

THIS MONTH:

- ◆ “Soft” Loans for Your Children
- ◆ Time is Money. Save Time...
- ◆ Wills and the Executor
- ◆ Hiring Credit-Small Businesses – Extended to 2013

“Soft” Loans for Your Children

Parents quite often make loans to their adult children to help them purchase a car, a home, or for other reasons. A loan is different from a gift. The parent can charge interest so that the loan will earn some investment income. The loan can be set up for blended payments of principal and interest or to pay interest only. There is no requirement for the parent to charge interest.



For a long term loan used to purchase a house, for example, it is quite possible that the loan will not be repaid during the parent’s lifetime. The parent could provide in her or his will that any remaining balance of the loan will be forgiven or instead become part of the child’s inheritance. Such an arrangement does not cause any adverse tax consequences because the “debt forgiveness” rules in the Income Tax Act do not apply to the settlement of loans by inheritance or bequest.

Giving your child this type of “soft” loan is similar to giving them a part of their inheritance early, during your lifetime.

Time is Money. Save Time... Use PayTrak



A complete payroll service designed exclusively for small business.

What we do at PayTrak

- Easy, painless conversion and/or start-up
- Dedicated Customer Service Representative
- Tax Trak – all government remittances and reporting
- Easy-to-read, concise employer reports
- Phone, fax or email payroll information
- All year-end services

A little about PayTrak

- Over 20 years experience in the industry
- National network of offices
- Payroll is our business – we do it all for you
- We’re there when you need us
- Rates that fit small business budgets

Let us be your behind the scenes **affordable** payroll department. Visit our website or give us a call, we will be happy to talk with you.

www.paytrak.ca
PAYTRAK
PAYROLL SERVICES

1.877.316.2999

Wills and the Executor

A will specifies your instructions as to how your assets will be distributed on your death. In the will, you name an executor to act as your personal representative and to deal with all the tax, investment, administrative, and other duties involved in distributing and overseeing your assets as per your instructions.

Some people feel honored to be named as the executor, in that it suggests respect and trust in their abilities. However, most people fail to realize how much responsibility is required, the amount of time and effort that the appointment often necessitates, and the family conflicts that might arise.

Here are some of the responsibilities of an executor:

- Pay the bills, obtain death certificates, make the funeral arrangements if required,
- Locate and list all the assets of the deceased,
- Arrange the probate of will if applicable,
- Take control of the assets and contact financial institutions to change the name on the accounts to “the estate of”,
- Ensure the applicable trust laws are complied with at all times,
- Manage the assets of the deceased as the trustee,
- Assess the tax situation and file any required returns,
- Prior to distributing assets to heirs, settle any outstanding debts.

Conflicts often arise between the executors and the heirs. The beneficiaries may be suspicious of the executor because he or she does not have enough knowledge or skills, is insensitive, is too hasty, shows favoritism, etc. Anyone who is appointed as an executor should be aware that these are common situations during emotional times.

An executor requires many skills. One of the most important is the ability to know when outside expertise is required. An executor frequently hires a lawyer, accountant or trust company for assistance. Sometimes, appointing an independent outside party, such as a trust company as the executor may be the best choice, especially when a family conflict can be expected, although it can be costly.

Hiring Credit for Small Businesses—Extended to 2013

The 2013 federal budget extended the hiring credit for small business (HCSB), a credit intended to stimulate new employment and support small businesses. The HCSB provides small businesses relief from the employer’s share of employment insurance (EI) premiums paid in 2013. The credit does this by paying up to \$1,000 based on increases in an employer’s EI premiums paid in 2013 compared to those paid in 2012.

The HCSB is for employers and business that pay the employer’s share of EI premiums to a payroll (RP) account.

If your total employer EI premiums in 2012 were \$15,000 or less you may qualify provided your total premiums increased in 2013.

If you opened, closed or restructured your business in 2013 you may still qualify for the HCSB.

If your business is eligible, the CRA will automatically calculate the amount of the HCSB using the EI information from the T4 slips you filed with your 2012 and 2013 T4 information returns. The amount to be credited to your payroll account will be greater than \$2 and not more than \$1,000.

You must file before January 1, 2017.

PADGETT BUSINESS SERVICES
WHERE YOUR SUCCESS TAKES ROOT



Padgett Business Services is dedicated to meeting the tax, government compliance, profit & financial reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business planning concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.