

MARKETING

Pays to let experts handle marketing

By GRANT LEE

When it comes to professionals, Canada has had many champions — those who have left their mark in the form of great roads and bridges, advances in curing terrible diseases, space exploration, communications and so on. While it is easy to see the work of our champions in professions such as medicine, it is not so when it comes to accounting, law and marketing.

Canada does produce its share of great marketers. For example, some who think of tea may also repeat the phrase, “Only in Canada, you say? Pity.” Many have adopted the catchphrase for all things Canadian that take us by surprise. This is the award-winning work of Canadian Marlene Hore, who coined the line for Red Rose Tea.

Other great Canadian marketers include David Nichol, the driving force behind Loblaw’s President’s Choice products. Guy Laliberte has transformed worldwide expectations of the circus through the wondrous performances of Cirque du Soleil.

We have marketing legends in academia, who have passed along standards to hundreds, if not thousands of people who work as marketers. The late Peter T. Zarry was one of Canada’s best-known advertising personalities and taught at Toronto’s York University.

Professor Ken Wong of Queen’s University is listed in the *Canadian Who’s Who*, and the *International Who’s Who of Business Professionals*. His insights are sought by the largest companies. Canada’s top marketers are internationally recognized.

There is no Marketing Act or anything similar in Canada to govern or define the activity. With no official material to reference, how should an accountant look for a marketer and how should one be evaluated as a good fit?

The programs of colleges and universities in Canada teach fundamental marketing standards and principles and how they are applied through case studies and research.

Nonetheless, experience is the only way to test the application of standards and principles and develop the knowledge needed for success.

A well-educated and experienced professional also brings important knowledge to the table, primarily when it comes to understanding the various laws that affect their work, in copy-

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Grant Lee, Canadian Institute of Marketing

right, advertising, privacy and message liability.

Basic standards include

understanding markets, developing strategies and tactics, managing prices, channels,

client relations, projects, brands and teams.

Accountants should seek the

expertise of a marketer who specializes in professional services and need not worry if they lack the resources for full-scale marketing programs.

They’re not alone — this is a fact of life for many small and medium-sized businesses. And many marketers are used to

See Going on page 19

See the Forest...



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Pay periods stay in pay date's year



PAYROLL CONNECTION

By
Steven
Van Alstine

The questions below are from payroll professionals across Canada and deal with a number of issues including calculating insurable hours for commission only employees, the first pay period of 2012, avoiding a Pensionable and Insurable Earnings Review report, employee charity payroll donations and transferring pay to an RRSP account.

Question: If an organization pays its employees by commission only, how should they calculate the employees' insurable hours?

Answer: As per the Service Canada's guide, *How to Complete the Record of Employment Form* (http://www.servicecanada.gc.ca/eng/ei/employers/roe_guide.shtml), if you do not know the actual number of hours worked, you and the commission salesperson can reach an agreement on the number of insurable hours that would normally have been required to earn the remuneration paid. (The hours agreed upon must be reasonable given the circumstances of the employment).

However, if no contract or agreement on hours exists or can

be reached, the number of insurable hours is determined by dividing the insurable earnings by the applicable minimum wage for the province or territory where the employee is working that is in force on January 1 in the year(s) the earnings were payable. The result cannot be more than seven hours per day or 35 hours per week.

Question: Our organization has 26 biweekly pay periods in 2011. Our first pay period of 2012 has a pay date of January 1, 2012 — a statutory holiday. If the organization changes the pay date to December 30, is that pay considered the 27th period of 2011 or the first period of 2012?

Answer: That pay will become the 27th pay period of 2011 because the actual pay date is always the determining factor for tax reporting purposes. You should actually determine the number of pay periods in the year before the first pay period of that year. Had this been done prior to the first pay period of 2011 in your example, you would have divided the annual CPP/QPP basic exemption by 27.

When it is only realized mid-year that there will be an extra pay period, employers have two choices for those employees who have not yet reached the CPP/QPP annual maximum contribution:

- Multiply the pensionable earnings in the additional pay period by the 4.95 per cent contributory rate without applying any CPP/QPP exemption; or

- Prorate the remaining CPP/QPP exemption by subtracting the CPP/QPP total exemption to date

from the annual \$3,500 exemption. This is illustrated below using the example of the discovery of an additional pay period after 15 pay periods have already been processed in a bi-weekly cycle.

First, multiply \$134.61 (usual bi-weekly exemption) by 15 (number of pay periods already processed), which equals \$2,019.15 (year-to-date CPP/QPP exemption).

Then take \$3,500 (maximum annual CPP/QPP exemption) and subtract \$2,019.15 (year-to-date CPP/QPP exemption) to equal \$1,480.85 (remaining CPP/QPP exemption for the year)

Finally, \$1,480.85 (remaining CPP/QPP exemption for the year) divided by 12 (number of pay periods remaining) equals \$123.41 (prorated CPP/QPP exemption for 12 remaining pay periods).

