



**ACCOUNTING
PLUS** CHARTERED
PROFESSIONAL
ACCOUNTANT
PROFESSIONAL CORPORATION

📍 141 Wellington St, St. Thomas,
ON N5R 2R8

✉️ mike@accountplus.ca

☎️ 519.207.9345

To our firm's small business clients. Season's Greetings!

As you plan for a successful year ahead, please review these tax tips and key GST/HST deadlines and to help your business stay organized and compliant in 2025.

CRA Business Mail – Important Change

- The CRA now delivers most business correspondence online through its secure portal instead of regular mail.
- To avoid missing notices, deadlines, or assessments, businesses should register for and regularly check CRA's online portal.

What clients should do

- Register for CRA My Business Account (or Represent a Client, if applicable).
- Ensure email notifications are turned on so they're alerted when new mail is posted.
- Log in periodically to review items such as notices of assessment, requests for information, benefit updates, and filing reminders.

Why this matters

- Online delivery is faster and more secure than postal mail.
- CRA considers documents received when posted online, even if they're not viewed.
- **Missing online mail can result in penalties, interest, or missed deadlines**

General Tax Advice for Small Business Owners – 2025

1. Deductions: Maximizing Allowable Expenses

- **Business Expenses:** Deduct all reasonable expenses incurred to earn business income, such as office supplies, rent, utilities, advertising, insurance, salaries, and professional fees. Only the business-use portion of mixed-use expenses (e.g., home office, vehicle) is deductible.



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- **Capital Cost Allowance (CCA):** For depreciable property (e.g., equipment, vehicles, computers), claim CCA over several years. For 2025, enhanced first-year CCA deductions are available for eligible manufacturing and processing equipment, specified clean energy equipment, and zero-emission vehicles acquired and available for use before 2030.
- **Home Office Expenses:** If you use part of your home as your principal place of business or regularly meet clients there, you can deduct a reasonable portion of home expenses (utilities, property taxes, rent, mortgage interest, insurance, maintenance) based on the area and time used for business.
- **Vehicle Expenses:** Deduct the business-use portion of vehicle expenses (fuel, insurance, maintenance, lease payments, CCA, interest). Keep a logbook to substantiate business vs. personal use. For passenger vehicles, there are limits on CCA, interest, and lease deductions.
- **Professional Dues:** Deduct annual professional membership dues if required to maintain your professional status recognized by statute and related to your business activities.
- **Bad Debts:** Deduct amounts previously included in income that have become uncollectible.
- **Interest and Bank Charges:** Deduct interest on money borrowed for business purposes, subject to reasonableness and specific limitations (e.g., passenger vehicles, vacant land).

2. Recordkeeping: Best Practices

- **Maintain Complete and Accurate Records:** Keep all supporting documents (invoices, receipts, contracts, bank statements, logbooks) for at least six years after the end of the tax year. Good records support your income and expense claims and are required by law.



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- **Separate Business and Personal Finances:** Use a dedicated business bank account and credit card to simplify tracking and substantiation.
- **Inventory Tracking:** If you sell goods, maintain detailed inventory records, including opening and closing balances, purchases, and sales. Use a consistent method for valuing inventory (cost or fair market value, whichever is less).
- **Logbooks:** For vehicle and home office expenses, keep detailed logbooks to support the business-use percentage claimed.

3. Tax Planning: Strategies for 2025

- **Income Splitting:** Consider reasonable salaries to family members who work in the business, provided the work and compensation are justifiable. Ensure proper payroll records and T4 slips are issued.
- **Deferral of Income:** Where possible, defer income to the next tax year or accelerate expenses into the current year to manage taxable income, especially if you expect to be in a lower tax bracket next year.
- **Capital Gains Exemption:** For incorporated businesses, be aware of the increased lifetime capital gains exemption (LCGE) for qualified small business corporation shares, which is \$1,250,000 for dispositions after June 24, 2024, indexed for inflation starting in 2026.
- **Tax Credits:** Explore eligibility for investment tax credits (e.g., for manufacturing, processing, clean technology, SR&ED, apprenticeships, and mineral exploration). Ensure you meet all requirements and file the necessary forms.
- **GST/HST Registration:** Register for GST/HST if your taxable revenues exceed \$30,000 in a calendar quarter or over four consecutive quarters. File returns and remit collected tax on time to avoid penalties.

4. Compliance: Key Deadlines and Obligations

- **Filing Deadlines:** For unincorporated businesses, the personal tax return is due June 15, 2025, but any balance owing is due by April 30, 2025. For corporations, the



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T2 return is due six months after the fiscal year-end, with taxes payable within two or three months, depending on circumstances.

- **Instalment Payments:** If your net tax owing exceeds \$3,000 in the current and either of the two previous years, you may be required to pay tax by instalments. Mark the due dates (March 15, June 15, September 15, December 15 for most businesses; December 31 for farming/fishing).
- **Payroll Compliance:** If you have employees, remit payroll deductions (income tax, CPP/QPP, EI) on time and file T4 slips and summaries by the end of February following the calendar year.
- **Information Returns:** File all required information returns (e.g., T5018 for construction subcontractors, T5013 for partnerships) by the applicable deadlines.
- **Penalties:** Late filing, failure to report income, or inadequate records can result in significant penalties and interest. The CRA may disallow expenses if you cannot provide adequate documentation.

GST/HST Filing & Payment Deadlines

1. Monthly Filers

- **Filing Deadline:** 1 month after the end of each reporting period
- **Payment Deadline:** 1 month after the end of each reporting period
Example: For a July 31 period end, file and pay by August 31.

2. Quarterly Filers

- **Filing Deadline:** 1 month after the end of each reporting period
- **Payment Deadline:** 1 month after the end of each reporting period
Example: For a March 31 period end, file and pay by April 30.

3. Annual Filers (with December 31 year-end and business income)

- **Filing Deadline:** June 15, 2025 (June 16, 2025, since June 15 is a Sunday)



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- **Payment Deadline:** April 30, 2025

4. Annual Filers (other fiscal year-ends or no business income)

- **Filing & Payment Deadline:** 3 months after fiscal year-end
Example: For an August 31 year-end, file and pay by November 30.

Note: If a deadline falls on a weekend or public holiday, your return or payment is on time if received by the next business day [\[2\]](#).

GST/HST Instalment Requirements

- **Who must pay instalments?**

If you are an annual filer and your net GST/HST owing was \$3,000 or more in both the previous and current fiscal years, you must make quarterly instalment payments.

- **Instalment Due Dates (for December 31 year-end):**

- April 30, 2025 (for Q1: Jan–Mar)
- July 31, 2025 (for Q2: Apr–Jun)
- October 31, 2025 (for Q3: Jul–Sep)
- January 31, 2026 (for Q4: Oct–Dec)

- **How much to pay?**

Each instalment should be at least one quarter of your previous year's net tax owing

Warm regards,

Mike Kroekenstoel CPA, CGA

Principal

Accounting Plus Professional Corporation