
CONTREN MANAGEMENT CONSULTANTS INC.

DECEMBER 2007 NEWSLETTER

OFFICE CHRISTMAS HOURS

As always, in the spirit of the Christmas season, our office will be closed to allow our many staff members to enjoy time with their families. The office will be closed the week of December 24, 2007 and will reopen the morning of January 2, 2008.



We will be checking our messages on a timely basis throughout the Christmas holidays and will respond as required.

SIMPLY ACCOUNTING

Simply Accounting has once again updated their software package, their new version is Simply 2008. As of November 30, 2007 they have ceased supporting the Simply 2006 package, you will need to upgrade to Simply 2008 in order to receive the payroll updates. Any user of Simply 2007 that has subscribed to the SimplyCare program will continue to receive payroll updates in calendar 2008.

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 2008 with payroll in order to stay current for 2008.



Subscribers to the SimplyCare program will be able to download payroll updates from their website, www.simplyaccounting.com, at the end of December 2007.

EMPLOYEE EXPENSES DEDUCTION

Qualified trade employees are able to deduct legitimate tool costs from their income for the 2007 taxation year. The employee must be a registered tradesperson and **must** provide an itemized list of purchases for the employer to approve.



In practical terms this means that each employee must keep their receipts for any tool purchases and provide this information to their employer. The employer will then need to complete a **T2200** for the employee to sign. Both the employee and employer will need to keep a copy.

STATUTORY (PUBLIC) HOLIDAYS

A reminder that Christmas, December 25, Boxing Day, December 26 and New Years Day, January 1 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 your employees **can** be paid for the Public Holiday on a substitute day chosen by the employer. The substitute day needs to be designated and honoured within three months of the actual Public Holiday.

As an added bonus, thanks to the Provincial Government, there is now another public holiday, Family Day. This holiday is scheduled for February 18.



PAYROLL INFORMATION

For calendar 2008 the CPP deduction rate has remained constant at 4.95% however the maximum earned income amount has increased to \$44,900. This increase means that the maximum CPP deduction for an employee will be \$2,049.30 for 2008.

For calendar 2007 the EI deduction rate has decreased to 1.73% however the maximum earned income amount has increased to \$41,100. These changes mean that the maximum EI deduction for an employee will be \$711.03 for 2008.

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/tax/business/topics/payroll4032/menu-e.html.

QUARTERLY EMPLOYEE REMITTANCES

As part of proposed legislation qualified employers who submit an average of \$3,000 or less per month in employee deductions will be eligible as a quarterly remitter. To qualify the employer must have a perfect compliance record for all federal government remittances.

All new eligible employers should have been notified at the beginning of December. This new remittance schedule is an option for the employer.

Please note that the remittances are on a calendar year basis therefore the first quarterly remittance for 2008 will be due April 15, 2008, covering the period January to March.

WSIB – NEW FIRST AID RULES

A reminder as of September 2007 that the WSIB requires all employers to have first aid trained employee's on site during operations. This includes locations that only have one employee working at a time, and yes, that means that the lone employee must be first aid certified in order to potentially treat themselves.

ONTARIO MINIMUM WAGES

A reminder that the minimum wage rates for Ontario change effective March 31, 2008, details as follows;

General Minimum Wage: \$8.75 per hour,

Student Minimum Wage: \$8.20 per hour,

Liquor Servers Min Wage: \$7.60 per hour.



And the minimum wage will increase the next two years, on March 31 of each year, until the General Minimum Wage is set at \$10.25 per hour as of March 31, 2010.

DEDUCTING COFFEE WITH CUSTOMERS

How many times have you bought coffee for work but didn't keep a receipt to use as a business expense? One of our clients bought coffee for his clients every day and never kept track until he came up with the brilliant idea of buying \$100 Starbucks gift cards. This way he could easily record the expense of coffee purchased and pick up a premium coffee for his clients.



Now with Tim Hortons on line with refillable cards we suggest that any of our clients that buy coffee or other beverages for business on a regular basis purchase a number of these cards to use as a legitimate expense.

NEW GST RATES

Effective January 1, 2008 all Ontario businesses need to reduce the GST rate charged to 5%.

There have been a number of concerns about the transitional period for this rate. Basically any product or service purchased (not necessarily paid for) or acquired *before* December 31, 2007 will have GST of 6% charged. Any product or service purchased (not necessarily paid for) or acquired *on or after* January 1, 2008 will have GST of 5% charged. This means that all Ontario based businesses **must** change their sales systems to the 5% rate before beginning operations on January 1, 2008.

Commercial leases for real property will have the GST charged drop to 5% for all lease payments on or after January 1, 2008. Please remember to reduce your January rent payment to account for the new rate.

Refunds for product purchased *prior* to January 1, 2008 will have the 6% GST rate applied. Any bad debts will have the GST credited at the original rate charged.



For Quick Method filers the rates change as of January 1, 2008. For “service businesses” the rate up to and including the December 31, 2007 reporting period is 4.3% of gross revenue. The rate for reporting periods commencing January 1, 2008 is 3.6%. For “product supply businesses” the rate up to and including the December 31, 2007 reporting period is 2.2% of gross revenue. The rate for reporting periods commencing January 1, 2008 is 1.8%.

FEDERAL BUDGET

The recent Federal budget presented a number of tax reductions in the upcoming years. The most relevant changes are outlined below.

- The Small Business Corporate Tax Rate will drop to 11%, a decline of 2.12%, effective January 1, 2008. This is one year earlier than originally planned. This decline includes the elimination of the 1.12% corporate surtax.
- The General Federal Corporate Tax Rate will drop 6.1% to 15% by 2012.
- The lowest Personal Income Tax Rate will decline to 15% from 15.5%, retroactively effective January 1, 2007.

JOINT CORPORATE TAX FILINGS

Effective December 31, 2008 the Ontario government will no longer administrate corporate tax filings. This means that your Federal corporate tax return will be integrated with the Ontario corporate tax return. The Ontario government will still have their own individual schedules and tax rules.

On a yearly filings basis our office has been completing the Ontario Annual Return, as required under the Corporations Act, and including this information with your Ontario corporate tax return. This Annual Filing may need to be prepared and submitted by your corporate lawyer as part of the annual minute book update.

Companies that make monthly corporate tax installments will need to stop paying the Ontario installment for their fiscal 2009 filing. For example a company with an April 30 year end would stop sending a monthly corporate tax installment to the Ontario government in May 2008. The total corporate tax installment would be sent to the Federal government. Our office will coordinate these new payment schedules.