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# CONTREN MANAGEMENT CONSULTANTS INC.

## DECEMBER 2013 NEWSLETTER

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### 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, 2013 and will reopen the morning of January 2, 2014.



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

### SAGE 50 ACCOUNTING (SIMPLY ACCOUNTING)

It looks like Sage 50 will stay with the same *version* of the accounting program that was released for 2013. As in previous years they have renamed the program by changing the year extension to 2014. The current and latest version is called Sage 50 Pro Accounting 2014. It appears that they have ceased supporting the Simply 2012 package and any Simply 2012 user will need to upgrade to Sage 50 Pro Accounting 2014 in order to receive the payroll updates. Any user of Sage 50 Pro Accounting 2013 that has subscribed to the SimplyCare program will continue to receive payroll updates in calendar 2014.

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 with Payroll in order to stay current for 2014. 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 2014.



As of this date the 2014 payroll updates have not been posted. Please check your emails or this page for the latest downloads; <http://na.sage.com/sage-50-accounting-ca/support/product-and-payroll-updates>

## **2014 PAYROLL INFORMATION**

### **Employee Remittances Totals/T4 Summaries**

In 2013 any employer who pays their employee remittances online for six months or longer will no longer receive paper remittance forms (PD7A). These forms would show the current months payments, any adjustments processed by the CRA and a year to date total of your employee remittances.

To accurately complete your T4 Summary you need to enter the amount of payments on account for the calendar year. Usually this total is on the employee remittance form you receive after the CRA processes your January employee remittance. Now, as an online filer, you will not receive a paper employee remittance form in February 2014 showing your calendar 2013 account balance.

To get this information you will need to establish My Business Account with the CRA. This account will allow you to access information on all of your government related programs (HST, Corporate Tax etc.) and you can obtain your 2013 payment total from this site.

If *our office* prepares your companies T4 Summary we will need you to provide us with this payment information at the beginning of February. If you have not signed up for My Business Account the link is highlighted below;

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

Please note that the website states that this site is unavailable due to maintenance until *January 4, 2014*. Yes, unavailable!

### **CPP, EI, WSIB and Exemptions**

For calendar 2014 the CPP deduction rate has remained constant at 4.95% however the maximum earned income amount has increased to \$52,500. This increase means that the maximum CPP deduction for an employee will be \$2,425.50 for 2014.

For calendar 2014 the EI deduction rate stays the same as in calendar 2013, 1.88%, however the maximum earned income amount has increased to \$48,600. The maximum earned income increase means that the maximum EI deduction for an employee will be \$913.68 for 2014.

A reminder that the government continued with the small employers EI credit program for calendar 2013. If your EI *employer's* payment for 2013 is greater then your EI *employer's* payment for 2012 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 2013 and your *total* EI employer's payment for 2013 has to be less then \$10,000. No action is required on your part except to have your 2013 T4 Summary filed on time. The CRA will calculate your credit and apply this to your 2014 employer remittance account. Once you receive this credit you can reduce your next employee remittance by the that amount.

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, the payroll updates for 2014 will make the appropriate changes automatically. Please do not change the EI rate in the payroll module.

The new basic personal exemptions for 2014 are as follows:

Federal	<b>\$11,138</b>
Provincial	<b>\$9,670</b>

The WSIB maximum insurable earnings for 2014 is **\$84,100**.

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 UPDATES**

As mentioned last year the WSIB updated coverage requirements for construction related businesses (CU Class 700). Owners of businesses that fall under CU Class 700 have to pay WSIB premiums on dividends declared and paid. The rate for *exempt* executive officers who are paid dividends is \$.21 per \$100. The premium for *non exempt* executive officers is the same as the CU for their employee's.

When the WSIB announced these changes last year they were vague on maximums for dividends and the application of premiums on dividends. Traditionally dividends are declared at year end and do not directly relate to a specific month or quarter. For calendar 2013 any client operating under CU700 will need to include *all* of the dividends they paid in the year on their final 2013 WSIB remittance. For 2014 and future years we will need to estimate the dividends and pro rate the premiums paid. Please call the office if you need assistance with the filing.



For calendar 2014 they have introduced significant penalties for companies and contractors who hire sub contractors without confirming they have a valid clearance number.

The other change is optional reporting periods for employers with less than \$300,000 of insurable earnings. If your annual insurable earnings (IE) are less than \$300,000, you **may select** your preferred report and pay schedule, annual, monthly or quarterly. All employers with annual IE of \$300,000 or more **must be enrolled** in the monthly reporting schedule.

## **FOREIGN INCOME VERIFICATION STATEMENT**

For 2013 and future years the CRA has significantly increased the amount of reporting relating to foreign investment and property owned by Canadian taxpayers. For 2012 and previous years we, as accountants, were able to complete this form as part of your personal (T1) or corporate (T2) tax filing. The reporting was relatively simple as we already had the foreign income earned as part of the relevant tax return.

For 2013 the CRA requires a specific form completed to be submitted to a specific office. The form requires detailed information on each investment owned (ie: GE, Citibank, Florida condo) and income earned from each of these foreign assets. If the foreign investment income is reported on a T5 or T3, from a *Canadian* issuer, then those investments are *excluded* from this foreign reporting requirement.

We will require additional information from a number of clients that own foreign property prior to completing their 2013 personal and/or corporate tax returns.

## **PERSONAL INCOME TAX RETURNS**

Effective calendar 2013 all CRA registered tax preparers (which we are) are required to efile all personal tax returns.

This program is, in theory, to improve efficiency in processing Canadian tax returns. In reality this requirement creates significant additional work as the CRA requests additional documentation after processing the personal tax return. About 25% of taxpayers who had their returns efiled received a request from the CRA, which of course requires additional work for the taxpayer.

This year a number of clients' children received requests for copies of their T2202A (which is a waste of time as the CRA already has that info), the slip they receive as a university or college student. About half of the students did not respond to the CRA and were subsequently reassessed. Unfortunately we had transferred some of the education credits to their parents and when the CRA disallowed the education credits the parents tax return was reassessed. This process has created a significant amount of additional work for the parents and our office.

Please note that the student has to obtain the original T2202A slip online, using their student access account. The school does not mail a copy of this slip.

*We suggest for future years that parents open any envelope from the CRA addressed to their children, thereby responding in a timely manner and eliminating this sort of problem.*



## **FIRST TIME DONORS SUPER CREDIT**

Thanks to one of our clients on pointing out the misleading advertisements relating to this program.

The “First Time” references the *taxpayer* as reporting and deducting a charitable donation on their personal tax return for the *first time*. The super credit is not available to any taxpayer who has claimed a Charitable Donation Tax Credit (CDTC) in the previous five taxation years.

The *maximum* amount eligible for the super credit is \$1,000. A donation of \$1,000 would result in an *additional* \$250 of tax credits for the taxpayer.

This credit is available for donations made after March 30, 2013 until December 31, 2017. It is a temporary credit and is only available once per taxpayer.

## **STATUTORY PUBLIC HOLIDAYS**

A reminder that Christmas, December 25, Boxing Day, December 26, New Years Day, January 1 and Family Day, February 17 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