

# DSF NEWS

DEVRY SMITH FRANK LLP NEWSLETTER WINTER 2016 ISSUE

## DEVRY SMITH FRANK LLP ANNOUNCES A NEW OFFICE IN WHITBY



Devry Smith Frank LLP (DSF) is excited to announce the opening of its new full-service location in Whitby, Ontario. We are looking forward to offering legal services to our clients in Ontario's Central East Region.

DSF's Whitby office will grow our presence in Durham Region and expand DSF's services further east along the 401 and 407 Hwy

corridor. Nearby areas that will benefit from DSF's new location in Durham include Ajax, Brock, Clarington, Oshawa, Pickering, Port Perry, Scugog, Uxbridge, and Whitby.

DSF's Whitby office will offer a full range of legal services for individuals and businesses. Since 1964, DSF has grown from its roots in Toronto's Don Mills

area to a full-practice firm with over 50 lawyers, mediators, paralegals, law clerks and supporting staff.

DSF is no stranger to Durham, having had a presence in the region since 2013. A large number of DSF's team members are proud Durham residents — from Whitby, Oshawa, Ajax, Uxbridge and the surrounding

areas. The Whitby office can be reached by phone at 1(289) 638-3171 or toll free at 1(866) 474-1700. It is located at 209 Dundas Street East, Suite 401, Whitby, Ontario. We hope you will join us in welcoming the newest DSF office to the Durham community.

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# KEY TAX AND ESTATE PLANNING ISSUES FOR 2016 AND BEYOND

BY SABINA MEXIS, B.A.(HONS.), M.A., LL.B., TEP. | SEPTEMBER 4, 2015



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**H**appy New Year! For many people, the end of 2015 couldn't come fast enough. Last year was a challenging and interesting one—on political, economic and social fronts. The year 2015 also saw the longest federal election campaign in Canada's history: a gruelling 11-week battle that resulted in the election of a majority Liberal government, led by Justin Trudeau. The Liberals election platform promised many tax changes, and on December 7, 2015, new federal Finance Minister Bill Morneau introduced a Notice of Ways and Means Motion to implement some of them.

Below are some key tax and estate planning changes that Canadian taxpayers need to know .... as well as some ways to address these changes.

## KEY TAX CHANGES

### 1. Federal personal tax rates and tax brackets

The liberals implemented the much-discussed "middle-class tax cut"—decreasing the middle income tax bracket (\$45,282 – \$90,563) from 22% to 20.5%. This tax cut is accompanied by an increase in the tax rate on Canadians earning more than \$200,000 from 29% to 33%. These changes are effective January 1, 2016.

### 2. Tax-Free Savings Account (TFSA) annual contribution limit

Last year's raise of the TFSA annual contribution limit (to \$10,000) has been reduced by the Liberals to \$5,500 for 2016, and it will be indexed to inflation for subsequent years. The cumulative TFSA contribution limit from 2009 to 2016 is \$46,500.

### 3. Federal tax rates for private corporations

Canadian-controlled private corporations (CCPC) that earn investment income will see the tax rates rise on that income. This coincides with the proposed increased personal tax rates and preserves integration between income earned by an individual and income earned in a corporation. In Ontario, investment income earned

in a CCPC will be subject to tax at the highest combined federal and provincial tax rate of 50.17%.

### 4. The employee stock option benefit deduction

The Liberal election platform proposed capping the amount that can be claimed as a deduction in connection with employee stock options. We expect that more details will be announced on this issue in the next federal budget.

### 5. Family income splitting

The Liberals plan to cancel the Family Tax Cut introduced by the Conservative government in October 2014. More details will likely be announced in the next federal budget.

## PROPOSED SOLUTIONS

### 1. Prescribed rate loans for income splitting with family members

Despite the proposed cancellation of the Family Tax Cut, income splitting is still possible among family members through the use of prescribed rate loans and family trusts.

