

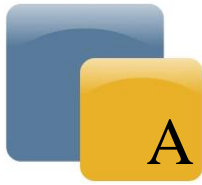


***Reion Accounting & Business Services Ltd.***  
***Fish Creek Tax Services | 403-238-1505 - REION.CA***

2016  
NEWSLETTER FOR  
CORPORATIONS AND  
SMALL BUSINESS

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## A PARTNERSHIP THAT WORKS

Once again, with another busy year behind us, we applaud those small businesses and corporations who have toiled day in and day out to make their businesses successful. In addition to your individual successes, you have employed people, maintained families and have paid your fair share of tax. Even the individual political parties acknowledge that it is small businesses that provide the backbone of our economy.

Throughout this and every year, we continue to be engaged with our business clients in an ongoing dialogue over issues that affect your business and well being. We are your professional resource or life line that keeps your business well grounded and successful.

With our client representatives on the front line, our administration and accounting staff, we offer the very best in client support services in the industry.

Very often, we attract new business clients because they cannot get the support or cannot contact their current accountant for ongoing needs. We pride ourselves that we are readily available by email and telephone to serve the needs of our clients. Our unsung hero's in our office are the account representatives who work with our business clients on a day to day basis.

With the start of the new business year, may we remind you that we are indeed a part of your management team and we all stand ready to provide those ongoing services essential for your business well being.



# CANADA REVENUE AGENCY'S APPROACH TO AUDIT & NON FILING

The standard of the Canada Revenue Agency is that our tax system is voluntary, which means they will believe at the outset that you have provided complete accurate accounting and have indeed signed your name to it.

It is every tax payers responsibility to report their Income and expenses on an annual basis under the Income Tax Act. This is the same with reporting GST returns and payroll as well. The important aspect about this is even if Revenue Canada just receives a payment they still require you to file a return to report the earnings. If after multiple requests from Revenue Canada regarding the non-reporting status, Revenue Canada will assess what is called an arbitrary assessment on the returns outstanding.

An arbitrary assessment is essentially a “guess” as to what the accuracy might be. This guess is likely inaccurate and inflated which recalculates your filing, assesses what they think you might owe then sends you a new notice of assessment asking for payment.

Often the assessed value of tax owing is exaggerated and the taxpayer is then confronted with paying the assessed value of tax or appeal the assessment. Generally this is where we come in and examine the assessment as well as the source data that the client has provided. Dependent on the complexity of the assessment, we take the time and effort to provide that data in a recognized format to appeal the assessment by the CRA.

This process can be very time consuming and costly dependent on the extent of the review or audit. It is our responsibility to report the income and expenses appropriate to the business to ensure that if an audit is requested we are compliant with Revenue Canada's reporting standards giving you the peace of mind that you have an accounting team behind you.

With that being said, never put in receipts for us to account if they are not absolutely business related. The business owner is keenly aware of the difference between expenses used for business purposes and those which are not. If you are unsure, then always draw it to the attention to our staff for clarification.



## MAKING PAYMENTS

Further to our information of the past, the Canada Revenue Agency is ever moving away from receiving payments by cheque or at local offices and in fact are only moving to electronic formats for payments. Many who have provided payments to us by cheque at year end are being encouraged to provide ongoing instalment payments online.

This year, we will continue to move toward the standard imposed by the department in providing those clients with the required information to make their required instalment payments.

For those clients who are incorporated, you receive a formal published financial statement along with the appropriate tax filing returns in a binding case every year. In the “NOTES” section of that statement, you will find an outline of required instalment payments, as well as the required date of those payments.

For those unincorporated, we provide to you a summary of your personal tax filing along with a cover letter which outlines the required quarterly instalment payments along with the deadline of each payment.

The department carefully tracks the required dates and the dates the payments are indeed received. They are eager to impose late filing and interest charges for any instalment not received on time. In addition to the charges imposed, they retain this information so that other considerations are taken into account in other circumstances.

So, once again, we encourage you all to determine your instalment requirements and make your payments on time. You can easily pay these instalments through your bank, online with reoccurring payments or provide our office with the appropriate poste dated cheques for us to submit on our behalf.





# DEADLINES

Deadlines are a topic which we address every year as it is a critical part of our delivery system of services to our clients. Like you, we utilize efficient resources at the most efficient cost to complete those tasks. Like in any flow of production, if the production is stalled and speeded up in any regard, efficiency and accuracy is compromised in the process.

We go to great lengths to provide focused, concentrated attention to every detail of a client's file. As with any assembly, if the flow is smooth and constant, it can be managed and handled in an efficient manner.

