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## FREE SKILLS TRAINING FOR YOUR EMPLOYEES

Information Bulletin Released November 3, 2009 Ministry of Advanced Education and Labour Market

“The Ministry of Advanced Education and Labour Market Development has created a pilot program which provides small business and not-for-profit employers in British Columbia access to funding to support employee training, helping improve skills and productivity.



Available to employers in every community across the province, the \$15 million Workplace Training for Innovation Pilot, funded through the federal Strategic Training and Transition Fund, offers up to \$1,500 per employee - to a maximum of \$5000 per employer - to support

employee training.

The funding will support training activities, which may be up to six months in duration and can be offered offsite or in-house.

Both businesses and non-profit employers may be eligible to receive funding. Eligible employers must be a small organization of less than 50 employees, in good standing with the BC Corporate Registry, and in existence for one year or more.

Eligible costs include training purchase costs, books and study materials. The program is designed to provide eligible employers with funding for employee training in order to:

- Improve productivity
- Support the introduction of technology, machinery or work processes
- Enhance international competitiveness
- Introduce innovative training to increase the long-term competitiveness of the organization and its workforce.

**“Up to \$5000 towards employee skills training”**

Applications will be accepted until January 31, 2011. They will be processed on a first-come, first-served basis and will be subject to available funding.”

For more information from the website please visit [http://www.aved.gov.bc.ca/workplace\\_training\\_program/welcome.htm](http://www.aved.gov.bc.ca/workplace_training_program/welcome.htm)

## CANADIAN INDIVIDUALS OWNING U.S. RENTAL PROPERTY

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With the strong Canadian dollar and the downturn in the U.S. housing market many Canadians are considering buying rental properties in states such as Arizona, California, Florida and Nevada. The acquisition of such property could expose the Canadian resident to U.S. income tax, estate tax and a whole new set of tax related requirements. Some of the key items to be aware of and educate oneself on would be the following:

- Obtaining a U.S. Individual Tax ID Number
  - Withholdings on gross U.S. rental income
  - Filing requirements on the purchase and sale
  - Filing dates and deadlines
  - Estate taxes and exemptions
  - Reporting requirements
- Each person’s situation is different.

Before making any purchase it is crucial that you consult with an accountant that understands the Canadian and U.S. tax implications of making such an investment.

**“U.S. estate tax applies to Canadians”**

## ARE YOU READY? GST/HST RULES AND FILING REQUIREMENTS

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### Harmonized Sales Tax (HST) in British Columbia

Amid much controversy, HST will be implemented in BC on July 1, 2010 at the rate of 12%. The rate consists of a 5% federal portion and a 7% provincial portion. Businesses and organizations registered for the Goods and Services Tax (GST) will automatically be registered for HST and will be required to collect and remit the HST on any taxable (other than zero-rated) supplies that they make in

BC. Registrants will also be entitled to claim input tax credits for the HST paid on purchases they make in relation to their

commercial

activities with some limitations for large business enterprises.

When reporting the tax, registrants will generally not have to identify the federal and provincial parts of the HST separately. Also, registrants will not have to separately track tax collectible or payable at the 5% GST rate or the HST rate. Current GST reporting requirements will apply under the harmonized system for the remittance of tax, returns, fiscal periods, and reporting periods, although some registrants will be required to file their returns electronically as described below.

Self-assessment rules will generally apply to ensure that the proper amount of HST is paid by persons engaged in non-commercial activities and consumers where property or a service is acquired outside of BC for use in BC.

Rebates of the provincial part of the HST

will be available in certain circumstances to persons (e.g. charities) who are not entitled to full input tax credits for the HST they pay.

It should be noted that transitional rules are applicable to transactions that straddle the July 1, 2010, implementation date. In most cases where transactions straddle July 1, 2010, HST will apply to any amount that becomes due, or is paid without having become due, on or after May 1, 2010 where ownership and possession of goods are both transferred on or after July 1, 2010 or the extent to which the amount is attributable to services performed on or after July 1, 2010.

### New Electronic Filing Requirements

For GST/HST reporting periods that end on or after July 1, 2010, the following registrants will be required to file their GST/HST returns electronically (for others it is voluntary):

- All registrants with annual taxable supplies greater than \$1,500,000. The \$1,500,000 annual threshold includes the annual taxable supplies of all associated persons.
- Registrants that are required to recapture input tax credits for the provincial portion of the HST on certain specified property and services acquired in BC.
- Builders that are affected by the transitional housing measures announced by BC.

The Canada Revenue Agency (CRA) has four electronic filing options available:

GST/HST Netfile  
 GST/HST Telefile  
 Electronic Data Interchange (EDI)  
 GST/HST Internet File Transfer (GIFT)

Penalties could apply, if a GST/HST return is not filed in the correct format. A person who is required to file electronically should receive a web access code from CRA sometime in July.

### Place of Supply Rules

In order to charge the correct amount of tax, registrants will be required to determine the province in which a taxable supply of property (including intellectual and intangible property) or a service is made. New place of supply rules came into effect on May 1, 2010 and apply to all provinces. The rules need to be examined to ensure that tax is correctly applied to taxable supplies made in Canada.

Although the rules for tangible personal property and real property have generally remained unchanged, there are significant changes to the rules for intangible personal property and services. For instance, in determining the place of supply for services and intangible

personal property more emphasis will be placed on the home or business address of the recipient and the place of negotiation will no longer be relevant.

The implementation of HST and the application of the place of supply rules could result in some planning opportunities. Now would be a good time to contact us to discuss ways that we can assist you during this implementation period.

