



This Month:

- ◆ New Year's Resolution
- ◆ Estate Planning
- ◆ Remitting GST/HST on Taxable Benefits
- ◆ Form T2200 – Declaration of Conditions of Employment

Estate Planning

There are several areas that are included in estate planning. Here is a brief list of some of them:

- You should have a will that includes your desires and tax considerations.
- You should consider steps to minimize probate fees (or Estate Administration Tax) on your death, if applicable.
- You should have enough insurance to meet the needs of your family on your death.
- If you have any assets in other countries or you are a U.S. citizen, you must consider the effects of foreign estate taxes.
- If you plan to leave assets to your children who may be considering marriage or who are married, you can plan around the provincial family laws that apply on marriage breakdown.

To discuss any of these tax aspects of estate planning, talk to your Padgett Business Services representative.

A New Year's Resolution That Will Be Easy To Keep!



We all make New Year's resolutions with the best of intentions. This year, resolve to make running your business less complicated. Start using **PADGETT CONNECT**. This great administrative tool will make record keeping & payroll preparation a breeze.

Padgett Business Services offers a better solution – **PADGETT CONNECT**

PADGETT CONNECT is an easy-to-use business software applications package that is customized for your business. You don't need to be a computer whiz or an accountant to use this product. New users can start entering their records within a ½ hour of installation on their computer. The package contains the following:

- ☐ **PADGETT CHEQUEBOOK** – Makes bookkeeping simple
- ☐ **PADGETT INVOICING** – Tracks and reports sales, customers and products
- ☐ **PADGETT PAYROLL** – Makes paying your employees a breeze and keeps you in control

For more information, contact your Padgett Business Services representative about **PADGETT CONNECT** today or visit

www.padgettconnect.ca

Remitting GST/HST on Taxable Benefits

Did you know that GST/HST must be remitted on a taxable benefit unless the benefit is tax exempt or zero-rated, for example the benefit on low-interest loans? An example of a tax benefit that is not exempt includes the automobile standby charge and operating expense benefit. GST/HST must be remitted on shareholder benefits if they fall into Subsection 15(1) and are not tax zero-rated or tax exempt.

Automobile operating expense benefit

If your employee ordinarily worked in, or the location to which he or she ordinarily reported to, is located in a **participating province** (British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, or Ontario), you are considered to have collected an amount equal to a percentage of the value of the benefit for GST/HST purposes, based on one of the following rates:



- 5% for British Columbia;
- 11% for Nova Scotia;
- 9% for New Brunswick, Newfoundland and Labrador;
- 9% for Ontario, or 6% if the registrant is a large business for the purpose of the recapture of input tax credits for the provincial part of the HST.

If your employee ordinarily worked in, or he or she ordinarily reported to, a location in a **non-participating province or territory** (the rest of Canada), you are considered to have collected 3% of the value of the benefit for GST/HST purposes as calculated above.

Other Than Automobile Operating Expense Benefits

If the last establishment where your employee ordinarily worked, or to which he or she ordinarily reported in the year, is located in a **participating province** (British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, or Ontario), you are considered to have collected the GST/HST as a percentage of the value of the benefit as follows:

- 11/111 for British Columbia;
- 14/114 for Nova Scotia;
- 12/112 for Ontario, or 4/104 for benefits relating to a motor vehicle that is subject to the recapture of the input tax credits for the provincial part of the HST, if the registrant is a large business;
- 12/112 for all other participating provinces.

If the last establishment where your employee ordinarily worked or to which he or she ordinarily reported in the year is located in a **non-participating province or territory** (the rest of Canada), you are considered to have collected 4/104 of the value of the benefit for GST/HST purposes as calculated above.

Form T2200 – Declaration of Conditions of Employment

Canada Revenue Agency (CRA) expects employers to complete Form T2200 for employees that have reasonable grounds to make expense claims against employment income. If there is some doubt, CRA will provide interpretive assistance.

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.