you.
14	What is first time home buyers credit ?
	The federal government introduced a new tax credit, based on a down payment amount of \$5,000, for first time home buyers that buy a qualifying home in the year the home is purchased. So your tax liability is reduced by \$ 750 (15%).
15	How do I save taxes in a Full time job ?
	RRSPs is one instrument which reduces your gross income and so you pay taxes for lesser income. Please note this contribution has 18% cap and can be withdrawn tax free only when you retire at 65 years of age. If you withdraw before that, it gets added to your current income and is taxed at a higher rate. The tax free savings account allows an opportunity to grow funds tax free as no taxes are levied on Dividend or Capital gain on Investments in TFSA. Although contributions to a TFSA are not tax deductible like RRSPs so contribution is made from after tax money but any growth is tax free. It has an annual limit, for 2019 it is \$6,000 per Individual. Other than above there are provincial and federal credits you can apply if eligible for the same.
16	I have specific question not answered above ?
	Please email us at: kapadia.cpa@gmail.com and we will get back to you to the earliest possible. Considering the Tax season replies may be delayed. Also we will consider the urgency of the question. Please write a brief background about your self, when you landed or planning to do so along with the question and provide a contact number to reach out, so we can assess the situation properly before replying. CRA website is a great source of some basic information you would need to know, we recommend to see CRA website and then contact us. Time is a limited resource with all of us and lets optimize it.
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