

## Performance Review Programs Increase Business Results

How do you evaluate your employee's performance? Most companies have some sort of performance review process - be it informal or formal. The key is to ensure that there are open lines of communication with your staff on a consistent, ongoing basis. What's important is that your company has a process that allows employees to gain feedback in a timely manner. This will help them to develop where required and promote their accomplishments so they continue to perform at the level expected.

Typically, reviews are conducted either annually or semi-annually. There are many benefits to having an effective performance review program for the company overall as well as the manager and the individual employee.

### Benefits for the Company:

Enhances individual performance, which contributes to overall company success.

Enhances individual performance, which contributes to overall job satisfaction and in turn promotes higher client satisfaction, greater contributions and lower turnover.

Ensures that annual employee merit wage/salary increases are linked to performance, which better leverages compensation budgets.

### Benefits for the Manager:

Summarizes the strengths and development opportunities for each employee.

Provides facts and data upon which to make pay decisions.

Allows for a formal opportunity to review individual employee's strengths and areas of development.

Offers a chance to provide formal recognition to your team member and showcase their talents.

### Benefits for the Employee:

Promotes honest feedback on employee performance.

Allows for support and coaching from the manager.

Supports effective two-way communication.

Provides a baseline for where to develop employee skills for next year.

Offers a connection between employee contributions and performance of the past 12 months and any pay changes.

## Spring 2014

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The review form should reflect the main areas of performance that are to be evaluated, along with a section for development. A completed review form should highlight employee contributions that have taken place throughout the year and provide a summary of accomplishments. There should be no surprises - just a snapshot of that performance period. Having a review form is an excellent way to document performance expectations between the company and the individual employee. It also acts as a tool to help guide the performance review discussion.

Ultimately, measuring employee performance through a formal program adds value to the company because it creates a business system that turns individual actions into company results. If you are thinking of improving your current system or developing a new performance review program, Williams & Partners would be please to support you through this process. 

## New Reporting Rules with Respect to Foreign Property - Some Transitional Relief

Individuals, corporations, trusts and partnerships that at any time in the year own specified foreign investment property costing more than \$100,000, on a cumulative basis, must complete and file prescribed Form T1135 "Foreign Income Verification Statement".

Specified foreign property includes funds held on deposit outside Canada, foreign real estate (other than personal use residential property) and shares or debt of non-resident corporations (including those held in Canadian brokerage accounts).

In June 2013, the Canada Revenue Agency ("CRA") announced several changes to the form requiring much more detailed information for each specified foreign property.

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An exclusion to these reporting rules was also introduced in June 2013 provided a taxpayer had been issued a T3 or a T5 “Investment Slip” by a Canadian issuer in respect of specified foreign property.

The CRA has now announced some transitional relief with respect to the new reporting requirements for 2013. The CRA will allow taxpayers who hold specified foreign property in an account with a Canadian Securities dealer, the option to report the combined value of similar properties rather than the details of each individual property for 2013. In addition, the deadline for filing Form T1135 has now been extended to July 31, 2014. This relief is effective for fiscal years ending in 2013 only.

**The penalty for failing to file this form on time is \$25 per day up to \$2,500.**

If a taxpayer has failed to report income from a specified foreign property on their income tax return and the form was not filed on time or a specified foreign property was not identified (or improperly identified), the CRA can now re-assess within six years following the day the original tax return Notice of Assessment has been sent to the taxpayer. ■■■

## U.S. Foreign Account Tax Compliance

On February 5, 2014, the Canadian Department of Finance announced that Canada and the United States signed an intergovernmental agreement regarding the U.S. Foreign Account Tax Compliance Act (“FATCA”).

Although FATCA was enacted in the U.S. in early 2010 and foreign bank account disclosure for individuals has been required since 2011, the February 5th agreement specifies the disclosure requirements of Canadian financial institutions under FATCA effective July 1, 2014.

Pursuant to FATCA, most Canadian financial institutions (excluding Credit Unions with less than \$75 million in assets) will be required to provide financial account information of U.S. citizens living in Canada to the Canada Revenue Agency (“CRA”) and the CRA will then provide this information to the U.S. Internal Revenue Service (“IRS”) as allowed under the Canada – U.S. Income Tax Treaty and privacy laws.

