



SHPAK & COMPANY

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From The Inner Office

Gail I spent my summer enjoying the beautiful BC weather with my family. My boys (husband included) and I spent as much time on or in the water as we could. We could often be found waterskiing in the Ladner slough in the evenings and weekends. We also enjoyed our annual camping trip to Osoyoos lake in July and our annual fishing and golfing trip to Vancouver Island in August. Now that school is in, I am busy in the evenings and weekends driving my boys to hockey, volleyball and various other school activities. During the day, I am back in the office full time and am focused on helping our clients meet their goals.



Mario I had a great summer. I was able to get a lot done around the house with those long sunny summer days we had this year. My family and I flew to Portugal for a couple of weeks to visit family and friends. Overall I would say it was a very productive and restful summer and I am looking forward to our upcoming busy season.

Barb I just put the fall decorations up in the office so I guess its official our great summer is over and the trip to Europe a memory to cherish for the cold days of winter. Right now my time away from the office is spent working on home renovations in preparation for our son's upcoming wedding.

Garreth Hi all, hope everyone had a great summer. I spent my summer locally and mostly working. I did get to relax a bit with a few weekend camping trips around BC. As fall rolls in so does another school year. I look forward to seeing everyone over the coming months.

Paula It has been an exciting 1st Year at Shpak & Company for me. I have really enjoyed meeting all of our clients. After becoming a Simply Accounting Certified Consultant this past year and now preparing to become a QuickBooks Pro Advisor, I feel quite excited to share all of my knowledge with both existing and new bookkeeping clients.

Phil Hi, my name is Phil Woolford and I have just started with Shpak & Company. I have over 10 years of accounting experience in small to medium sized manufacturing businesses in the UK. I will focus on year end file preparation and bookkeeping and also in assisting with personal income tax preparation.

Julie Hi, I'm Julie Grierson and have also just joined the team at Shpak & Company. I am the office assistant which means that quite often I will be the first to greet you as you come through the door or phone the office. I am responsible for maintaining updates for our computer software programs and keeping our client database current. I will also publish our newsletter, be involved with year end financial statement assembly and perform a variety of other tasks to help keep the office running smoothly.

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Once again, Shpak & Company CA's has won the Delta Optimist's Readers' Choice Award for best Accounting Services in Ladner and Tsawwassen.



BC HARMONIZED SALES TAX (HST)

British Columbia intends to harmonize its provincial sales tax (Social Services Tax, aka PST) with the Federal goods and services tax (GST) effective July 1, 2010.

The current PST rate in BC is 7%, which when combined with the GST will result in a harmonized sales tax (HST) rate of 12%.

Businesses which are registered to collect GST or HST can claim input tax credits to recover all of the GST or HST that they have paid. The change to HST will mean a significant savings and boost in productivity for businesses in BC, because:

- they will no longer have to pay PST
- they will no longer have to prepare PST remittance
- employees will spend much less time trying to find the answers to PST questions
- PST audits will be eliminated

Although consumers will now have to pay 12% HST on some items on which they only paid 5% GST, several items which are currently PST exempt will **not** be subject to the provincial portion of the HST. These items are:

- gasoline and diesel fuel for motor vehicles
- books
- children's sized clothing and footwear
- children's car seats and car booster seats
- diapers and feminine hygiene products

In their September 2009 Budget Update, the provincial government also proposes to provide a provincially administered HST exemption for residential energy use.

Other provisions of the proposed HST:

- a partial rebate of the provincial portion of the single sales tax for new housing to ensure that new homes up to \$400,000 will bear no more tax than under the current PST system, while homes above \$400,000 will receive a flat rebate of about \$20,000.
- a refundable BC HST credit will be paid quarterly with the GST and carbon tax credit to offset the impact of the tax on those with low incomes. \$230.00 for individuals with income up to \$20,000, and \$230.00 per primary member for families with incomes up to \$25,000.
- a temporary delay in the provision of input tax credits for certain purchases by businesses with taxable sales in excess of \$10 million.

(cont'd on page 3)



Under the GST and HST, there are three different ways that goods and services are treated: they are zero-rated, exempt or taxable:

Zero-rated

- Consumers do not pay HST on zero-rated items (i.e., they pay a zero per cent tax rate).
- Those making zero-rated supplies can claim input tax credits to recover tax paid on inputs used in making those supplies.
- Examples: basic groceries, prescription drugs, medical devices, exports

Exempt

- Consumers do not pay HST on exempt items (i.e., businesses of people making exempt supplies do not charge HST).
- Those making exempt supplies cannot claim input tax credits to recover tax paid on inputs used in making those supplies.
- Examples: health and dental services, financial services, long-term residential rental accommodation, child-care services, educational services.

