
CONTREN MANAGEMENT CONSULTANTS INC.

DECEMBER 2012 NEWSLETTER

OFFICE CHRISTMAS HOURS

To celebrate the spirit of the Christmas season, our office will be closed to allow our staff to enjoy time with their families. The office will be closed from December 24, 2012 and will reopen the morning of January 2, 2013.



We will be checking our voice messages and emails on a timely basis throughout the Christmas holidays and will respond as required.

SIMPLY ACCOUNTING

Simply Accounting has updated their software package and changed the name. The latest version is Sage 50 Pro Accounting 2013. It appears that they have ceased supporting the Simply 2011 package and any Simply 2011 user will need to upgrade to Sage 50 Pro Accounting 2013 in order to receive the payroll updates. Any user of Simply 2012 that has subscribed to the SimplyCare program will continue to receive payroll updates in calendar 2013.

Any Simply Accounting user of an older version who has been upgrading their version by using another companies' payroll updates will need to purchase Sage 50 Pro Accounting 2013 with Payroll in order to stay current for 2013. We recommend waiting until the beginning of the new calendar year before updating your accounting system.

Please note that there are personal exemption increases from both the Federal and Provincial governments and you will need to adjust your employee's exemptions accordingly. All Simply owners using the payroll module will need to update their program and payroll support for 2013.

Subscribers to the SimplyCare program will be able to download payroll updates from their website, www.n.sage.com/sage-50-accounting-ca/support, in December 2012.



2013 PAYROLL INFORMATION

Employee Remittances

Not much of a surprise but the government has changed the rules for *accelerated remitters* for 2013. If your companies' average monthly remittance *two years ago* was over \$15,000 you are now required to make two payroll remittances per month. You need to pay the employee deductions calculated from the 1st of the month to the 15th of the same month on the 25th of the **current month**. You need to pay the employee deductions calculated from the 16th of the month to the end of the month by the 10th of the following month. Please note that the threshold of \$15,000 is the total for associated companies.

If your companies' average remittance *two years ago* was over \$50,000 you are now required to make four payroll remittances per month. You must pay the employee deductions calculated *three days following* the periods as detailed below.

- from the 1st through the 7th day of the month;
- from the 8th through the 14th day of the month;
- from the 15th through the 21st day of the month;
- from the 22nd through the last day of the month.

Please note that the threshold of \$50,000 is the total for associated companies and the remittances must be paid electronically or in person at a bank.

The CRA has been sending letters to employers in December indicating if their employee remittance frequency has changed.

CPP, EI, WSIB and Exemptions

For calendar 2013 the CPP deduction rate has remained constant at 4.95% however the maximum earned income amount has increased to \$51,100. This increase means that the maximum CPP deduction for an employee will be \$2,356.20 for 2013.

For calendar 2013 the EI deduction rate has increased to 1.88% **and** the maximum earned income amount has increased to \$47,400. These increase's mean that the maximum EI deduction for an employee will be \$891.12 for 2013.

The government announced the continuation of the small employers EI credit program. If your EI *employer's* payment for 2012 is greater then your EI *employer's* payment for 2011 then you will be eligible for a one time *taxable* credit to a maximum of \$1,000. To qualify you have to be an employer at the end of calendar 2012 and your EI employer's payment for 2012 has to be less then \$10,000. No action is required on your part except to have your 2012 T4 Summary filed on time. The CRA will calculate your credit and apply this to your 2013 employer remittance account.

Please note that if you are using a payroll program (Simply, Quickbooks) you will not need to make any adjustments as a result of the changes to CPP and EI. Please do not change the EI rate in the payroll module.

The new basic personal exemptions for 2013 are as follows:

Federal	\$11,038
Provincial	\$9,574



The WSIB maximum insurable earnings for 2013 is **\$83,200**.

Please adjust your personnel information accordingly if you process payroll internally.

Please note that the CRA has an online payroll calculator, which allows an employer to prepare pay cheque's online using the current rates and information. If you are processing payroll for three or less employee's this is an excellent method to provide an accurate payroll calculation and information. The web address is;

<http://www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/pdoc-eng.html>

WSIB 2012 UPDATES

The WSIB has been updating the coverage requirements the past few years for construction related businesses (CU Class 700). For calendar 2013 they have introduced significant (costly) changes for contractors and our clients will need to review and perhaps adjust their payroll and dividend programs to adapt to these changes. We will discuss the changes with our clients individually however we wanted to outline these changes prior to our conversations.

The most significant change is the mandatory coverage for executive officers in a corporation. The coverage applies to wages **and** dividend income paid to executive officers. There is still the opportunity to exempt one executive officer from coverage however this exemption must be applied for by the company and approved by WSIB. The company must complete form #1208WA and submit this prior to the end of calendar 2012. Please note that the exempt executive officer cannot perform any construction related work but periodic site visits are allowed.

The other non exempt executive officers are required to pay WSIB at a reduced rate (CU 755). The company must complete form #1209WA and submit this prior to the end of calendar 2012. Please note that the coverage rate is \$.21 per \$100, not substantial but this premium is applicable to both wages and dividends. The 2013 maximum for premium calculations is \$83,200, this amount applies to wages and dividends however the web site is not clear if the maximum is a combination of wages and dividends per individual employee/shareholder.

Please note that **all** executive officers must be properly designated and recorded in the corporation's minute book. The company must file forms with the provincial government indicating the election and appointment of these officers. Please contact your lawyer to complete these filings prior to the end of calendar 2012.

HEALTHY HOMES RENOVATION TAX CREDIT

Ok, something that actually makes sense for an aging population. The Ontario government has a tax credit program for home “owners” who are 65 and older **or** are living with a family member 65 or older.

Basically home renovations that create a more accessible home are eligible, normal maintenance and upgrades are not eligible. Please visit the website for better clarification of eligible expenditures;

<http://www.ontario.ca/taxes-and-benefits/what-expenses-qualify-healthy-homes-renovation-tax-credit>

The government will provide a 15% tax credit on eligible expenditures up to \$10,000 and this tax credit is available regardless of your income. 2012 renovations include the period October 1, 2011 to December 2012. Please include receipts for that extended period to include with your 2012 personal tax return package. For 2013 and future years the eligible expenditures are for the applicable calendar year.



Please note that this tax credit is available each taxation year so if you are renovating your home you may need to stagger the work over two calendar years.

TFSA AND RRSP LIMITS

For 2013 and future years the yearly TFSA (Tax Free Savings Account) limit has increased to \$5,500. Each persons TFSA eligibility to the end of 2012 is \$20,000.

For 2013 the maximum RRSP eligibility of \$23,820 requires earned income of \$132,333 in calendar 2012.

ADDITIONAL TAXABLE BENEFITS

The Federal Government Budget of 2012 announced that employer paid Group CI and AD&D premiums will become taxable benefits to employees starting January 01, 2013. Previously only Life and Dependent Life employer paid premiums were taxable benefits. Effective January 2013, Life, Dependent Life, Group Critical Illness and Accidental Death and Dismemberment premiums must all be shown as taxable benefits.

STATUTORY PUBLIC HOLIDAYS

A reminder that Christmas, December 25, Boxing Day, December 26, New Years Day, January 1 and Family Day, February 18 are paid Public Holidays in Ontario.



If your employee works any Public Holiday they are entitled to 1.5 times their regular pay plus their Public Holiday pay. Dependent on your companies work schedule you can choose a substitute day for the Public Holiday.

The substitute day needs to be designated within three months of the actual Public Holiday.

MERRY CHRISTMAS

Keith Gear

Debbie Duffus