



Certified General  
Accountants Association  
of British Columbia

## Tax Tips for Small Business Owners

- 1. Don't forget to write it off.** Individuals may deduct all expenses incurred in the conduct of their business, provided they are undertaken to earn income, are reasonable under the circumstances and not limited or prohibited by rules for some specific expenses.
- 2. Combine business trips with personal travel.** If your reasons for taking the trip are related to your business, if the costs claimed are reasonable and you have allocated a portion for any personal expenses and if, ultimately, the result was that you earned income as a result of making that trip, it may be possible to deduct travel expenses.
- 3. Buying or selling a business.** There are really only two options: to buy/sell the assets of the business or to buy/sell the shares of the company that runs the business. There are tax advantages to both—find out which suits your individual situation best.
- 4. Keep good books or risk having the book thrown at you.** Failing to keep proper books, that is, records to determine taxes payable, is an offence under the Income Tax Act. And keeping poor records could prevent you from benefiting from valuable deductions. There are cases where what might otherwise have been legitimate expenses were disallowed because of poor, or non-existent documentation.
- 5. Make it quick.** Certain businesses can use the quick method of accounting for the GST—it is possible then to calculate your remittance without having to record the GST separately on your sales.
- 6. Income splitting.** If a spouse, common-law partner or other family member is employed by your business, whether it be incorporated, a partnership or sole proprietorship, there are potential opportunities for income splitting and reduction of the family's overall tax burden.
- 7. Come clean with the Canada Revenue Agency (CRA).** The Voluntary Disclosures Program (VDP) allows taxpayers to come forward and correct inaccurate or incomplete information or disclose material they did not report during previous dealings with the CRA, without penalty or prosecution.
- 8. Self-employed or employee?** Benefits and tax deductions will vary drastically depending on whether the CRA views you as an employee or self-employed.
- 9. Capital Cost Allowance (CCA)** Individuals who run their own business cannot write off the cost of capital assets (automobiles, furniture, computers, etc.) immediately upon purchase; rather they must spread the cost over several years. For tax purposes, this write-off is referred to as capital cost allowance (CCA) and it is subject to strict rules and limitations.
- 10. Consult a Certified General Accountant.** CGAs can do much more than prepare your tax returns and balance your books. As professionally trained accountants and trusted advisors, CGAs have the skills to understand their clients' goals, evaluate their finances and to set them on a realistic course towards meeting their financial objectives. The Certified General Accountants Association of B.C. offers a free CGA referral service.  
Go to [www.cga-bc.org](http://www.cga-bc.org) and click on "Find a CGA Firm" or contact Anita Fortune.  
E-mail: [afortune@cga-bc.org](mailto:afortune@cga-bc.org) In Vancouver: (604) 732-1211 Toll free: (800) 565-1211 ext 350

**These tips are, of necessity, brief and should not be relied upon as accounting advice. Individuals should consult a professional to determine how the information presented may relate to their particular circumstances and situation. Tips are from Gabrielle Loren, CGA, of Loren & Company, Certified General Accountants; the Tax Tips section of the CGA-BC Website; and Personal Tax Planning 2006-2007, published by CGA-Canada. Watch for the 2007-2008 edition, which will be available in Jan. 2008.**