

## Did You Know .....

1. You can give a meal allowance to your employees if they work overtime for more than two hours right before or after normal scheduled hours of work and it is occasional in nature (usually less than three times per week). The meal allowance has to be a reasonable amount; reasonable by CRA standards is up to \$17. This does not apply to employees who work at home.
2. You cannot deduct club membership dues if the main purpose of the club is dining, recreation or sporting activities. Think of it this way ... would your previous employer where you were paid a wage buy your golf membership every year? Buying a round of golf for a customer to use that would ultimately further increase your business is an expense of the business as it is a form of promotion. If you go golfing with them your golf round is not an expense of the business.
3. Meals can be used as an expense if they are bought to have a meeting with a potential client or current customer in order to further your business. Buying your lunch cannot be done through your business. Think of it this way again – when you were paid a paycheck did your previous employer buy your lunch every day?
4. If your business pays the expenses of your personal vehicle **AND** pays you a kilometer rate you will be charged a taxable benefit as that is above reasonable reimbursement for vehicle expenses. The business claims a percentage of the vehicle expenses on their tax depending on the travel log kilometers kept for that year **OR** it pays you a kilometer rate not both. A travel log is necessary in all cases.
5. If you provide a social event for your employees such as a Christmas party the cost has to be \$100 per person or less or the whole cost per person is a taxable benefit to the employee. This cost also does not include additional costs such as taxi fare, accommodations or transportation home.
6. Gifts to employees have to be for a special occasion and they have to be noncash gifts otherwise they are taxable and have to be added to the employee's income. Gifts need to be a physical gift of an item. Tickets to an event at a certain time and place are a gift as it has taken away the element of choice from the employee. Any cash gifts or gift cards or gift certificates are taxable gifts and have to be added to the employee's income.
7. Bonuses for work well done or in recognition of an employee's job performance are considered a reward and are a taxable benefit for the employee. An award has to be for an employment related accomplishment that has clearly defined criteria, nomination and evaluation process and a limited number or recipients. The award would then be a non-taxable benefit to the employee if it was **NOT** cash, gift card or a gift certificate.

8. Large equipment, vehicles, tools, computers, etc. that are purchased by the business are assets of the business and therefore are amortized (depreciated) each year. Amortization (depreciation) is an expense of the business but the large asset purchase is not. If you get a loan to purchase the large asset the loan payments are not an expense of the business only the interest on the loan is an expense.
9. If the business owns the RV and you use it for personal camping, ensure that you rent the RV from the business for your personal use. Phone different RV companies to get the average rental rate. It is a taxable benefit to you to use the assets of the business for personal use. Same holds for quads, snow machines, etc.
10. You can pay your employees subsistence if they are gone away from home for over 36 hours. Subsistence is considered an allowance for board and lodging, this allowance has to be reasonable in nature and does depend on the location of the remote or special worksite. Note there are specific definitions for remote worksite and special worksite so find out which one applies to business operations.
11. Planning your specific payroll each month can lower your corporate tax. Additional monies you may need personally can be combined with payroll, dividends and shareholder's loan to ensure your personal tax is optimized. Creating a balance between your corporate and personal tax will get you your best tax advantage. Seek out advice on maximizing your tax advantages throughout the year, as after year end is too late.