



This Month:

- ◆ New Year's Resolution
- ◆ Estate Planning
- ◆ Remitting GST/HST on Taxable Benefits
- ◆ 2008 EI Rates
- ◆ 2008 CPP/QPP Rates
- ◆ Form T2200 – Declaration of Conditions of Employment
- ◆ Shareholder/Employee Loans

Estate Planning

There are several areas that are included in estate planning. Here is a brief list of some of them:

- You should have a will that includes your desires and tax considerations.
- You should consider steps to minimize probate fees (or Estate Administration Tax) on your death, if applicable.
- You should have enough insurance to meet the needs of your family on your death.
- If you have any assets in other countries or you are a U.S. citizen, you must consider the effects of foreign estate taxes.
- If you plan to leave assets to your children who may be or are married, you can plan around the provincial family laws that apply on marriage breakdown.

To discuss any of these tax aspects of estate planning, talk to your Padgett Business Services representative.

A New Year's Resolution That Will Be Easy To Keep!



We all make New Year's resolutions with the best of intentions. This year, resolve to make running your business less complicated. Start using **PADGETT CONNECT**. This great administrative tool will make record keeping & payroll preparation a breeze.

Padgett Business Services offers a better solution - **PADGETT CONNECT**

PADGETT CONNECT is an easy-to-use business software applications package that is customized for your business. You don't need to be a computer whiz or an accountant to use this product. New users can start entering their records within a ½ hour of installation on their computer. The package contains the following:

- PADGETT CHEQUEBOOK** - Makes bookkeeping simple
- PADGETT INVOICING** - Tracks and reports sales, customers and products
- PADGETT PAYROLL** - Makes paying your employees a breeze and keeps you in control

For more information, contact your Padgett Business Services representative about **PADGETT CONNECT** today.

Remitting GST/HST on Taxable Benefits

Did you know that GST/HST must be remitted on a taxable benefit unless the benefit is tax exempt or zero-rated, for example the benefit on low-interest loans? An example of a tax benefit that is not exempt includes the automobile standby charge and operating expense benefit. GST/HST must be remitted on shareholder benefits if they fall into Subsection 15(1) and are not tax zero-rated or tax exempt.



The amount of GST to be remitted for taxable benefits is 5/105 of the benefit amount or 13/113 of the benefit amount for HST participating provinces. Taxable benefits for automobile operating expenses are taxed at 4% of the benefit amount or 10% for HST participating provinces.

Non-taxable allowances based on kilometres driven are eligible for the GST/HST input tax credits (ITC) claimed by the payor. The ITC is equal to 6/106 (GST) or 14/114 (HST) times the allowance.

EI Rates for 2008

Basic EI rate	1.73%
Maximum insurable earnings	\$ 41,000.00
Maximum annual premium	\$ 711.00

CPP/QPP Rates for 2008

CPP/QPP rate	4.95%
Basic exemption	\$3,500.00
Maximum pensionable earnings	\$44,900.00
Maximum annual premium	\$2,049.30

Form T2200 – Declaration of Conditions of Employment

Canada Revenue Agency (CRA) expects employers to complete Form T2200 for employees that have reasonable grounds to make expense claims against employment income. If there is some doubt, CRA will provide interpretive assistance.

Shareholder/Employee Loans

Settle outstanding shareholder loans and interest on employee loans. If you have a shareholder loan that was made in the corporation's previous taxation year, repay it before the end of the company's current taxation year to avoid having the full amount of the loan included in your income. If you borrowed the money to buy a home, purchase a car for work or acquire company shares and the loan has bona fide repayment terms and interest is charged, the above requirement by the company's year-end does not apply.

PADGETT BUSINESS SERVICES

WHERE YOUR SUCCESS TAKES ROOT



Padgett Business Services is dedicated to meeting the tax, government compliance, profit & financial reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business planning concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.