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# CONTREN MANAGEMENT CONSULTANTS INC.

## DECEMBER 2014 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, 2014 and will reopen the morning of January 5, 2015.



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 2014 though the *icon* looks different. As in previous years they have renamed the program by changing the year extension to 2015. The current and most popular version is called Sage 50 Pro Accounting 2015. It appears that they have ceased supporting any version of Simply Accounting prior to 2014. Any "older" Simply Accounting user will need to upgrade to Sage 50 Pro Accounting 2015 in order to receive the payroll updates.

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 2015.



The 2015 payroll updates have been established for all Sage products. Please go to the "Help" option and run "Check For Product Updates". Simply should automatically download and install the latest version, including 2015 payroll specifics.

## **2015 PAYROLL INFORMATION**

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

As of January 1, 2014 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 2015 showing your calendar 2014 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 2014 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>

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

For calendar 2015 the CPP deduction rate has remained constant at 4.95% however the maximum earned income amount has increased to \$53,600. This increase means that the maximum CPP deduction for an employee will be \$2,479.95 for 2015.

For calendar 2015 the EI deduction rate has remained constant at 1.88%, however the maximum earned income amount has increased to \$49,500. This increase means that the maximum EI deduction for an employee will be \$930.60 for 2015.

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 2015 will make the appropriate changes automatically. Please do not change the EI rate in the payroll module.

A new EI rate reduction program is in effect for calendar 2015 and 2016. Any employer who remits employer EI premiums of \$15,000 *or less* per calendar year will receive a EI rate reduction of \$0.28 per \$100 of insurable earnings. The CRA will calculate this rebate and automatically credit the employers account. To put the amount of the credit into perspective for every \$100,000 of insurable earnings the employer will get a \$392 credit. The *employee's* EI deductions and contributions will not be affected by this program.

The new basic personal exemptions for 2015 are as follows:

Federal                   **\$11,327**

Provincial               **\$9,863**

The WSIB maximum insurable earnings for 2015 is **\$85,200**.

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 UPDATES**

As mentioned previously 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 **all** 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.

Please note that the maximum WSIB coverage amount for 2014, \$84,100, applies to *each* shareholders dividend's, please do not pay WSIB on any dividend above this amount.

For calendar 2014 any client operating under CU700 should have included any dividends *declared* in the month or quarter on that specific periods' WSIB filing.

Please review dividends declared and paid during 2014 and ensure to include any shortfall on the final 2014 remittance, due January 31, 2015.



During calendar 2014 we discovered that WSIB requires any party that is on a worksite to be included in the remittance calculation. The benchmark they use is simple, do you have any tools related to the job with you when you visit the site? This even includes a tape measure as they consider preparing a quote as active participation at the job site.

A reminder that WSIB changed the 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 2013 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 2014 the CRA changed the reporting form, once again, and has eliminated the simplified information slip (T3, T5) exemption. The CRA now requires a country by country review of investments held, income earned and capital gains/losses on same.

We are unable to complete this form with any degree of accuracy, for both our personal and corporate clients who have foreign investments. We will be able to complete this form for personal and corporate clients who have foreign real property.

Any client who has more than \$100,000 of total foreign investments assets will need to have Section 7 of the T1135 completed by their investment advisors. If you have more than one investment account with foreign investments we suggest that you have each advisor complete Section 7 separately and then you can assimilate the information and submit one, completed, accurate form.

Please note that your investment advisor may have a difficult time completing this form and that the deadline for filing the form is the same as the deadline for filing the related tax return (ie: April 30 for personal 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 requires additional work for the taxpayer and their accountant.

This past year a number of clients' had their charitable donations reviewed, again, as well as number of "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. They also targeted public transit passes, which has a complicated formula for inclusion if you are using monthly passes, so please keep all receipts for the year. Surprisingly there were a few requests for children fitness and art receipts, which in theory has to have the individual child's name on the receipt, date paid and the program enrolled. Copies of cheques made out to a minor hockey league do not qualify.

A reminder that we do not have copies of any source documents in our office, these are always included in your personal tax package. You should keep your previous years' tax return handy until the following taxation year.

## **CRA DIRECT DEPOSIT**

The CRA is eliminating cheques for taxpayers from any federal government department by April 2016. If you have not registered for direct deposit personally we can include that information with your 2014 tax return filing. Please include a note and a void cheque when you drop off your tax documents.

Our corporate clients can sign up for direct deposit through My Account, we suggest that you set up the appropriate account information presently.

## **STATUTORY PUBLIC HOLIDAYS**

A reminder that Christmas, December 25, Boxing Day, December 26, New Years Day, January 1 and Family Day, February 16 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*