If there are only 26 pay periods in 2012, the \$134.61 CPP/QPP exemption would have to be re-established for the first pay period of 2012. Note that this situation occurs every 11 years for a bi-weekly payroll (creating 27 pay periods instead of 26) and every seven years for a weekly payroll (creating 53 pay periods instead of 52).

You should actually determine the number of pay periods in the year before the first pay period of that year.

Steven Van Alstine, Canadian Payroll Association

Question: How can the organization avoid a Pensionable and Insurable Earnings Review (PIER) report for employees who receive a maternity top-up that is not insurable?

Answer: Amounts paid to your employee to cover the deductible period or to increase the maternity, paternity, parental, adoption or compassionate care benefits are pensionable but not insurable if they meet the following conditions:

- The total amount of your payment and the employee's EI weekly benefits does not exceed the employee's normal weekly gross salary; and

- Your payment does not reduce any other accumulated employment benefits, such as banked sick leave, vacation leave credits or retiring allowance.

- The top-up amount is included in Box 14 (Employment income) and in Box 26 (Pensionable earnings) but not in Box 24 (Insurable earnings).

As of January 2012, it will be mandatory to populate Boxes 24 and 26. The CRA will use Boxes 24 and 26 to calculate the correct CPP and EI deductions for Pensionable and Insurable Earnings Review deficiencies.

Question: Our company sponsors a charity through employee payroll donations. The organization has a charitable registration number on file, and the amount deducted from the employee's pay is reported in Box 46 of the T4. A few employees have asked the payroll department to reduce their income tax each pay as a result of their donations. Is the organization allowed to do this and should it be set it up?

Answer: Although charitable donations can be claimed as a deduction on an individual's personal tax return, the Canada Revenue Agency (CRA) and Revenu Québec do not permit employers to calculate a reduction of taxes at source.

An employee who wishes to receive tax relief at source could submit form T1213, *Request to reduce tax deductions at source*, to the CRA. If approved the CRA will issue a tax waiver letter to the employer indicating the amount authorized to reduce income tax. Quebec employees can submit form TP-1016-V, *Application for a Reduction in Source Deductions of Income Tax*.

Question: One of our employees has been advised by his accountant to transfer all of his pay to his RRSP account for the balance of the tax reporting year. He has already reached the maximum CPP and EI deductions for the year, and he has assured us that he has the RRSP room available. Can the organization still process this request?

Answer: An employee may request a transfer of wages to a personal or spousal RRSP account as long as the employee has sufficient RRSP contribution room available. Only income tax is exempted when such transfers occur; CPP and EI deductions would still apply.

As this employee has already reached the maximum deductions for the year, this is not an issue. Therefore, you can process this request.

However, remember to deduct any company-compulsory or voluntary deductions in place for the employee prior to the RRSP transfer.

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Going it alone may lead to disaster

Continued from page 17

working with companies that have few resources. A good marketer understands that accounting practices have limited budgets and limited exposure to this speciality field.

It is common for professionals outside the field to look at marketing and think, "Hey, I can do this." But unless they have studied marketing in some capacity — on their own, through a post-secondary institution or industry courses — they are putting their business in danger. An accountant can't do what a lawyer does successfully and a marketer can't do what an accountant does and expect success.

Going beyond your area of expertise with no training or experience will usually show poor results. For small and medium firms, missteps in marketing can be not only a financial mistake, but dam-

Accountants should seek the expertise of a marketer who specializes in professional services and need not worry if they lack the resources for full-scale marketing programs.

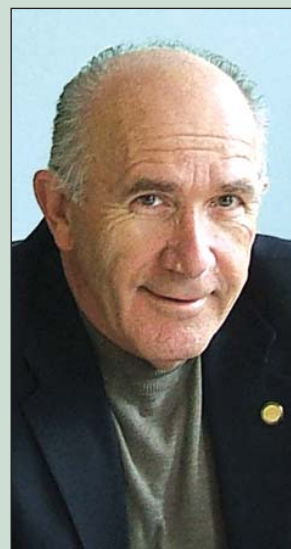
Grant Lee, Canadian Institute of Marketing

aging to the reputation and wellbeing of the practice. The firm may never recover.

Accounting firm practitioners need to determine what kind of marketing they want, instead of hoping to get a one-size-fits-all solution. Small and medium firms can hire a marketing consultant to help as needed or, should the business model permit, they can create a full or part-time position dedicated to marketing.

However, do not forget the few basic tasks that don't require a marketing degree. Provide great customer service, run a few modest local ads and sponsor area events. And when the firm is ready to swim with bigger fish, the best way to ensure success is to obtain the services of a professional marketer.

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