

Fall 2015

In our newsletter, we try to offer a variety of current information and helpful business advice. We welcome any comments.



CONGRATULATIONS NATASHA!



We at Dean-Sinclair would like to congratulate Natasha Groves for successfully passing the Uniform Evaluation (UFE). Natasha will obtain her CA, CPA designation upon completion of her required practical experience. Natasha joined our team in June 2015 after previously working for a regional CPA firm in Trenton.



INCOME TAX SCAMS



According to the Canada Revenue Agency (CRA), there are an increasing number of telephone scams where the caller claims to be from the CRA but is not. These scams could result in identity theft and significant financial loss for unsuspecting taxpayers.

Some of the recent telephone scams involve threatening taxpayers or using aggressive and forceful language to scare them into paying fictitious debt to the CRA. One such scam involves a phone call from a person claiming to work for the CRA and saying that taxes are owed. The caller requests immediate payment by credit card or convinces the victims to purchase a prepaid credit card and to call back immediately with the information. The taxpayer is often threatened with court charges, jail or deportation.

To help you identify possible scams, use the following guidelines:

The CRA:

- **never** asks for your SIN number (they should have it already);
- **never** requests prepaid credit cards;
- **never** asks for information about your passport, health card, or driver's license;
- **never** shares your taxpayer information with another person, unless you have provided the appropriate authorization; and
- **never** leaves personal information on your answering machine or asks you to leave a message containing your personal information on an answering machine.

When in doubt, ask yourself the following:

- Is there a reason that the CRA may be calling? Do I have a tax balance outstanding?
- Is the requester asking for information I would not include with my tax return?

If the call from CRA sounds suspicious, or the "CRA agent" uses aggressive language, or if the "agent" asks for information you already know is on file with CRA, **HANG UP IMMEDIATELY**. Do not engage in conversation, and do not answer any questions.

If you receive a request by email, do not click on the link as it could automatically download malware that could harm your computer and put your personal information at risk. CRA does not send requests via email.

If you want to confirm the authenticity of a CRA telephone number, call the CRA. The number for business-related calls is 1-800-959-5525. The number for calls about individual concerns is 1-800-959-8281.

STEPS TO STARTING A BUSINESS IN ONTARIO



Are you considering starting a business? There are many things you will need to do to get the business up and running. To assist you here are some steps you can follow:

1. Come up with a good business idea – The first thing you will need is a good business idea. Once you have an idea you should conduct some market research to determine whether or not your idea will translate into business success.
2. Write a business plan – Once you have your business idea, put it on paper. There are resources available online that can assist you in writing your business plan or you can seek the assistance of a professional.
3. Select a name for your business – There are two things to consider when selecting a name for your business: the name's marketing potential and its legal elements.
4. Select a form of business ownership – There are many forms of business ownership in Ontario including sole proprietorship, partnership and incorporated entity. Each form has benefits and drawbacks that should be considered.
5. Register your business name – Business name registration is a legal requirement for almost all businesses in Ontario.
6. Obtain financing – While many new small businesses are self-financed by owners, many others need to borrow funds from outside parties to get off the ground.
7. Register for Harmonized Sales Tax (HST) – If your small business's gross income exceeds \$30,000, you will most likely have to register for HST.
8. Prepare for employees – While you might not be planning on having employees right away, it's amazing how quickly a business can grow. Having employees' means having to withhold and remit payroll deductions to the Canada Revenue Agency. You also may have to register for Workers Compensation.
9. Buy insurance – To protect your business you will need insurance. There are many types of insurance to consider including property, liability, business interruption, disability and life insurance to name a few.
10. Set up your record keeping system – If your books and records are set up correctly from the start your life will be a lot easier when it comes to accounting and income taxes.

This is just a brief overview of some of the things you will need to do when you start a business. If you are considering starting a business it is wise to meet with one of our team members to discuss these steps in greater detail.



SHOULD I LEASE OR BUY A BUSINESS VEHICLE?



This is a question we get quite a bit from clients and the answer depends on your individual situation. The tax consequences are quite different depending on which option you choose.

Leasing

Some people prefer to lease vehicles so they can enjoy a new vehicle every few years. The lease payment can be claimed as a deduction subject to a monthly limit of \$800 plus HST.

If you are an HST registrant you can claim the HST portion of your monthly payment as an input tax credit (ITC).

Buying

If you purchase a vehicle you are able to claim a percentage of the cost of your vehicle as capital cost allowance (CCA) each year. The first year you can claim 15% of the cost and in subsequent years you can claim 30% of the remaining portion of the unamortized cost. For certain vehicles that the Canada Revenue Agency considers "luxury vehicles" the amount that you can capitalize and claim CCA on is capped at \$30,000 plus HST.

Interest costs can also be claimed subject to an annual maximum of \$3,650. The other benefit to purchasing the vehicle is that if you are an HST registrant you will be able to claim the HST you paid on the vehicle as an ITC.

While one option may result in a higher tax deduction in the first year or two – the overall tax impact will usually be pretty close under each option.

There are some other factors to consider in the lease vs. buy decision:

- How long do you plan on keeping the vehicle?
- How many kilometers do you drive each year? Lease agreements specify a number of kilometers that can be driven each year and a penalty is charged for excess kilometers driven.
- How much do you want to spend on a monthly basis? Lease costs are generally lower than payments on a car loan.

Lease or buy? After answering all these questions we will be able to advise you on which option is best for you.