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# CONTREN MANAGEMENT CONSULTANTS INC.

## FALL 2007 NEWSLETTER

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### DATA STORAGE OPTIONS

Our office recently signed up with an off site storage company, Data Deposit Box, for all of our data file backup and storage requirements.

This company, along with a number of competitors, provides off site data storage for all of your files at a very reasonable price. The reason we chose Data Deposit Box over the competition was their program provided ongoing data storage updates. This means that whenever a file was changed (work on a Simply Accounting file for example) the program would upload the new data file when the work was complete. This creates a seamless data file backup system and ensures that the most current data is available and secure.

These services cost about \$30 - \$60 per month depending on the amount of data under storage. This may seem somewhat more expensive then purchasing a number of pen drives however the labour cost associated with continually updating your existing files is probably close to the off site cost. With programmed off site storage you will always have the latest data available and recoverable onto any computer.



If interested in off site storage service please visit our providers site at:

[www.datadepositbox.com](http://www.datadepositbox.com)

### STATUTORY (PUBLIC) HOLIDAYS



Please note that Labour Day, September 3, 2007, is a Public Holiday in Ontario.

A reminder that Remembrance Day, November 11, is **not** a Public Holiday.

If your employee works any Public Holiday they are entitled to either 2.5 times their regular pay **or** 1.5 times their regular pay **plus** a day off with pay.

## **GOLF & ENTERTAINING**

We had sent out a memo in May 2006 mentioning a court case regarding golf membership and personal benefit. Basically a business owner had his company pay for his golf membership and related fee's but did not deduct these costs against his companies' income. This was correct for the corporate tax filing however the CRA assessed the taxpayer for a personal benefit for the golf fee's. The taxpayer argued that the membership provided income for his company, which was agreed to by all parties, however the CRA successfully argued that since the taxpayer played non business related golf he received a taxable benefit from the company. The taxpayer then paid personal tax on this deemed benefit, which results in higher total overall taxes paid by both the company and the taxpayer then if the taxpayer paid for the golf personally.

This is consistent with the application of the Act and we recommend that all memberships fee's be paid by the taxpayer personally and any business cost (guest fee's etc.) be recorded as golf expenses on your financial statements. These costs will not reduce the taxable income of the company but should not be regarded as a personal taxable benefit.



Another area of concern is the use of a vacation property for entertaining clients. This is another target for the CRA and we recommend that you do not expense any use of your personal property for entertaining business associates. Related costs such as food and beverages would be a deductible expense subject to the 50% limit for entertaining.

## **MICRO FINANCE PROGRAMS**

There has been a significant amount of press this past year on micro finance programs. Last year I loaned a small amount of money to a pig farmer in Cambodia, a single mom raising 9 children, who needed \$750 to purchase some sows for breeding and stalls. The sows have had piglets and the loan is now 70% repaid.

The theory behind these programs is simple – provide third world residents, usually women, with small amounts of capital to allow them to earn an income. Usually the money is used for equipment or livestock and there is no interest charged on the loan. The default rate is very small, under 3%, and when the loan is fully repaid the lender can withdraw their money or advance the funds to another project of their choice. Most of the lenders have advanced about \$200 and the loans are usually repaid in less then 2 years. I have a vague recollection of economics from school but basically the small initial loan will create significantly greater value worldwide as it is continually creating wealth.

If interested you can research these programs at [www.kiva.org](http://www.kiva.org).