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# CONTREN MANAGEMENT CONSULTANTS INC.

## DECEMBER 2011 NEWSLETTER

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### **OFFICE CHRISTMAS HOURS**

Once again, in 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 23, 2011 and will reopen the morning of January 3, 2012.



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, as always, updated their software package. The latest version is Simply 2012 Pro. *Apparently* they have ceased supporting the Simply 2010 package and any Simply 2010 user will need to upgrade to Simply 2012 Pro in order to receive the payroll updates. Any user of Simply 2011 that has subscribed to the SimplyCare program will continue to receive payroll updates in calendar 2012.

Any Simply Accounting user of an older version who has been upgrading their version by using another companies' payroll updates will need to purchase Simply 2012 Pro with Payroll in order to stay current for 2012. We recommend waiting until the beginning of the new calendar year before updating your accounting system.

Please note that there are personal exemption increase's 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 2012.



Subscribers to the SimplyCare program will be able to download payroll updates from their website, [www.simplyaccounting.com](http://www.simplyaccounting.com), by the end of December 2011.

## **2012 PAYROLL INFORMATION**

For calendar 2012 the CPP deduction rate has remained constant at 4.95% however the maximum earned income amount has increased to \$50,100. This increase means that the maximum CPP deduction for an employee will be \$2,306.70 for 2012.

For calendar 2012 the EI deduction rate has increased to 1.83% **and** the maximum earned income amount has increased to \$45,900. These increase's mean that the maximum EI deduction for an employee will be \$839.97 for 2012.

A small piece of good news, if you are a small employer, for 2011. If your EI employer's payment for 2011 is greater then your EI employers payment for 2010 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 2011 and your EI employer's payment for 2011 has to be less then \$10,000. No action is required on your part except to have your 2011 T4 Summary filed on time. The CRA will calculate your credit and apply this to your 2012 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.

Effective January 2007 the CRA no longer provides payroll tables in a paper format and will be limiting the number of CD's. All information for manual payroll calculations will be available at [www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrllt4127/frmls-eng.html](http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrllt4127/frmls-eng.html)

The new basic personal exemptions for 2012 are as follows:

Federal	<b>\$10,882</b>
Provincial	<b>\$9,405</b>



The WSIB maximum insurable earnings for 2012 is **\$81,700**.

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>

## **RRSP CONTRIBUTIONS**

A reminder that the maximum RRSP eligibility available for the 2012 calendar year is \$22,970. If you have utilized all of your RRSP eligibility you will need to report **\$127,611** of earned income in 2011 in order to be eligible to utilize the 2012 maximum RRSP contribution.

## CANADA PENSION PLAN (CPP) CHANGES

As mentioned in our previous newsletters there a number of changes to the CPP programs and the most significant changes are in effect January 1, 2012.

### RATES FOR EARLY/LATE COLLECTION OPTION

The government has determined that individuals are living longer and have changed the “early pension” penalties and the “late pension” bonus. Starting in 2012 the *penalty* for an early pension election has moved to 0.52% per month and increases to 0.6% per month by 2016. The late pension *bonus* has moved to 0.57% starting in 2011 and increases to 0.7% by 2013.

### EMPLOYEE'S WHO ARE COLLECTING CPP

The government has introduced the collection of **mandatory** CPP contributions for early CPP pension recipients. This change requires that any taxpayer receiving early CPP pension is still required to contribute to CPP until they are age 65, as a minimum.

This means that all employers must deduct from their employee's the applicable CPP amount and pay the matching employers portion for **all employee's** under the age of 70 that are presently collecting CPP. You will need to change your payroll details for these employee's prior to processing your first payroll in calendar 2012. The amounts paid into the CPP program will not increase their CPP benefits but become part of another retirement program, Post Retirement Benefit (PRB), and they will receive separate payments from this program.

Employee's who are between 65 and 70 and collecting CPP can **elect out** of contributing to the program. The employee can elect out of this program by applying in writing for cancellation by completing and submitting this form, CPT30.

