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FOUNDATIONS

IDEAS & TECHNIQUES TO BUILD YOUR SUCCESS

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If you, a colleague, or friend are interested in receiving a copy of FOUNDATIONS by email, simply forward your email address to elevi@srgg.com.

The primary purpose of *Foundations* is to provide you, our clients and friends, with timely and useful advice and information on a tri-annual basis (December, June and September). In the months ahead, we will be bringing you helpful tips for saving taxes, growing your business, managing and investing your money wisely and planning for your financial future.

On behalf of the partners and staff of Scott, Rankin & Gardiner LLP, SRGG Solutions Inc. and SRGG Valuations Inc., we extend warm wishes to you and your family throughout this holiday season.



CHARTERED ACCOUNTANTS
SUCCESS ARCHITECTS

privacy – are you prepared?

The Personal Information Protection and Electronic Data Act (PIPEDA) will effect just about everybody on January 1, 2004. Is your organization ready? We can help.

who is affected?

It would be easier to say who is not affected. The following organizations/items are not covered by PIPEDA:

- The collection, use or disclosure of personal information by federal government organizations listed under the Privacy Act
- Provincial or territorial governments and their agents
- An employee's name, title, business address or telephone number
- An individual's collection, use or disclosure of personal information strictly for personal purposes (e.g. personal greeting card list)
- An organization's collection, use or disclosure or personal information solely for journalistic, artistic or literary purposes¹

If your organization does not appear on this list, you are responsible for following the code outlined in Schedule 1 of the Act. Schedule 1 outlines

10 principals, which must be followed by every organization covered by the Act. The 10 principals are as follows:

1. Accountability
2. Identifying purposes
3. Consent
4. Limiting collection
5. Limiting use, disclosure, and retention
6. Accuracy
7. Safeguards
8. Openness
9. Individual access
10. Challenging compliance

1. accountability

You are required to appoint an individual(s) who will be responsible for the organizations' compliance with the Act. Your organization will be required to develop, implement and monitor policies with respect to collection, use, disclosure and retention of personal information.

2. identifying purposes

You must identify the purpose for which any personal information is being collected and identify how the information will be used.

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3. consent

You must obtain an individual's consent before or at the time personal information is collected. You must also obtain consent if the purpose for which the information was originally obtained has changed. Consent can either be implicit or explicit, depending on the sensitivity of the personal information. Explicit consent should be obtained whenever possible and always if the personal information is sensitive.

4. limiting collection

You should not collect personal information that you do not require and you are not permitted to mislead individuals about why you are collecting the information and what it will be used for.

5. limiting use, disclosure and retention

You can only disclose personal information for the purpose it was collected. You may disclose personal information for other purposes if you first obtain consent for this other purpose. You may only keep the personal information for a reasonable period of time to complete the task for which the information was collected. You must destroy, delete or make the personal information anonymous once the purpose for which the personal information has been satisfied.

6. accuracy

You must implement policies and procedures to minimize the possibility of disclosing personal information about an individual to third parties that is incorrect. You must also ensure the personal information of an individual you are using to make decisions is as up to date and as accurate as necessary, considering the sensitivity of the information and the impact it will have on the decision being made.

7. safeguards

You must protect personal information against loss or theft. You must prevent unauthorized use of personal information. You must protect all forms of information including, mail, e-mail, fax, photocopies, print etc.

8. openness

You must inform your customers, suppliers and employees that you have policies in place to manage personal information. Make sure these policies are clear and readily understandable.

9. individual access

When requested, you are required to inform individuals if you have any personal information about them and provide them access to information. You must explain the purpose and use of the information and correct any errors or omissions should any exist. You are required to disclose the third parties to whom the personal information will be provided.

10. challenging compliance

You are required to develop and implement policies and procedures to handle any complaints about meeting the PIPEDA. You must investigate any complaints received and take appropriate measures to correct any deficiencies in personal information management.

Personal information is identified in each of the 10 principals. The PIPEDA defines "personal information" as information about an identifiable individual, but does not include the name, title or business address or telephone number of an employee of an organization. Personal information includes: age, name, identification numbers, income, ethnic origin, blood type, opinion, evalua-

tions, comments, social status, disciplinary actions, employee files, credit records, loan records, medical records, existence of a dispute between a consumer and a merchant, or intentions of an individual. Personal information does not apply to corporations, in other words, corporate information would not be considered personal and would not be covered by the PIPEDA.

A recent Harris Interactive poll indicates the need to prepare. It states that 83% of customers would take their business elsewhere if it found that the organization improperly used personal information.

At SR&G, we have looked at this new legislation as an opportunity to differentiate ourselves from our competitors. We have appointed Ryan Dawe, CA, as our in-house privacy officer. He is working closely with Lynda Carter, CA and Elizabeth Levi to ensure SR&G meets or exceeds the PIPEDA requirements.

We would be pleased to help you develop and implement policies for your business to ensure it meets the requirements set out by the PIPEDA. We would also be available to provide assurance (audit) services to businesses that wish to prove to their customers that they are in compliance with the PIPEDA. This will assure your customers that you are doing everything possible to protect their personal information by following the PIPEDA guidelines.

If you have any questions about PIPEDA or other privacy issues, feel free to contact Ryan at (613) 596-2767 extension 282 or rdawe@srgg.com.

