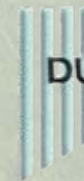


# ***FARM MANAGEMENT DAY***

***FEBRUARY 11, 2014***

***TRICKS AND TRAPS IN THE BUSINESS  
OF FARMING***



**DUMAS LEDUC, CA INC.**  
Comptroller - General Accountant  
Entrepreneur - Farm Advisor

# **FARM MANAGEMENT DAY 2014**

## **TOPICS:**

- **WILLS**
- **HOUSES**
- **LIFE INSURANCE**
- **GOVERNMENT FARM PROGRAMS**
- **SALARIES**
- **INCOME TAXES AND GST QST**

# **FARM MANAGEMENT DAY 2014**

## **WILLS**

- ***DISPOSITION TO SPOUSES AT COST***
  - ***YOU CAN CHOOSE TO OPT OUT ON CERTAIN ASSETS***
- ***DISPOSITION TO CHILDREN AT MARKET VALUE***
  - ***EXCEPT FOR FARM ASSETS***

# **FARM MANAGEMENT DAY 2014**

## **WILLS**

- **DISPOSITION AT MARKET VALUE**
  - **RRSP'S**
  - **GAIN ON INVESTMENTS**
  - **SHARES OF NON-FARMING BUSINESSES**
  - **NON-FARMING VACANT LAND**
  - **REAL ESTATE**
  - **PRINCIPAL RESIDENCE AND COTTAGES**
    - USE PRINCIPAL RESIDENCE EXEMPTION**
    - NEED EVALUATION**

# **FARM MANAGEMENT DAY 2014**

## **WILLS**

### **- LIFE INSURANCE**

- **TAX FREE**
- **SHOULD DESIGNATE BENEFICIARY DIRECTLY IN CONTRACT**

### **- SPECIFIC LEGACY**

- **INCOME TAXES PAID BY UNIVERSAL LEGACY BENEFICIARIES**

### **- SUBDIVIDING LOTS VIA WILLS**

# **FARM MANAGEMENT DAY 2014**

## **HOUSES**

### **- TRANSFERRING HOUSES TO A CORPORATION**

- **TAXABLE BENEFIT IF YOU LIVE IN HOUSE = RENT VALUE**
- **LOSS OF PRINCIPAL RESIDENCE EXEMPTION ON FUTURE GROWTH**

### **- OWNING A HOUSE AND A COTTAGE**

- **CHOOSING TO APPLY EXEMPTION ON WHICH PROPERTY**

### **- CHANGING THE USE OF A PROPERTY**

- **DEEMED DISPOSITION AT MARKET VALUE**

# **FARM MANAGEMENT DAY 2014**

## **HOUSES**

- **GST QST NEW HOUSING REBATE**
  - **REBATE = 36% OF GST AND 50% OF QST**
  - **REBATES START REDUCING WHEN VALUE OF HOUSE:**
    - **EXCEEDS \$200,000 FOR QST**
    - **EXCEEDS \$350,000 FOR GST**
- **REBATES ARE AVAILABLE FOR INDIVIDUALS ONLY**
  - **NEGOTIATED EXCEPTIONS WHEN LAND OWNED BY CORPORATIONS DUE TO ZONING RESTRICTIONS**

# **FARM MANAGEMENT DAY 2014**

## **LIFE INSURANCE**

- **CAN BE TRANSFERRED TAX FREE TO CORPORATIONS**
  - **IN EXCHANGE FOR A PROMISSORY NOTE OWED TO SHAREHOLDER**
  - **FUTURE PAYMENTS MADE BY COMPANY (NOT DEDUCTIBLE)**
- **CAN BORROW ON ACCUMULATED VALUE**
  - ALLOWS FOR RETIREMENT FUND**
  - PAID BACK WITH DEATH BENEFIT PROCEEDS**



# FARM MANAGEMENT DAY 2014

## **GOVERNMENT PROGRAMS**

### **- AGRI-INVESTMENT**

- CONTRIBUTE 4% OF NET ADJUSTED SALES**
- MATCHED BY GOVERNMENT**
- NET ADJUSTED SALES = GROSS SALES – (SEEDS + % FEED)**
- MAKE SURE TO RECORD GROSS SALES**
  - BONDUELLE STATEMENTS – DEPOSIT IS NET**
  - EXCHANGE OF CROPS FOR INPUTS**
  - MARKETING COSTS REDUCE SALES**

# **FARM MANAGEMENT DAY 2014**

## **GOVERNMENT PROGRAMS**

- **AGRI-CONSEILS – CULTIVONS L’AVENIR 2**
  - **GRANTS OF \$20,000 OVER 5 YEAR PERIOD**
  - **FOR CONSULTING SERVICES**
    - **AGROENVIRONMENTAL (70% TO 90%)**
    - **MANAGEMENT (50% TO 70%)**
    - **TECHNICAL (50% TO 75%)**
  - **IF MULTI-DISCIPLINARY – USING TWO OR MORE CONSULTANTS OF DIFFERENT EXPERTISE AT THE SAME TIME**
    - **ADDITIONAL \$10,000 AVAILABLE**

