
Update on Ukraine & Income Tax Deadlines

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My last newsletter was written just as Russia had invaded Ukraine and at that time, we had no idea how things would play out. I wish that by now, I would have been able to report that this was a short-lived conflict. As I write this though, we are six weeks into a very violent conflict. We have followed this war closely as it obviously impacts the global economy in significant ways. We have witnessed a terrible assault on the people of Ukraine which has included many fatalities. As of early April, the very well-motivated Ukrainian Military had pushed the Russian troops out of the Kiev region and some other major cities in other parts of the country¹. While this is very good news, we don't expect the fighting to stop. Russia seems to be focusing its attention on targets in the East and South of Ukraine. Ukraine is reporting atrocities across the country and accusing Russia of war crimes². Truly, this has been a disastrous situation and a major humanitarian crisis.

The war in Eastern Europe has been one of the most tragic conflicts that I have had to report on in my career. It's been a very tough two years since the start of the pandemic and this war has only brought the world into another terrible situation. We were already dealing with significant inflation before the fighting started; the war has only made that worse. As of mid-March, Canada had been struggling with an inflation rate of 5.7%, a rate we haven't seen since the early 1990's³. There is nothing to celebrate about the war in Ukraine or the Rising Cost of Living. If we are looking for good news though, the situation has led to a very healthy Canadian economy. Although we have dealt with domestic issues of our own, including mandates, restrictions, protests, convoys and border blockades, Canadian economic growth has been strong. We have had very strong job growth and as of February of this year, the unemployment rate hit the lowest level since June of 2019⁴. This brings our unemployment rate down to one of

the lowest in our country's history. Canada has many of the commodities that the world needs. As countries move away from the goods they had previously bought from Russia, our country is able to pick up some of that slack. Canada produces a lot of the things that have gone up in cost. If we haven't already discussed adding more Real Assets/Commodities to your portfolio, or Floating Rate Loan Funds (which can help when Interest Rates go up), please get in touch with me. Real Asset Funds have really helped portfolios to keep up with this Rising Cost of Living.

By the time you get this, it will be close to the April 30th deadline for submitting your Income Tax Return. It's important to make sure that you have rounded up all of your T-slips, RRSP Contribution Receipts and, if you have a Non-Registered Investment Loan, your Annual Statements which show how much Interest you paid in 2021. Tax documents for Flow-Through Share Limited Partnerships are almost always slow to arrive. If you subscribed to a Flow-Through Share LP in 2021, you will want to make sure that you have the Tax Documents before filing your return. Your entire contribution into these investments can be Tax Deductible. If you haven't received the tax documents by now, let us know and we will track them down for you.

The other thing that you can bring to your accountant, is your Annual Statements for any Non-Registered Investment Plans that are set up with a Fee For Service Arrangement. Some tax preparers will use the costs of the Financial Planning for plans like this as Tax Deductible Expenses. You may be able to use them to offset some of your taxable income so it's worth including the statements for Non-Registered Plans with everything else.

As in all tax seasons, we are here if you need us. Reach out if there is anything we can do to make your Income Tax experience a little easier!

Bryce A. Borden

¹Bloomberg: - <https://www.bloomberg.com/graphics/2022-ukraine-russia-us-nato-conflict/> [1]

²Reuters: - <https://www.reuters.com/world/europe/ukraine-claims-control-over-kyiv-region-russia-looks-east-2022-04-03/> [2]

³BNN Bloomberg: - <https://www.bnnbloomberg.ca/inflation-surges-5-7-as-prices-spike-most-since-1991-1.1738375> [3]

⁴Focus Economics: - <https://www.focus-economics.com/countries/canada> [4]

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[1] <https://www.bloomberg.com/graphics/2022-ukraine-russia-us-nato-conflict/> [2]

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