
CONTREN MANAGEMENT CONSULTANTS

SUMMER 2013 NEWSLETTER

SUMMER OFFICE HOURS



With the extremely late start to spring, which cut into our golf season, the office will be closed on Fridays starting May 17, 2013 and ending September 6, 2013.

We will be reviewing our messages frequently whenever the office is closed.

LEASE REPORTING CHANGES

There are changes to the International Financial Reporting Standards (IFRS) that will require lease agreements to be reported as an outstanding liability on year end financial statements. This change to reporting is expected to be effective for fiscal 2014 financial statements.

This reporting change will require an organization to report the future value of all their lease payments as both an asset (future “right of use”) and liability (lease obligation) on the year end financial statements. The ongoing monthly lease payment will still be reported as an expense so there will not be any impact on the organizations income statement or taxable income. Your monthly accounting and reporting will not change.

The immediate impact for our clients is a change in the balance sheet ratio’s, the result of adding current and/or long term liabilities (lease obligation) that will negatively impact the companies banking covenants. Individual discussions with the account managers may be required for the first year of filing with this new reporting structure.



We will require copies of all of your companies’ leases as part of your year end document package.

We will add “leases” to our year end checklist presently and start to accumulate the necessary documentation in advance of the anticipated reporting change.

Thank you in advance for your assistance in this matter.

STATUTORY (PUBLIC) HOLIDAYS

A reminder that Victoria Day, May 20, Canada Day, July 1 and Labour Day, September 2 are paid Public Holidays in Ontario. The Civic Holiday, August 5, is not a paid Public Holiday.

Fortunately Canada Day falls on a Monday and most businesses will normally be closed on this day.



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 your employees can be paid for the Public Holiday on a substitute day chosen by the employer.

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

PERSONAL TAX RETURNS

Once again we have completed and filed all of our clients' personal tax returns by April 30. Thank you for providing our office with your tax information on a timely basis.

As required by the CRA we e filed all of our clients tax returns this year and you likely received your assessment (and refund, if applicable) in less then three weeks. *Please fax or email our office a copy of your 2012 assessment notice at your convenience.*



A reminder that the CRA frequently operates verification programs on personal tax return filings and these programs usually don't start until July.

For the 2011 tax season the CRA requested copies of charitable donation slips and additional verification for donations over \$500. Please keep all of the documents and slips that are part of your 2012 personal tax return for the next seven years.

FEDERAL BUDGET

The Federal budget, passed in March, had a number of changes that will impact individual and corporate taxpayers.

First, the budget extends the accelerated capital cost allowance (CCA) rate of 50% for manufacturing and processing equipment for an additional two years. This increased rate will be available to equipment acquired in 2014 and 2015.

Second, in addition to the changes in compensation in the SRED program in 2014 there will be additional reporting requirements for the tax preparer and consultants regarding the specific SRED claims. The specifics of the reporting requirements have not been released however this additional reporting will be required for claims filed on or after January 1, 2014.

Third, there are a number of proposed changes to the Foreign Income Verification Form (T1135) which will require more detail about the specific foreign assets and related income.

Fourth, the budget introduced a first time charitable donor “super credit”. This credit will provide an additional 25% tax credit, for donations up to \$1,000, when a taxpayer claims charitable donations on their tax return for the first time. This credit is available only once and can be claimed between 2013 and 2018.

Fifth, effective January 1, 2014 the budget changed the “gross up” calculation and dividend tax credit for non eligible dividends. Non eligible dividends are generally the dividends you would receive from your own company. The net of these changes is a 1.64% increase in the tax liability, at the highest level of income, on non eligible dividends.

Sixth, the budget eliminated the deduction of safety box fee’s on your personal tax returns.

Seventh, some good news for owners of Canadian Controlled Private Companies (CCPC’s), the budget increased the Lifetime Capital Gains Exemption (LCGE) from \$750,000 to \$800,000. This increase is effective January 1, 2014 and the LCGE will be indexed for inflation for subsequent years.

PROVINCIAL BUDGET

The Provincial budget, passed in May, had a number of changes that mirror the Federal budget. These include the accelerated CCA rates, the changes to non eligible dividend tax calculations, elimination of safety box fee’s deductibility and the increase in the LCGE. The Ontario budget also has the following specific changes.

First, the Employers Health Tax (EHT) exempt threshold will increase from \$400,000 to \$450,000, effective January 1, 2014. The threshold will be adjusted for inflation every five years thereafter. The exempt threshold will be *eliminated* for private sector employers with Ontario payroll in excess of \$5,000,000.

Second, the provincial government has decided to continue with the temporary freeze on the corporate tax rates. The general corporate income tax rate is currently 11.5 per cent. The eligible small business provincial corporate tax rate remains at 4.5%.

BUSINESS BANKING INFORMATION

We would appreciate updates on your business banking information when changes are made. Information on new bank accounts (ie: savings) and/or changes to the branch is required in order for our office to prepare the year end bank confirmation.

Please forward this information to our office upon completion of the changes at your financial institution. Thank you.



KILOMETER LIMITS

A reminder that Dept Of Finance increased the allowable per kilometre rates January 1, 2013, as follows;

0 to 5,000 Km's/Yr Max of \$.54 per km
Over 5,000 Km's/Yr Max of \$.48 per km

Please adjust your expense reports accordingly.



ENJOY YOUR SUMMER

Debbie & Keith