### 2. Charity donations

In keeping with the increase in the top marginal personal tax rate, those taxpayers whose income

is subject to the new 33% tax rate are entitled to an enhanced donation tax credit of 33% on gifts in excess of \$200. For those who don't have income taxable at the 33% rate, the tax credit for donations over \$200 remains at 29%.

### 3. Strategies to minimize taxes for business owners

Self-employed business owners can income split with family members in a number of ways; for example, by paying family members who work in the business a reasonable salary. Income splitting can also be achieved by paying dividends to family members, although corporations may have to do some restructuring in order to include spouses and adult children as shareholders.

The Liberal government has announced a number of other measures whose full effect won't be seen until the federal budget is announced in the spring. Changes to the taxation of trusts and estates, for example, may result in an unexpected tax bite. Proper tax and estate planning for owner-managers and high net worth individuals is more important than ever. Contact the tax and estate planning group at DSF to arrange for a consultation.

## DSF'S RECENT RESULTS

**CLIENT SAVED MORE THAN \$340,000:** Our corporate client was unable to collect several million dollars in accounts receivable and wrote it off as bad debt. The Canada Revenue Agency ("CRA") disallowed the bad debt expense claiming that our client had not proven that the accounts receivable had become uncollectible in that year. DSF successfully appealed the matter to the Tax Court of Canada. In our appeal to Tax Court, we argued that our client acted as a prudent businessperson in the circumstances. The Department of Justice, the lawyers for the CRA, eventually conceded to our arguments. As a result, the bad debt expense was allowed and our client saved more than \$340,000 in income tax.

**MOVING OUT AND GETTING PAID:** At the end of August 2015, DSF's family lawyers managed to get their client (a wife in this case) \$150,000 to move out of the house owned by the husband's parents!

**SUSPICIOUS PHONE CALLS PURPORTING TO BE FROM THE CRA:** Recently, a client phoned in a panic after receiving a threatening phone call saying that she owed money and was going to be arrested if she didn't pay. Fortunately, she didn't fall for the scam. If you receive such a call, take note of the number, hang up, and report the number to the Canadian Anti-Fraud Centre.

**CLIENT GETS MORE THAN SHE THOUGHT POSSIBLE:** At the beginning of July 2015, two of our family law lawyers put an end to four years of contentious litigation. They stepped in as counsel and got a deal for our client that was better than she believed possible. Our client and her two children can finally get on with their lives.

# PARAMEDICS, POLICE OFFICERS, FIREFIGHTERS AND OTHER FIRST RESPONDERS GET A SPECIAL PRACTICE GROUP AT DSF

BY JOHN P. SCHUMAN, B.A. (HONS.), LL.B., LL.M., C.S. | SEPTEMBER 10, 2015



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Every day in Ontario, paramedics, police officers, firefighters and other first responders answer to thousands of calls for assistance. They bravely go into situations that most people would flee from. In doing this, first responders provide often-lifesaving assistance to people who—mostly unexpectedly—find themselves in need. The demands, environment, and conditions of their jobs lead to unique challenges that are only starting to come to the public's attention.

At DSF, we have lawyers who are former first responders—for example, I myself am still a paramedic. We have identified that, in addition to the legal problems anyone can face, first responders have their own particular legal issues. In response, DSF has started a special practice group to address the unique legal needs of first responders. We see some of these in the following areas:

**Work-place injuries related to mental health.** These—which include PTSD, depression and anxiety—can affect many aspects of their lives: for example, creating insurance issues or seriously impacting interactions with others.

**Issues around human rights and workplace accommodations.** These are related to the unique job conditions of first responders.

**Family law issues.** Working a mentally demanding job day and night and on weekends and holidays can create difficulties in parenting and relationships with spouses, and can also lead to unique income issues.

**Regulatory issues.** These arise because many first responders have both employers and other oversight organizations.

**The different perspectives on what is “important” and what is an “emergency.”** This is an especially significant issue when dealing with various legal demands.

