

The Tax Break

SMALL BUSINESS JOB CREDIT

SMALL EMPLOYERS SAVE ON EI PREMIUMS

On September 11, 2014 Minister of Finance Joe Oliver announced the introduction of the **Small Business Job Credit**. The credit will be **automatically** administered (no need to apply) to eligible businesses that pay **employer EI premiums** equal to or **less than \$15,000** in **2015** and/or **2016**. The credit is expected to be worth approximately **39 cents per \$100** of insurable earnings.

For example, at 2014 rates, the employer EI premiums payable for an employee earning \$48,600 totals \$1,279. For 2015, a savings of approximately \$190 would be experienced for the same insurable earnings.

No action needed – if eligible, your business will be automatically credited!



PRINCIPAL RESIDENCE

PARTIAL CONVERSION TO AN OFFICE

In an August 7, 2014 **Technical Interpretation**, CRA commented on a situation where an individual **converted** the **basement** of his **principal residence into an office** (including the addition of a **separate entrance**) to be used by his **Corporation**.

When a portion of a personal use property is converted into business use, a **disposition is deemed** to occur on the converted portion.

This means that the principal residence exemption will no longer be available for that portion.

However, it is CRA's practice to **not deem** changes as **dispositions** when:

- the property **retains its character** as a primary residence;
- **no capital cost allowance** has been requested on the building; and
- **no structural change** has occurred.

CRA opined that the changes in this case, which included the opening of an exterior wall, could be **considered a structural change**. Therefore, a **disposition** may be deemed to occur.

It was also noted that the **Corporation** would **pay** for the **improvements** to the property. If the renovations **increased the value** of the residence, the Corporation may be deemed to confer a **taxable advantage on the shareholder**.

Contact us before converting a portion of your house into an income-earning asset or office.

IN THIS ISSUE...

- Small Business Job Credit
- Principal Residence
- CRA Collections
- Estate Planning
- Tax Ticklers
- Liaison Officer Initiative
- Tax Payments

SEASON'S GREETINGS!

The PEL team wishes all of you a **Happy Holiday Season** and all the best for 2015! May the joy of the season be shared by all. In lieu of Christmas cards, we have made a donation to **Autism Speaks Canada**.

We wish to express our appreciation for your support over the years and to thank you for your many referrals of friends, family and associates. We will do our best to continue to earn your confidence!

If you are receiving this newsletter by mail and would like to receive it by email instead (or vice versa), or if you no longer wish to receive our newsletter, please contact Julie at julie@accountantsplus.ca or 604.299.9274.





CRA COLLECTIONS

OPTIONS WHEN YOU CAN'T PAY YOUR TAX BILL

On May 5, 2014, CRA updated their article, **When You Owe Money – Collections at the CRA**, which discussed **programs available** should taxpayers not be able to pay their tax debt in full. Such programs may include a **payment arrangement**. The website also references other websites that taxpayers may find useful: IC98-1R4 – **Tax Collection Policies**, IC13-2 – **Government Program Collection Policies**, and IC13-3 – **Customs Collections Policies**, as well as a link to the **Office of the Superintendent of Bankruptcy website**.

If you think you may struggle to pay your tax bill, contact us earlier, rather than later, so we can help to find a solution.

ESTATE PLANNING

CONSIDER ALL DIGITAL ASSETS

When Estate planning, consideration should be given to **digital assets** held by an individual. Digital assets can span a wide range including **social network accounts, websites, photos and videos, email accounts, online documents** (ex. used in **banking or investments**), and **online businesses**.

When planning, consider the following four steps:

- **Make a list** of digital assets and passwords;
- **Draft instructions** for the Executor to set out wishes;
- Consider naming a **digital Exe-**

cutor to deal solely with these assets; and

- **Store the information securely.**

To date, **technology is outpacing the law** in this area and specialized legal advice may be required.

Include a summary of, and directions with regards to, online accounts and assets in your Will, or an attached note, as applicable.



TAX TICKLERS

QUICK POINTS TO CONSIDER

- CRA has released a smartphone APP that alerts users of their tax filing and payment deadlines (for corporate tax, payroll, and GST/HST accounts). Find out more information on **the new PEL blog!**
- If child care expenses are incurred, you may be eligible for a tax deduction on your personal tax return.
- Ignoring a request to file a tax return from CRA may result in serious tax implications.

Contact us if you have questions or wish to discuss!

LIAISON OFFICER INITIATIVE (LOI)

CRA PROJECT TO ASSIST WITH TAX COMPLIANCE

The CRA has been, and will be, sending out participation invitations to a small group of taxpayers in these regions. The acceptance of a Liaison Officer is **voluntary** and could provide the

following: a **small business support visit**; a **books and records review**; and **compliance support arrangements**. During the program, which normally consists of one **2-3 hour** visit with a Liaison Officer, CRA may share information such as common errors within the business sector, industry benchmarks, possible books and records deficiencies, and available CRA resources.

For more information on the LOI, go to <http://www.cra-arc.gc.ca/loi/>.

CRA may contact you to participate in the LOI program. Contact us should you have further questions on this program or are considering participating.



TAXPAYMENTS

DO THEM ONLINE!

On August 11, 2014, CRA released information regarding their **online payment service** which allows **individuals and businesses** to **pay tax bills** directly from their bank. This option can be used if the taxpayer has an account at one of the following **financial institutions**:

- BMO Bank of Montreal (personal only)
- Scotiabank
- RBC Royal Bank
- TD Canada Trust
- Envision Financial
- Libro Credit Union

Transaction totals are subject to the account's **daily or weekly limits** as determined by the financial institution.

Consider paying your taxes online.

We recommend that you obtain professional advice before acting on information contained in this newsletter.

PagnaniniEdwardsLam

CHARTERED ACCOUNTANTS

306 – 3701 Hastings Street • Burnaby, BC V5C 2H6 • t. 604.299.9274 • f. 604.299.9247 • info@accountantsplus.ca • www.accountantsplus.ca