

TAX TIME

2020 WHAT'S NEW?

Check out some significant changes that may affect your tax returns for 2019 and 2020.

Planning to Retire?

Maximum pensionable earnings increased for The Canada Pension Plan (CPP) in 2020:

\$58,700

up from \$57,400 in 2019

New CPP Contribution Rates

Employer and Employee:

5.25%

Self-Employed:

10.5%

Maximum Yearly CPP Contributions in 2020

Employer and Employee:

\$2,898

Self-Employed:

\$5,796

Note: This money is still taxed as income!

Retirement Account Contributions Can Roll Over

If you didn't max out your Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA) contributions in 2019, the Canada Revenue Agency (CRA) lets you add the difference onto next year's contribution.

Do You Own a Small Business?

The tax rate dropped to

9% on the first \$500K of income compared to 10% in 2018.

Does Your Business Generate Passive Income?

If you make more than **\$50K** the 9% tax rate may not apply.

Common Small Business Deductions:

- Home Office Expenses (can include interest on your mortgage)
- Vehicle Expenses
- Accounting and Legal Fees
- Reserves or "Sinking Fund" (for reasonable amounts)
- Office Rent

Need a professional to help you get started on your taxes?
Call me for a great referral!



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HOW TO IDENTIFY A CRA SCAM

In 2018, more than 4,000 victims lost out on over \$15.2 million as a result of tax scammers pretending to be with the Canada Revenue Agency (CRA).

Communication Scams to Watch For

- Phone Call
- Email
- Text Message
- Door-to-door
- Mail

Red Flags

- **Demanding personal info** — social insurance, credit card or bank account numbers.
- **Referencing debt** you don't have.
- **Threatening** or coercive language.
- **Demanding immediate payment**, especially in the form of bitcoin or gift cards.
- You are **prompted to visit a website outside of the canada.ca** official domain.
- Saying they're **sending the police**.

Before You Respond, Ask Yourself...

- **Is this link legit?** Hover over it to see where it leads before you click.
- **Am I sure this caller or sender is a CRA employee?** The CRA will never pressure or threaten you to take immediate action.
- **Do I owe money to the CRA?** If you know you don't, it's probably a scam.
- **Have I received an official statement of account recently?** Government programs like Canada student loans or employment insurance will send you official statements — not a threatening phone call out of the blue.