We encourage you to utilize our monthly bookkeeping services so that your information can be processed in a timely basis. If however we don't receive information on a constant basis then the time restraints can become unrealistic or impossible to achieve. For the sake of time, we will not process information which is incorrect.

As part of our dedicated service, your Account Representative will contact you alerting you of the important deadlines for CRA reporting such as payroll and GST. Adherence to these reminders and policies ensures your company is not assessed penalties and interest.

## APPOINTMENTS

As we strive to provide better customer service this years and to improve on our scheduling efficiently. we are now implementing a system which will take some of the guess work on trying to find a time that works for you. This will allow our clients to book a convenient time slot that works for their schedule.

### **How it works:**

- When a meeting is requested our office will send you a link that allows you can log on to and select the day, and request 3 different times that will work for you. This schedule will only show appointment that is still available.
- Once this appointment is booked it will send you a reminder to which you can add to your calendar on your mobile device or computer. If you need to cancel or reschedule you can do it directly from the email confirmation and this will not only update our schedule but it will update your as well. Don't worry about booking too far into the future our new system will send you an email reminder 24 hours before the appointment.



# INVESTMENTS WITHIN A CORPORATION

## *KEY TIPS TO MAXIMIZE YOUR WEALTH*

It is prudent to keep your money working for you. Successful small businesses do what their intended to do .... Make money! The surplus funds not used for expenses, taxes and owner's withdraws are usually retained in the corporate bank accounts and often accumulates quickly. We highly recommend that if you do not require funds from your corporation, to leave these funds in the corporation so that they can be withdrawn at the most efficient tax rate at a later date. We take great effort to tax plan these funds carefully when withdrawals are required by the owner.

So the obvious choice is to "put this money to work" within the corporation by investing those funds into a type of investments that generate some sort of return.

Corporations are intended to promote "business operations" within the income tax rules. They are afforded various deductions that encourage individuals engaged in "business activities" to deduct certain allowances that lower the corporate tax rate and encourages small business owners to re-invest their profits back into the economy by investing in ongoing activities related to BUSINESS.

Income earned from investments however, even though they are earned within the corporation, are not considered "business income" and are taxed differently than that of income earned from business activities. The deductions allowed for business activities are not afforded the same treatment for investment income. Income from investments inside a corporation is considered "passive investment income". This passive investment income is taxed much higher than that of "active business income" within a corporation.

There is some tax relief if the owner withdraws monies as dividends as we can then somewhat offset the high rate of tax in this circumstance. However, in any case, dividends are taxed at a higher rate than that of the corporate tax rate after the allowances are applied.

So, it is important to understand that putting your money to work within a corporation is a good thing, but also understand that these investment earnings do not afford the same low tax rates as that of "active business income".

In addition to higher taxation rates, also understand that there is also additional costs in accounting for investment income in its various forms. Some corporations have such extensive investment portfolio's that it takes as much time to reconcile and calculate these investment accounts as is the time spent on completing the corporate year end.



## DIVIDENDS TAKEN IN 2015

Indeed, it is that time of the year again where we commence our reconciliation of dividends taken by shareholders. Dividends for individuals are reported on a calendar year basis not on a fiscal bases as is your year end.

So, at this time of the year, we review in detail the period January 1 to December 31, 2015 to determine the reporting requirement on your T5.

Once again, we ask that each business owner take a few minutes of time and confirm the amount of dividends taken during the 2015 calendar year for yourself and any other shareholders of your company.

Please confirm these amounts by email to [admin@reion.ca](mailto:admin@reion.ca) under the heading “Dividends” or to your respective client representative.

We thank you for your consideration in this regard.

## AUTOMOTIVE REPORTING

If you used a “COMPANY OWNED VEHICLE” in 2015 it is a requirement to report the taxable benefit of that use.

In this regard, we ask that you advise the total kilometers used in 2015 of the vehicle as well as the “personal kilometers” used. For example, if you drove the vehicle between January 1 to December 31, 2015 a total of 24,000 kilometers and of that number 2,500 kilometers was for personal use of the vehicle, you would advise us accordingly.

In addition, include with that information the year, make, and model of the vehicle in question.

Please advise these amounts by email to [admin@reion.ca](mailto:admin@reion.ca) under the heading “Taxable Benefits” or advise your client representative.



## FOCUS ON BUSINESS PRACTICES

I'm sure over the past year you have all seen a significant increase in discussions regarding taxes and revenues. Both, the Federal and Provincial jurisdictions continue to focus at length on tax revenues, rather than any consideration on spending cutbacks and reductions. It is a common belief that government can spend their way out of recession. However, that usually is accomplished when the same degree is applied on reduction on spending, which is not in the mandate of either government.

So, it is obvious to assume that taxation will continue to be the focus in the next few years while government struggles to provide services with no cutbacks in spending.