It should be noted that the information provided to the IRS by the CRA will not include any information with respect to registered accounts (RRSPs, RRIFs, RESPs, TFSA, RDSPs, etc.). However, this exemption does not provide any relief to individuals who are still required to disclose this information under US income tax reporting requirements.

Generally, where a bank account balance exceeds US\$50,000, the financial institution is now required to undertake specific review procedures to determine if the account holder is a U.S. person (a U.S. citizen or a U.S. resident). Where the bank account balance exceeds US\$1M, further enhanced review procedures are required.

Where a reportable account is identified, the financial institution must provide the name, address, U.S. taxpayer identification number, account number, ending balance and the amount of any interest, dividends or other income earned in the account. For calendar 2014, this information must be forwarded no later than September 30, 2015.

U.S. citizens who have never filed U.S. income tax returns should consider filing under the IRS’s Streamlined Voluntary Disclosure Program. Filing under the Streamlined process requires filing 3 years of income tax returns (i.e., 2011, 2012 & 2013) and 6 years of Foreign Bank Accounts Reporting (FBAR) forms. U.S. citizens who have not filed their U.S. income tax returns and have not come forward under various Voluntary Disclosure Initiatives over the past number of years are at a greater risk of IRS detection as a result of FATCA information being provided to the IRS by the CRA.

U.S. citizens who have not or refuse to become compliant may be subject to severe penalties (both civil and criminal) by the IRS. ■■■

## No Clear Skies for Canadian Snowbirds

In the cover article of our Winter 2013 newsletter “U.S. Tax Filing and Disclosure Issues for Canadian Snowbirds”, we discussed the U.S. tax filing obligations where Canadians spend a substantial amount of time in the U.S. each year.

Canadian travelers should now be aware that the Canadian and U.S. cross-border authorities will be able to track the number of days that Canadians spend in the U.S. under the Entry/Exit Initiative and the Perimeter Security and Economic Competitiveness Action Plan. As of June 30, 2014, Canadian and U.S. travelers will be required to swipe their passports both when they enter and when they leave each country. The Canadian and U.S. border authorities will share this information with each other.

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Canadians who spend a significant amount of time in the U.S. need to closely monitor the precise number of days they spend in the U.S. as they may lose their Canadian residency status. As a result, they may be subject to departure tax with this loss of residency status.

Generally, when a Canadian loses residency status, they are deemed to dispose of all of their assets at fair market value resulting in gains or losses accordingly. Canadians who spend a significant amount of time in the U.S. may also be exposed to U.S. resident tax rules which require tax on worldwide income. In addition, a Canadian's estate could be liable to U.S. estate tax which taxes U.S. residents on the fair market value of their worldwide assets on death.

Individuals who are in the U.S. for more than 180 days in a rolling 12 month period may be subject to the unlawful presence rules in the U.S. Offenders can be banned from entering the U.S. for a minimum of two years and up to a maximum of 10 years.

Canadians should also be aware that if they lose their residency status, entitlement to provincial health care may be denied. For example, Ontario residents lose their status if they are away from Canada for a period of more than seven months in a year while residents of some other provinces may be disqualified from coverage if they are out of the country for more than six months. ■■■

## Client's Corner

### PRECISIONEERING

*fiberglass fabricating for the future*

Since 1964, Precisioneering DKG Corp. ("Precisioneering") has been a private Canadian manufacturer of corrosion resistant engineered proprietary fiberglass equipment. The company has maintained a similar product focus since its founding and its workforce consists of many fabricators having over 25 years of experience. Precisioneering's standard products include fiberglass tanks, pollution control scrubber systems, ventilation systems, grating, platforms, safety gates, walkways and ladders. The main fabrication processes utilized by Precisioneering includes filament winding, hand lay-up, resin transfer molding and a variety of specialized fabrication processes to meet the ever-changing demands of the industry. The company's products are used in Canada and the USA in addition to many other global applications. Precisioneering services its diverse customer base through its two locations: its head office in Scarborough, ON and its subsidiary An-Cor Industrial Plastics, Inc. in Buffalo, NY. ■■■

<http://www.precisioneering.com/>

## News Bits

### New team members

We are proud to announce the following new additions to our team:

#### Forensic Team

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##### Dani Gardler

Dani joined the Forensic team as their Administrative Assistant. She brings with her an extensive administrative and customer service background from a mail distributor company where she worked as an Executive / Administrative Assistant for over 10 years.