# **FARM MANAGEMENT DAY 2014**

## **GOVERNMENT PROGRAMS**

- **MUNICIPAL TAX REFUNDS**
  - **MAKE SURE TO REGISTER ALL YOUR LEASES**
  - **GROSS SALES TEST PER \$100 OF MUNICIPAL EVALUATION**
  - **MAKE SURE TO RECORD GROSS SALES**
    - **BONDUELLE STATEMENTS – DEPOSIT IS NET**
    - **EXCHANGE OF CROPS FOR INPUTS**
    - **MARKETING COSTS REDUCE SALES**
    - **CAN INCLUDE UNSOLD INVENTORIES**

# **FARM MANAGEMENT DAY 2014**

## **GOVERNMENT PROGRAMS**

- **ADVANTAGES OF AN EDUCATION!**
  - **ESTABLISHMENT GRANT INCREASED TO \$50,000**
  - **MILK FEDERATION 5KG QUOTA LOAN EXTENDED TO 6 YEARS**
  - **TAKE ADVANTAGE OF RESP 30% GOVERNMENT GRANT**

# **FARM MANAGEMENT DAY 2014**

## **SALARIES**

### **- CSST**

- OFFICERS NOT OBLIGATED TO CONTRIBUTE**
  - PRESIDENT, VICE-PRESIDENT, TREASURER (SECRETARY)**
  - HOWEVER MAKE SURE YOU HAVE PRIVATE PLANS**
- SHOULD COVER CASUAL WORKERS**

### **- UNEMPLOYMENT INSURANCE**

- NO AGE MINIMUM**
- NO COVERAGE IF OWN MORE THAN 40% OF CORPORATION**
- SPOUSES MAY OR MAY NOT BE COVERED**
- INCLUDE CORPORATE REVENUES – SHAREHOLDERS CLAIM UIC**

# FARM MANAGEMENT DAY 2014

## **INCOME TAXES AND GST QST**

### **- INCOME TAXES**

#### **- AGROPUR SHARES**

- **IN MOST YEARS, YOU CAN CHOOSE TO DEFER INCOME TAXES**
- **YOU CAN ALSO ROLL THE SHARES IN YOUR RRSP**
- **BE CAREFUL – DEEMED DISPOSITION AT MARKET VALUE WILL CAUSE A CAPITAL GAIN IF YOU DEFERRED THE TAXES ON SHARES**

#### **- COOPERATIVES (INCLUDING AGROPUR SHARES)**

- **GIVES AN ADDITIONAL TAX CREDIT (125% OF INVESTMENT)**
- **MUST HOLD SHARES FOR AT LEAST FIVE YEARS**
- **CREDIT LIMITED TO 30% OF YOUR NET INCOME – CARRIES OVER**

# **FARM MANAGEMENT DAY 2014**

## **INCOME TAXES AND GST QST**

### **- INCOME TAXES**

#### **- USE OF VEHICLES**

- MUST BE ABLE TO JUSTIFY KM'S DRIVEN FOR BUSINESS**
- GOVERNMENTS ARE INSISTING ON LOG BOOKS**
- DRIVING TO WORK ARE PERSONAL KILOMETERS**
- IF YOU'RE INCORPORATED – MAY BE BETTER TO OWN VEHICLES PERSONALLY AND CHARGE CORPORATIONS RATE PER KM'S**

#### **- USE OF CELL PHONES**

- USUALLY ALLOW ONLY ONE CELL PHONE x REASONABLE %**

# **FARM MANAGEMENT DAY 2014**

## **INCOME TAXES AND GST QST**

### **- GST QST**

#### **- USE OF PASSENGER VEHICLES**

- IF MORE THAN TWO PASSENGERS – LIMITED TO \$30,000**
- EXCEPTIONS FOR VEHICLES USED 90% FOR TRANSPORT**

#### **- RENT ON FARM LAND**

- LAND HELD PERSONALLY AND RENTED TO CORPORATION  
MUST INCLUDE INSURANCE AND PROPERTY TAXES PAID BY  
CORPORATION IN RENT CALCULATION**

#### **- PROPER NAME ON INVOICES**

- INVOICE MUST HAVE NAME REGISTERED AT IGIF**



# **FARM MANAGEMENT DAY 2014**

**QUESTIONS ?**

**THANK YOU**



**DUMAS LEDUC, CA INC.**

Comptable agréé - Chartered Accountant  
Fiscalité agricole - Farm taxation