With recession, comes opportunities, but also comes prudent business practices which will ensure continued growth and prosperity to small business in Canada.

Large corporations do not have the flexibility that small businesses do, because they are simply too big to enact practices that can quickly adjust to the marketplace. This is why in large corporations, the knee jerk approach to business volatility is to cut back on staff and lay off employees.

Small business has the tools available to survive and even flourish in times of recession, if they take the time to utilize the opportunity. Now, is the time to prepare budgets, consolidate costs, cut waste and take advantage of opportunities in the marketplace. As we review the operational details of many small businesses it is apparent that many are still operating within the same expectations as they have in the past. Clearly knowing that the business landscape has changed, but they are too slow to react to it.

At times such as the present, is a good time to evaluate financing and interest costs, consolidate staffing, reduce transportation costs, and evaluate each and every cost in detail to ensure that your business is lean and mean in this marketplace. A review of nonprofit producing business centers within your business is prudent and timely.

Take the time to evaluate your business activities openly and honestly to yourself to ensure longevity and prosperity in your business.

As accountants we are experienced and trained to assist in such budgeting and review and we are here to assist should you need us in this regard.





## TAX PLANNING

Your alliance with Reion Accounting & Business Services Ltd provides you with the opportunity to not only have access to corporate tax planning which we do automatically when we do your year end, but also for your personal tax planning.

We see your total financial well being with your corporate and personal taxes as an integral part of your financial plan. Often individuals will consult with financial institutions and individuals who are not fully aware of their personal and corporate tax situation and will make serious mistakes on their behalf.

We stand ready as your accountants and tax practitioners to assist in any direction and questions that you may have in this regard.

## COMMUNICATION

As in any relationship, communication is essential but in business – it is critical!

Always keep in mind that we are your “behind the scenes” support group. We total, allocate, and keep track of your daily activities, IF you take the time to keep us informed.

Often throughout the year, a client will purchase a new vehicle or new equipment, or take money out of the company to put a deposit down on a performance bond or simply take additional dividends. All of this is acceptable. However, to the person keeping track of such transactions it is very important that we know. Often, part of the year end process is following up with the client on a new asset that appears on the books with no back up or to follow up with an “unusual” transaction which we have no knowledge of.

So when you make a business decision in regards to your business, send us the back up or information as soon as you process the transaction. If you purchase something, send us the bill of sale or the financing contract, so that we will be aware and allocate the expense or asset accordingly.

Remember, the more information that you provide to your account representative, the better quality of information that we have on your books.



# ACCOUNT REPRESENTATIVE

Your Account Representative is a skilled, trained, individual specifically assigned to your account. She will be your “point person” for any and all transactions that happen with your personal and business accounts. Should you have a question or concern – ASK YOUR ACCOUNT REPRESENTATIVE FIRST. Generally, if she cannot answer the question, she will find the answer or have somebody contact you in regards to your concern.

A directory of personnel in our office is as follows:

## ***Accountants***

Rob Kubik - [rob@reion.ca](mailto:rob@reion.ca) – Senior Accountant/Partner

Ron Kubik - [rkubik@reion.ca](mailto:rkubik@reion.ca) – Accountant/Partner

Kristin Kubik - [kristin@reion.ca](mailto:kristin@reion.ca) - Accountant

## ***Account Representative***

Meagan Bowie - [meagan@reion.ca](mailto:meagan@reion.ca)

Pavlina Saeva - [pavlina@reion.ca](mailto:pavlina@reion.ca)

Stephanie Richardson - [stephanie@reion.ca](mailto:stephanie@reion.ca) - Office Manager

## ***Personal Tax/Administration***

Jeanette Kubik – [taxadmin@reion.ca](mailto:taxadmin@reion.ca) - Tax Preparer/Administrator

## ***Administration***

Breanna Mette - [admin@reion.ca](mailto:admin@reion.ca) - All administration matters



# THANK YOU FOR YOUR BUSINESS

We take a great deal of pride in the relationships that we have developed with our corporate as well as our personal clients over the years. We are passionate in the work and the quality of services that we provide and strive to provide exceptional customer service and peace of mind to our clients.

Over the years, with the continued support of our clients, we have had the opportunity to expand services and provide greater emphasis on the financial and tax aspects of the clients professional and personal well being.

We are privileged to be associated with a wide spectrum of businesses and professions that make up the business community of Calgary and indeed, Canada.

Thank you for your support!

We stand ready to provide the services and associations to you in the future.

R.M. (Ron) Kubik, I.C.I.A.  
Certified Professional Accountant  
Notary Public

R.M. (Rob) Kubik  
Senior Accountant  
Tax Specialist