##### Pavel Tchourliaev

Pavel joined the Forensic team as their newest Forensic Accountant. He graduated from York University - Atkinson College in 2007 with an Honours in Administrative Studies (BAS) with a concentration in Accounting and successfully passed the UFE in 2009. Pavel also holds past experience as a Staff Accountant working for a small accounting firm.

##### Bichtar Mahal

Bichtar also joined the Forensic team in our British Columbia office as a Forensic Accountant. Bichtar brings with him over 10 years of experience as a sole practitioner and most recently operated as a controller for over 8 years at a group of companies in the mining industry.

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## LLP Team

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### Julia Biersteker

Julia joined our administrative team as our Junior Administrative Assistant. Julia came to us from a management retail role where, in addition to supporting a busy customer base, she was responsible for completing a number of administrative tasks for the store. She also currently sits on the board of a private school where she leads the school newsletter, sits on the finance committee and is responsible for handling other administrative time sensitive tasks on a volunteer basis.

### Warren Ngo

Warren joined the accounting team as a co-op student in September 2013. He is currently working towards his Bachelor of Business Administration at Wilfrid Laurier University. He looks forward to starting his career in public accounting.

### Darcy Eveleigh

Darcy joined the accounting team as a co-op student in January 2014. He is currently working towards his Honours Bachelor of Business Administration at Wilfrid Laurier University. He looks forward to commencing his career in public accounting.

### Peggy Wang

Peggy joined the accounting team as a co-op student in January 2014. She is a candidate for the 2016 Bachelor of Accounting and Financial Management Degree from the University of Waterloo. She looks forward to building her career in public accounting.

### Carl Cao

Carl joined the accounting team as a co-op student in January 2014. He is currently attending the School of Accountancy and Finance at the University of Waterloo and is also a candidate for the Bachelor of Science. Carl looks forward to continue developing his career in public accounting.

### Michelle LeBlanc

Michelle is a recent graduate from Brock University where she completed her Honours Bachelor of Accounting Program through The Goodman School of Business in December 2013. She brings with her some great experience working at another firm during her co-op terms since January 2011. Michelle plans to write her CKE this coming May and continue on with the CPA qualification process.

### Kathleen De Pellegrin

Kathleen returned to the accounting team to support the firm during this busy season. She is currently in her final year at Ryerson University as a Business Management student, majoring in Accounting. Welcome back Kathleen!

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## Promotions

We are pleased to announce the following promotions within our team:

### Carrie Lau

Carrie Lau was promoted to a Senior Accountant effective January 1, 2014. Carrie started with the firm in January 2010 as a co-op and returned as a Staff Accountant on a full time basis in October 2012. She graduated from the University of Waterloo with her BAFM, MAcc and successfully passed the UFE shortly thereafter. She has progressed in her technical ability and fosters great relationships with the clients she works with.

<b>Spring 2014 Planner</b>	April 15 <sup>th</sup>	Deadline for filing U.S. personal income tax returns for 2013
	April 30 <sup>th</sup>	Deadline for filing Canadian personal income tax returns for 2013
	June 15 <sup>th</sup>	Deadline for self-employed individuals to file personal income tax returns for 2013
	June 15 <sup>th</sup>	2 <sup>nd</sup> quarterly tax instalment due for 2014

## CONTACT US

You can reach us by phone at **416.969.8166** or on-line at [www.williamsandpartners.com](http://www.williamsandpartners.com).

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**Notice:** Williams & Partners distributes tax tips on a regular basis via email to our clients. If you wish to be on our email distribution list for tax tips, please contact Jackie Pincente at 416.969.8166 ext. 235, or by email to [jackie.pincente@wpfa.ca](mailto:jackie.pincente@wpfa.ca)

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