<http://www.cra-arc.gc.ca/E/pbg/tf/cpt30/README.html>

If you are self employed, under 65 years of age and collecting CPP you must pay the applicable CPP when you file your personal tax return. We suggest you file the CPT30 two months prior to your 65<sup>th</sup> birthday.

### POST RETIREMENT BENEFIT (PRB)

Any employee paying into CPP while collecting CPP (ages 60 to 70) will build up credit in the PRB at the maximum rate of 1/40 of the current year maximum pension amount (\$11,520 for 2011) for each year of contributions. This means that if you earn the maximum amount of pensionable earnings in 2012 (\$50,100) you will receive about \$290 of additional retirement income per year, after retirement.

If you are self employed or work for your own company we will review each taxpayer's situation individually.

## **ACCESSIBILITY STANDARD FOR CUSTOMER SERVICE**

The Provincial government enacted the Accessibility for Ontarians with Disabilities Act, 2005 and some of the regulations that affect our clients come into effect January 1, 2012.

All businesses or organizations that provide goods and services to the public and have **one** or more employee's are required to comply with the regulations in the Act. The Act requires that, effective January 1, 2012;

- The organization must create a customer service plan outlining the challenges of working with the disabled and the steps to accommodate those challenges.
- The organization must train their employee's on accessible customer service prior to January 1, 2012. The organization must designate an employee(s) as the trainer. New employee's must be trained as soon as possible after hiring.
- The training must include a review of the Accessibility for Ontarians with Disabilities Act, 2005.
- The customer service plan must include a program that allows assistive devices (wheelchairs, walkers etc.) in the workplace.
- The customer service plan must include specifics outlining the access of service animals (ie: allowed in the restaurant but not allowed in the kitchen).
- The customer service plan must outline the parameters of access for support persons.
- The customer service plan must outline your policies on notifying your customers when accessible services are not available.
- The customer service plan must establish a system inviting customers to provide feedback.

There are different reporting requirements for organizations that have 20 or more employee's however the basics of the program are fundamentally the same. It appears that the on line reporting system for large (20+) employer's has not been established yet.

Surprisingly the government has provided, in general terms, a template for creating a customer service plan on their website.

<http://www.mcass.gov.on.ca/en/mcass/programs/accessibility/customerService/Under20.aspx>

There are a number of organizations that have created training programs in preparation of these new requirements. The website listed below was used by a client and is relatively cheap and painless.

<http://learn.vubiz.com/v5/Code/Default.asp?vPage=Ecom2Start%2Easp%3FvMode%3DMore%26vContentOptions%3DYNYN&vTab=4>

You can have your designated trainer complete the course and develop your own personalized customer service plan using the information provided. Of course there are a number of free courses available on line as most governmental agencies, universities, municipalities etc. have posted their programs for the public to view.

## **STATUTORY PUBLIC HOLIDAYS**

A reminder that Christmas, December 25, Boxing Day, December 26, New Years Day, January 1 and Family Day, February 20 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.

We have outlined some scenarios with substitute days. With Christmas and New Years Day falling on Sundays there are a variety of options to the employer about what days to substitute as the Public Holidays.

If you are normally closed Saturday & Sunday then a good option is to have the Monday, Dec 26 (Christmas), Tuesday, Dec 27 (Boxing Day) and Friday, Dec 30 (New Years Day) as this seasons Public Holidays. This would have the employee's back to work on Monday, January 3, for an entire week of work.

If your business is normally closed Sunday (Christmas Day and New Years Day) then your Public Holidays should be Sunday, Dec 25 (Christmas), Monday, Dec 26 (Boxing Day) and Sunday, Jan 1 (New Years Day).

## **OFFICE MOVE**

A reminder that we moved our office last December and we are still receiving correspondence and cheques addressed to the Dunnville address. Our forwarding service with Canada Post ends in December. Please update your files with our new mailing address:

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**MERRY CHRISTMAS**

***Keith Gear***

***Debbie Duffus***