

TAX AND ACCOUNTING BASICS FOR NEW BUSINESSES

A PRESENTATION FOR THE CANADIAN ABORIGINAL AND
MINORITY SUPPLIER COUNCIL (CAMSC)

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IMPORTANT NOTICE

The facts and examples in this presentation do NOT constitute tax advice. The contents include facts about tax law and examples for discussion purposes here today only.

Tax advice is highly specific to a taxpayer's individual circumstances. For advice relevant to your situation, you should consult with a qualified tax advisor.

AGENDA – KEY ITEMS

1. Choosing the Form of the Business (Corporation/Partnership) / Sole Proprietorship
2. Banking
3. Bookkeeping
4. CRA Tax Accounts
5. Annual Compliance

THE PURPOSE OF PLANNING

1. To give you more Time
 - To be enjoying your "personal" time
2. To give you more Space
 - to deal with significant change - not rushed, with less financial or other pressure

ENTITY OR SOLE PROPRIETORSHIP

1. Form Entity (Corporation/Partnership)

- Corporation (typical) or partnership
- Legal protection from creditors against your personal assets
- Potential income tax deferrals
- More administration

2. Sole Proprietorship

- Personal assets exposed to creditors
- Easier to administer

INCORPORATION OR SOLE PROPRIETORSHIP (CON'T)

3. Choose a Name (Both Entity & Sole Prop)

- Choose and register a unique business name

4. Choose a Year End

- At what time of year do you want to be preparing your year end?

BANKING

1. Separation of Accounts

- Open bank account(s) for the business – business finances must be kept separate from personal finances
- Credit card(s)
- Other financing (SBA loans, etc.)

BOOKKEEPING

1. The General Ledger

- Decide on a bookkeeping system (Excel is usually Not the best choice)
- Create the Chart of Accounts
- Begin use
- Ensure easy sharing with any finance staff and external accountants

REGISTRATION WITH CRA

1. Registering with the CRA (a Business #)
 - Part of the standard entity formation process with a lawyer
2. HST Account
 - Filing frequency
3. Payroll Account
 - Filing frequency, payment frequency
4. Other Account(s)
 - Import/Export, information returns, etc.

ANNUAL COMPLIANCE

1. Income Tax Returns

- Corporation:
 - Tax payment deadline: 2 or 3 months after year end
 - Filing deadline: 6 months after year end
- Sole Proprietorship:
 - Tax payment deadline: 4 months after year end
 - Filing deadline: 5.5 months after year end

2. HST Account

- Monthly and Quarterly filers: 1 month after period-end
- Annual filer: 3 months after year-end

ANNUAL COMPLIANCE (CON'T)

3. Payroll Account

- Bi-weekly/Bi-monthly remitters: 10th and 25th day of the month following period-end
- Monthly remitters: 15th day of the month following month-end
- Quarterly remitters: 15th day of the month following quarter-end

4. Other Account(s)

- Information Returns (T-Slips): Feb 28/29 or March 31

TAX AND ACCOUNTING BASICS FOR NEW BUSINESSES

KEY TAKEAWAYS:

- Plan Ahead
- Review options with knowledgeable people
- Stay on top of basic compliance requirements



QUESTIONS ?

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