“New  
 Electronic  
 Filing  
 Requirements  
 for GST/HST”

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## CRA'S SHOTGUN APPROACH

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On February 4, 2010, the Canada Revenue Agency ("CRA") announced that it will be undertaking a self review letter initiative. The letter writing campaign is intended to improve taxpayers' understanding of their tax obligations.

Two types of letters will be sent to thousands of Canadians. The first letter reminds tax payers about their eligibility for deductions that they have claimed in the past. The second letter suggests that CRA is intending to conduct audits in the taxpayer's industry or sector. The letters proceed to remind the taxpayer about the penalties associated with errors or omis-

sions. Finally, taxpayers are invited to amend their returns by completing a 'T1 adjustment request' or a voluntary disclosure.



So what do you do if you receive one of these letters? If you are confident that you have filed your tax return accurately in past

years then there is nothing to do. We do not believe that a failure to respond to the letter increases the likelihood of a CRA audit. If you are uncomfortable

with a filing position that you took on a past return, we recommend that you speak with your KNV advisor prior to responding to this letter.

*"A shotgun approach is a strategy imposed with the aim being to cover as wide an area or population as possible."*

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## WANT TO SEE A BUMP IN YOUR CAPITAL ASSETS ?

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Over the next two years, all Canadian non-publicly accountable businesses that require audits or review engagements and that do not adopt International Financial Reporting Standards ("IFRS") will be required to transition to Canadian Generally Accepted Accounting Principles for Private Enterprises ("GAAP PE").



Generally speaking, GAAP PE will retain most of the current accounting standards and will simplify others. However, one such provision under the new standards that we have found will be of most interest to our clients is the one-time ability to increase the value of your capital assets (e.g. land, buildings, equipment, etc.) to fair market value with an offsetting increase in equity. The ability to restate the value of capital

assets may have a positive impact on your entity's financial statement covenants and/or its ability to use these assets as security to obtain financing. However, it is important to note that there is a cost to revaluing your capital assets as a valuation to support the increase in value is required (e.g. evidence of the sale of similar assets or professional appraisal). Further, increasing the value of depreciable capital assets (building, equipment, etc.) will result in an increased amortization expense and reduced earnings in future periods which may impact your financial covenants.

In order to qualify for the bump, your business must ascertain the fair market value of the assets it chooses to bump. The timing of obtaining this value is important, as it must be obtained at the date your business transitions to these

new standards. For most businesses, this date will be the first day of its new fiscal year that starts in 2010 (e.g. a business with a December 31 year-end's transition date will be January 1, 2010, and a January 31 year-end's transition date will be February 1, 2010, and so on).

**"Plan your valuation today to improve your balance sheet tomorrow"**

As the date of transition for many businesses has passed, it is important that you speak with your advisor as soon as possible to discuss your options under these new accounting standards. We would be pleased to discuss with you how this bump in value may help your business and/or how these new accounting standards will impact your financial reporting.

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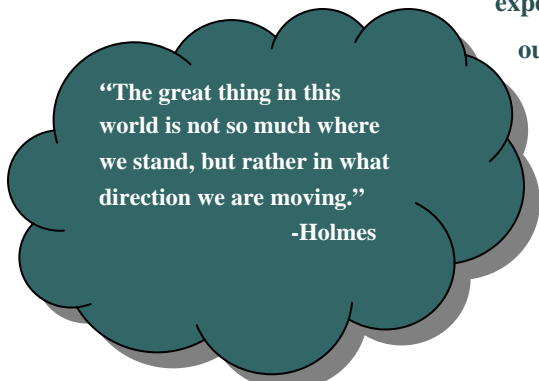
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## CORPORATE CHALLENGE FITNESS FANTASY

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In March we were approached by Curtis Christopherson from Innovative Fitness, White Rock [www.innovativefitness.com](http://www.innovativefitness.com) to participate in a Corporate Fitness Challenge where our firm KNV Chartered Accountants LLP would be pitted against a local financial firm, RBC Dominion Securities, in an initiative to make an investment in the health and fitness of our respective employees. This challenge also involved a charitable giving component that would result in our teams becoming fit and active while committing to giving back to the community by partnering with the White Rock South Surrey Community Foundation's new project-The Centre for Active Living. The Centre is a revolutionary concept with a focus on preventative medicine and a facility



to be built in White Rock this year. Both of our organizations felt it was important to support such a groundbreaking future resource and in the end together we were able to proudly raise \$18,000 for the cause. Innovative Fitness provided our teams with customized support in the form of weekly boot camp classes and group runs twice/week paired with online fitness and nutritional guidance. The success seen from all of the participants was staggering - a total of 400 pounds were shed overall as well as a collective 250cm from our waistlines which is the equivalent of 8 feet of unneeded belly. We also achieved huge improvements in our fitness levels evidenced in our scores from a pre - and post-contest 5km run/walk where we were able to shave off an average of 5 minutes from our starting times. This initiative exceeded everyone's expectations and we as a firm could not have asked for more.

The corporate health and wellness initiative from Innovative Fitness has acted as a catalyst for positive change in our organization and among our staff. The results are evident as we see each person being more active, productive, efficient and driven to adopt a more active lifestyle. Overall we found that having the weekly group activities and events fostered a new level of camaraderie and significant boost in morale. In accounting we have what is called a "a busy season 10lb gain" which we can proudly say did not occur this year and as we are committed to implementing this program from this point forward we will never see it again!



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