DSF recognizes the tremendous sacrifices first responders make to help others. In our efforts to support them, DSF's First Responders' Group has lawyers dedicated to helping paramedics, fire fighters, police officers and other first responders. Our lawyers proudly wear #ivegotyourback911 hoodies and support the Tema Center Memorial Trust—Canada's leading provider of support for public safety and military personnel dealing with operational stress and PTSD. But, to go even further, we also offer a 20% discount on our fees to first responders in many areas of law (and not just those related to “first responder” issues”).

DSF recognizes the importance of helping the first responders who help us. As someone tweeted under the #ivegotyourback911 hashtag:

*We must keep pushing. We must have our stories heard. When you wear our shirts and hoodies or wristbands or sport our stickers ... wear them proud and when people ask what it means ... you tell them ... tell them with all of your heart and soul that what is happening to us is NOT okay ... you tell them that we have lost over 50 people since May/14. You tell them that we are a family and family sticks together. You tell them that we are dying because we spend our lives helping others ... #ivegotyourback911*

To learn more about the unique challenges first responders face helping others, visit [www.ivegotyourback911.com](http://www.ivegotyourback911.com) and [www.tema.ca](http://www.tema.ca). For legal information designed for first responders, go to: [www.devrylaw.ca/first-responders](http://www.devrylaw.ca/first-responders).



# DSF IS GROWING AGAIN!

**Frederick Wood PC joins DSF:** we are pleased to announce that Frederick Wood PC joined DSF effective January 1, 2016. Frederick Wood and his paralegal, Arthur Wood will continue their practice in our Whitby office located at 209 Dundas Street East, Suite 401, Whitby Ontario.

**DSF has two new practice groups: Not-for-profit & Charities and Appellate Advocacy Group.**

Our Not-for-profit & Charities group is headed by Sabina Mexis and consist of highly experienced lawyers with a broad range of knowledge and experience representing the interests of not for profit organizations.

DSF's Appellate Advocacy Group includes senior members of DSF's litigation teams, representatives from our personal injury, insurance defence, family law, commercial litigation, banking litigation, recovery and estates litigation practices. With extensive litigation experience, these senior lawyers have handled appeals at all levels of courts and administrative tribunals in Ontario.

## PRESS RELEASE

We welcome good news any time and are always happy to share it with our readers. Our Corporate and Tax departments represented the Brickworks Ciderhouse in a recent transaction, and an article was published in *Toronto Life* about the acquisition. Please visit our Facebook page to read the full article recently published in *Toronto Life* magazine about the acquisition.

## DSF IN THE COMMUNITY



### TOY MOUNTAIN CHARITY

On December 23, 2015, Devry Smith Frank *LLP* participated in the Toy Mountain charity sponsored by CTV. We raised \$1380.00, purchased gifts for teens and children's toys and dropped off these goodies at the Toy Mountain at Scarborough Town Centre.



### MEDICO LEGAL GALA

Marc Spivak, the managing partner of the Personal Injury Group of DSF, with paralegal Carlos Ortiz at the Medico Legal Society of Toronto's Gala at the Royal Canadian Yacht Club on November 26, 2015.



### BEACHES COMMUNITY SOCCER SPONSOR

DSF has sponsored the Beaches Community Soccer League for the past three years. We are proud to support these little soccer rockstars. Go DSF Dragons!



### BIG BIKE RIDE

On August 19, 2015, Devry Smith Frank *LLP* participated in the Heart & Stroke Foundation's Big Bike Ride at the Shops at Don Mills. It was the 22nd year of the ride, and the 6th time DSF has participated.

Nineteen staff members rode the Big Bike, and the firm raised over \$3,800. All proceeds go to the Heart & Stroke Foundation.

This newsletter is intended to inform and to entertain our clients and friends. Its content does not constitute legal advice and should not be relied on by readers. If you need legal assistance, please see a lawyer. Each case is unique and a lawyer with good training and sound judgment can provide you with advice tailored to your specific situation and needs. If you would like to receive future newsletters but are not yet on our mailing list, please send your name and e-mail address to: [info@devrylaw.ca](mailto:info@devrylaw.ca)



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