
CONTREN MANAGEMENT CONSULTANTS INC.

DECEMBER 2015 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 December 24, 2015 and will reopen the morning of January 4, 2016.



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)

Once again it seems that Sage 50 will stay with the same *version* of the accounting program that was available for 2015. As in previous years they have renamed the program by changing the year extension to 2016. It appears that they have ceased supporting any version of Simply Accounting prior to 2015. Any "older" Simply Accounting user will need to upgrade to Sage 50 2016 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. With the new Liberal government there are changes to the federal personal taxation calculations. You will need to download and install the *latest* 2016 version in order to process your 2016 payroll correctly, version 2016.1 will have the wrong payroll formula's.



The 2016 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 2016 payroll specifics.

2016 PAYROLL INFORMATION

Employee Remittances Totals/T4 Summaries

As of January 1, 2015 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 2016 showing your calendar 2015 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 2015 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 2016 the CPP deduction rate has remained constant at 4.95% however the maximum earned income amount has increased to \$54,900. This increase means that the maximum CPP deduction for an employee will be \$2,544.30 for 2016.

For calendar 2016 the EI deduction rate has remained constant at 1.88%, however the maximum earned income amount has increased to \$50,800. This increase means that the maximum EI deduction for an employee will be \$955.04 for 2016.

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 2016 will make the appropriate changes automatically. Please do not change the EI rate in the payroll module.

The EI Small Business Job Credit 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. Please note that this credit is taxable income and must be recorded as such. In order to ensure the correct employee remittances for calendar 2016 the employer will need to reduce the next employee remittance by the amount of the EI credit received.

The new basic personal exemptions for 2016 are as follows:

Federal **\$11,474**

Provincial **\$10,011**

The WSIB maximum insurable earnings for 2016 is **\$88,000**.

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 2015, \$85,200, applies to *each* shareholders dividend's, please do not pay WSIB on any dividend above this amount.

For calendar 2015 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 2015 and ensure to include any shortfall on the final 2015 remittance, due January 31, 2016.



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.

HST REPORTING AND FILINGS

As of October 19, 2015 the CRA is providing a single filing access code for the future year of electronic HST filings. The HST filing package you receive will detail your reporting periods and filing deadlines for the business. The access code on this form will apply to all the filings for the year.

Please keep the Electronic Filing Information form/access code in order to file your HST returns on a timely basis.

A reminder that once you file an HST return electronically the CRA *will not* send paper returns for completion.

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 e filed received a request from the CRA, which requires additional work for the taxpayer and their accountant.

As in the past the CRA requested reviews on a number of clients' charitable donations claimed, 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. This year there was a number of requests regarding foreign source income and related tax credits, all of which was reported on a T3/T5. Our office reports *all* foreign income and tax credits as US based as there is a comprehensive tax treaty in place. If the investment income is from a different foreign country the CRA may not allow the foreign tax credit, depending on the tax treaty with that country.

Please forward any requests from the CRA regarding foreign income/tax credits directly to our office, do not pass this request to your investment advisor as they may provide different information.

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 2015 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.

NEW GOVERNMENT = NEW RULES

As expected the new government has implemented a few of their campaign promises. The "middle class" tax rate cut and the new "high income" tax rate increase is in effect for calendar 2016. Taxable income between \$45,282 and \$90,563 will be Federally taxed at 20.5%, a reduction of 1.5%. This is a maximum savings of \$679.

There is a *new* (not improved though) Federal tax rate of 33% on taxable income in excess of \$200,000. This is a 4% increase over the previous highest incremental Federal tax rate of 29%.

The TFSA maximum contribution limit has been *reduced* to \$5,500 for calendar 2016 though the \$10,000 contribution limit for calendar 2015 remains in effect. This means that the cumulative TFSA contribution limit for calendar 2016 is **\$46,500**.

The small bit of good news, for some, is that the Family Tax Cut will still apply for the 2015 taxation year.

STATUTORY PUBLIC HOLIDAYS

A reminder that Christmas, December 25, Boxing Day, December 26, New Years Day, January 1 and Family Day, February 15 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