



Sunil and Nita LLP
Tax and Business Advisors Chartered Professional Accountants



November 2021

Salary vs. Management Fee

As you know with salary, the taxes are automatically deducted from the pay cheque. You don't have to worry about paying taxes at the time of filling your personal tax return. With salary, you also receive Canada employment credit when you file the tax return. Salary can help you to get a loan or mortgage from bank because T4 slip shows your annual salary. Additionally, a corporation with taxable income of more than \$500,000 can reduce higher tax exposure by paying salaries.

Management fee works as a great strategy to lower corporate tax bill. With management fee, there is no need to worry about payroll taxes or filling monthly payroll forms. One of the downside of management fee is that it is prone to CRA audit. CRA looks for loopholes to classify management fee as salary resulting in withholding tax penalty.

We recommend drafting an agreement between yourself and your corporation, which will include detail of services you will be providing to corporation for the management fee. Management fee should be paid every month as per the agreement.



New NTR (Compilation) Financial Statements Standards (effective December 14, 2021)

The Canadian accounting regulator (The Auditing and Assurance Standards Board) has issued a new standard (CSRS 4200) for Notice to Reader (NTR) financial statements. The NTR financial statement will be referred as "Compilation Engagement" effective December 14, 2021. The current standard is over 30 years old. The new compilation engagement strengthens the requirement and guidance for accepting, conducting and reporting on compilation engagements. Under new standard the accountants are required to prepare adequate documentation that provide information about the extent of work that has been carried out. When compilation financial statement is intended to be used by third parties, they can request and obtain information directly from your accountant. The new compilation report is more detailed and it requires basis of accounting disclosure as well. Contact us to understand more about this new

regulation and how it may impact you.



New Rules - Not-for-Profits

New Ontario Not for Profits Corporation Act (ONCA) was launched on October 19, 2021 along with the new Ontario business registry (OBR).

With the launch of ONCA and changes made to Charities Non for Profit Corporations Act (CNCA). All NFPs will now receive a corporation's key which you will need to provide your accountant to file your annual charity return T3010. Even if they had access before, they will be unable to file your return going forward without this key. It will be sent out to all charities in the next few months by CRA.



The tax impact of leaving Canada permanently

There are over three million Canadians that live outside the country and there are many more who are thinking about moving out of Canada. There are many things to be considered from a tax point of view. A professional accountant will help you avoid unpleasant

surprises. Below are some important points to think about:

- How to avoid double taxation
- Paying departure tax
- Final return and tax deferral
- Tax consequences on RRSP and TFSA
- Determining residency status
- Health card and driving license



©2021 SUNIL AND NITA LLP | 217 SPEERS RD, SUITE 12, OAKVILLE, ON L6K 0J3, CA

[Web Version](#)

[Preferences](#)

[Forward](#)

[Unsubscribe](#)

Powered by
GoDaddy Email Marketing®