¹ A Guide For Businesses and Organizations, Your Privacy Responsibilities – Canada's Personal Information Protection and Electronic Documents Act

end of year tax tips

Once again it is time to get ready to welcome the new year. And once again, it is that time of year when you need to think about your personal income taxes and tax planning strategies.

The month of December is an opportune time to ensure you have everything in order for your tax filings for the 2003 taxation year. A few hours of effort now could help you minimize your tax liabilities. And if, like many, you habitually search for your supporting documents only when your tax filing deadline looms on the April horizon, these preparations could also spare you added stress in the new year.

salaries, bonuses and dividends

If you are an owner/manager, review the salary, bonuses and dividends you have received from the company in view of any additional draws or other income and discuss with your contact at Scott, Rankin & Gardiner LLP. If you have declared bonuses in the last corporate fiscal year-end, talk to your chartered accountant to determine the potential impact of your personal income taxes.

If your business employs your children, spouse or partner, make sure you have copies of their cancelled cheques. If you have been unable to pay them because of poor cash flow, talk to your chartered accountant to determine the best means of rewarding their unpaid efforts. This may be an important consideration for lowering your personal taxable income.

RRSP contribution

Determine your combined earned income and income from other sources for the year and decide whether you will make an RRSP contribution for 2003. To determine your contribution room, review your 2002 Notice of Assessment that you received from the CCRA.

You should ensure you have sufficient earned income in 2003 to be able to maximize your 2004 RRSP contribution. The maximum RRSP contribution for the 2004 year is \$15,500, which requires earned income in 2003 of at least \$86,111.

Top up your RRSP contribution for 2003 to take full advantage of this opportunity to accrue tax-deferred earnings in your RRSP investments while receiving an immediate tax benefit for 2003. Consider borrowing to contribute the maximum. Although the interest expense is not deductible, the tax benefits may still outweigh the costs involved.

The deadline for RRSP contributions for the 2003 taxation year is February 29, 2004.

investment portfolio

Make sure your investment portfolio is in order and you have records of your investment income and expenses. It may be time to sell stocks that have lost value so you can apply the capital loss against capital gains you have realized this year. If you have borrowed in the past or made new lending arrangements for investment outside of your RRSP, gather your documents.

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up close and personal . . .

with Steven Mombourquette

Steven joined the firm in July 2000 after completing a Bachelor of Business Administration with an accounting major at the University of New Brunswick. He is currently awaiting admittance to CA membership after having passed his Uniform Final Examination on his first attempt.

"My decision to work with Scott, Rankin & Gardiner LLP was an easy one. The friendly atmosphere and

diversity of the client base appealed to my desire to work directly with clients. I look forward to continuing the firm's commitment to providing exemplary service to our clients, as I change roles and start working with our tax section."

Steven looks forward to building a future in the Ottawa area.

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business loans

Review your documentation for your business loans. Make sure your financial institution or lender has forwarded statements showing the opening balance for 2003, any additional loans, loan repayments, transfers to and from operating accounts, and interest charges.

If you have provided your company with operating funds and/or personally borrowed funds to support the business, gather the loan agreement and supporting documents for repayments and interest expense.

If you have borrowed money from the corporation, ensure that account balances have been properly monitored and the loan is repaid within the required period of time.

automobiles

If the company has purchased, leased and/or sold vehicles, gather all relevant documentation. Ensure you have a record of the odometer readings for vehicles that are transferred and acquired.

Make sure your automobile log is up-to-date with records of your trips for business, including the dates, destination, purpose and total kilometers. If you have forgotten to record some business trips, review your day planner or electronic organizer to

determine where you were and then calculate the distance and record the details. Jot down the odometer reading at the end of the tax year.

self-employment earnings

If you receive earnings from self-employment, gather and organize your receipts for business travel, office costs, and vehicle expenses as well as your charge card statements, bank statements and line of credit statements. You should also have an auto log, as previously discussed, in which you have recorded your business trips in your car.

Many of the statements that arrive from suppliers, financial institutions and services in the new year are applicable to your 2003 taxable income. Before closing your books for 2003, review the statements and invoices that you receive throughout January 2004.

If your home is your principal place of business, document your home office use to substantiate any allowable deductions for the applicable portion of the rent or mortgage interest, property tax, home insurance, utility bills and maintenance costs.

capital purchases

If your cash flow permits, consider purchasing capital assets before the end of

December to maximize the allowable capital cost allowance (CCA) that can be claimed. Generally, a portion of the capital cost is deducted over a period of years according to the CCA rules. Since only one-half the normal CCA may be claimed in the year of purchase, it is advantageous to make that purchase in December before your year-end so you can claim the half-year CCA even though the asset was owned for less than a month.

the year in review

Has your business had a good year? Or a bad year? Compare your operating results with those of the past two or more years. This process can help you prepare a realistic operating income and expense budget in view of your goals for next year.

talk to your contact at Scott, Rankin & Gardiner LLP

We can help you plan for the coming year based on current year sales, cost of sales, profits and draws. This is also an opportune time to discuss any outstanding business issues as well as determine your plans for maximizing your tax planning strategies for 2004.



SCOTT RANKIN & GARDINER LLP

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