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# CONTREN MANAGEMENT CONSULTANTS INC. SUMMER 2008 NEWSLETTER

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## SUMMER OFFICE HOURS

A reminder that our office will be closed on Fridays from June 6, 2008 until September 5, 2008.

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



## STATUTORY (PUBLIC) HOLIDAYS

A reminder that Canada Day, July 1 and Labour Day, September 1 are paid Public Holidays in Ontario. The Civic Holiday, August 4, is **not** a paid Public Holiday.

With Canada Day falling on a Tuesday most employers need to decide whether they are going to close on the Monday or the Tuesday. Businesses that fall under the *Retail Business Holidays Act* must close on the Tuesday. If the *Retail Business Holidays Act* doesn't apply to your business the employer can decide to close on the Monday as long as the employee's agree in **writing** to the change prior to July 1. The employee's will be paid for the hours worked on July 1, at the normal rate of pay, and receive a substitute day off (Monday) with their calculated public holiday pay.

## FEDERAL BUDGET

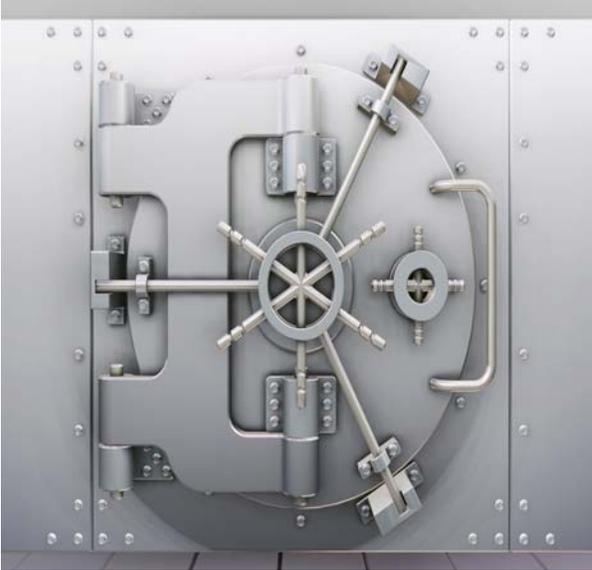
### **EQUIPMENT CAPITAL COST ALLOWANCE (DEPRECIATION)**

There is an added incentive to acquire qualified manufacturing and processing equipment in the next couple of years. For 2009 qualified assets will be eligible for a 50% straight line depreciation rate. For 2010 qualified assets will be eligible for a 50% declining balance rate in the first year, a 40% rate in the second year and a 30% rate in subsequent years. For 2011 qualified assets will be eligible for a 40% declining balance rate on the first year and a 30% rate in subsequent years. The Ontario government is matching these rates.

With these new rates we will need to review your asset acquisition plans in 2008.



## TAX FREE SAVINGS ACCOUNT (TFSA)



Effective January 1, 2009 all Canadians 18 years and older will be eligible to contribute \$5,000 annually to a TFSA, with any unused room being carried forward to the next year.

Any income, gains and/or losses from the investments made in your TFSA will not be reported on your personal tax returns and will not be impact any income tested Federal benefit programs (ie: OAS, GST, Child Tax Benefits).

Any withdrawals from your TFSA will create additional contribution room for the future. Please talk to your investment advisor prior to establishing a TFSA.

## DIVIDENDS

The dividend gross up factor and dividend tax credit (DTC) for *eligible dividends* will be reduced to accurately reflect the corporate income tax rate reductions. This is good news for anyone who receives income tested federal benefits', especially taxpayers presently collecting Old Age Security.

## TAX INSTALMENTS



A reminder that the new threshold for monthly/quarterly tax instalments, for both individuals and corporations, is \$3,000. This means that if your previous years tax liability was less then \$3,000 you will not be required to send instalments throughout the taxation year.

As previously mentioned the Federal government will be administrating the Ontario corporate tax system for fiscal 2009 and subsequent years. The \$3,000 threshold for corporate tax filings is the **total** of your Federal and Provincial corporate taxes paid for fiscal 2008.

## **MINIMUM WAGES**

A reminder that the minimum wage rates for Ontario changed this past March, 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.

## **TERMINATION AND SEVERANCE PAY**

Most employers have difficulty with the differences between termination pay and severance pay. Employees interchange these terms, especially when their employment comes to an end, without any understanding of the applicable sections of the *Employment Standards Act*.

### **Termination Pay**

Termination pay is required when an employer eliminates an employee's job without proper **written** notice. The amount of termination pay coincides with the amount of written notice required as detailed in the chart below:

<b>LENGTH OF EMPLOYMENT</b>	<b>NOTICE REQUIRED</b>
Less than 3 months	None
3 months but less than 1 year	1 week
1 year but less than 3 years	2 weeks
3 years but less than 4 years	3 weeks
4 years but less than 5 years	4 weeks
5 years but less than 6 years	5 weeks
6 years but less than 7 years	6 weeks
7 years but less than 8 years	7 weeks
8 years or more	8 weeks

If you terminate the employee with cause (ie: chronic lateness or absence) the employee is not entitled to termination pay. To prove cause for termination the employer will require substantial documentation in the event the employee disputes the termination with the Ministry Of Labour.

### **Severance Pay**

Severance pay is required in specific circumstances. The two qualifiers to determine if severance pay is required are:

- 1/ The companies' payroll must exceed \$2,500,000 per year.
- 2/ The company is terminating 50 or more employee's at one time.

In almost all circumstances our clients terminated employee's would not be eligible for severance pay.

A reminder that an Ontario employer can terminate **an** employee, at **any** time, for **almost any** reason. Also remember that a reason **does not** have to be provided to the employee as long as the reason for dismissal does not contravene the *Employment Standards Act*. The only requirement when terminating an employee, without cause, is to provide proper notification or pay as outlined in the chart above.

### **APPRENTICESHIP INCENTIVE GRANT (AIG)**

In 2007 the Federal government announced the AIG as a reward for first and second year apprentices. Each eligible apprentice enrolled in a *Red Seal Trade* can receive a \$1,000 grant upon completion of their first and second year of the program. *Red Seal Trades* include Automotive Service Technicians, Carpenters, Hairstylists, Machinists, Painters, Welders and another 40 trades.

If you employ a first or second year apprentice please direct them to this website for further information:

[www.servicecanada.gc.ca/en/goc/aig](http://www.servicecanada.gc.ca/en/goc/aig)

Please note that these grants are considered taxable income so they need to be reported on the apprentice's personal tax return.