Taxable

- Most goods and services are taxable, which means that HST is charged on the supply of those items.
 - Businesses making taxable supplies can claim input tax credits to recover tax paid on inputs used in making those supplies.
- Examples: Cars, clothing, furniture, haircuts.

ADMINISTRATIVE POLICY CHANGES FOR TAXABLE EMPLOYMENT BENEFITS.**Non-Cash Gifts and Non-Cash Awards**

Effective for 2010, the following changes and clarifications are being made to the CRA'S gift and award policy:

-Non-cash gifts and non-cash awards to an arm's length employee, regardless of number, will not be taxable to the extent that the total aggregate value of all non-cash gifts and awards to that employee is less than \$500 annually. The total value in excess of \$500 annually will be taxable.

-In addition to the above, a separate non-cash long service/anniversary award may also qualify for non-taxable status to the extent its total value is \$500 or less. The value in excess of \$500 will be taxable. In order to qualify, the anniversary award cannot be for less than five years of service or for five years since the last long service award had been provided to the employee. For the purposes of applying the \$500 thresholds, the annual gifts and awards threshold and long service/anniversary awards threshold are separate. In other words, a shortfall in value under one policy cannot be used to offset an excess value of the other.

-The employer gift and award policy will not apply to non-arm's length employees (e.g., relative of proprietor, shareholders of closely held corporations) or related persons of the non-arm's length employee.

-For clarification purposes, items of an immaterial or nominal value, such as coffee, tea, T-shirts with employer logos, mugs, plaques, trophies, etc., will not be considered a taxable benefit to employees.

The CRA's administrative policies as to the qualifying nature of gifts and awards will remain unchanged. For example, performance-related rewards (e.g., sales targets) or cash and near cash awards (e.g., gift certificates) will continue to fall outside the administrative policy and will be required to be included in the taxable income of the employee. Further details as to the qualifying nature of gifts and awards may be found on the CRA's website at:

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/bnfts/gfts/menu-eng.html>.

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ADMINISTRATIVE POLICY CHANGES FOR TAXABLE EMPLOYMENT BENEFITS. *(cont'd from page 3)*

Overtime Meals and Allowances Provided to Employees

Effective for the 2009 year, the CRA will consider no taxable benefit to arise if:

- the value of the meal or meal allowance is reasonable; a value of up to \$17 will generally be considered reasonable.
- the employee works two or more hours of overtime right before or right after his or her scheduled hours of work, and the overtime is infrequent and occasional in nature. Less than three times a week will generally be considered infrequent or occasional. This condition may also be met where the meal or allowance is provided three or more times per week on an occasional basis to meet workload demands such as major repairs or periodic financial reporting.

If overtime occurs on a frequent basis or becomes the norm, the CRA considers the overtime meal allowances to be a taxable benefit since they start taking on the characteristics of additional remuneration.

BOOKKEEPING



QuickBooks 2010 is now available. It comes in 4 versions depending on what your bookkeeping needs are. From Easy Start (home based Business) to Enterprise (30+ users and 100,000+ inventory items). After reviewing the software it has some great new/old features.

*If you run a multi-currency business you will no longer need to purchase a specialized version of QuickBooks. QuickBooks 2010 has the ability to work with multi-currency.

*I found that the new MANAGE SALES TAX module was very easy to get around. You can pay taxes, view reports, set up new taxes by province with a wizard, change tax rates in previously set up codes all within one very well laid out screen. QuickBooks will also help you find errors (uncategorized amounts) with a simple report that has a drill down feature so that you are able to correct the issues.

*QuickBooks has a new help feature called "Live Community". This is an online resource where you can type in questions and receive answers right away. This module will open automatically or you can choose to have it not appear.

*Remember that when you purchase QuickBooks you do not have the ability to use the payroll module. As this is an additional module, you will have to call 1-888-333-8580 to purchase this additional function.

Simply Accounting 2010 has not yet been released but we will keep you posted.

If you require help setting up your company bookkeeping software, I would be happy to help you convert or set up new software.

Paula

Certified Simply Accounting Consultant



KEEPING UP WITH THE TIMES!!

If you're currently receiving our newsletter via regular mail and would like to receive our newsletter via email, please let us know. You can simply email us at info@shpak.com and confirm the email address you wish us to use.

