



**CHARTERED PROFESSIONAL ACCOUNTANTS 4
INFORMATION TECHNOLOGISTS**

**Capturing Revenue
& Expenses**

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REACHING CPA4IT

We have introduced our [Client Zone Liscio](#) where you can view your CPA4IT tax reports and financial statements, see who's working on a specific document, and upload your files anytime. This dynamic process of accessing and sharing content in one place makes it flexible for you and your schedule. You can also securely communicate with your account manager via this portal.

An email has been sent to all clients with the invitation to activate your CPA4IT Liscio Account. Once you have activated your account, please follow these instructions to access your new Client.

OVERVIEW

Our **Time & Material Accounting Package Basic Package** operates on a time and materials basis, offering flexibility and tailored services to meet your accounting and bookkeeping needs. With this arrangement, you prepay monthly towards the final invoice, which will reflect the time spent on your specific requirements.

While this package is customizable, a typical corporate year-end service includes the following:

- **Preparation and Filing of Corporate Tax Return**
Ensure compliance with corporate tax obligations by accurately preparing and filing your return.
- **Preparation and Filing of Annual GST/HST Return**
Manage your sales tax reporting efficiently with our assistance in preparing and filing your GST/HST return.
- **Industry Benchmarking**
Gain insights into your business performance by comparing key metrics to industry standards.
- **Annual Financial Statements**
Receive professionally prepared financial statements that present a clear view of your company's financial health.
- **Annual Corporation Minutes**
Maintain corporate compliance with the preparation of annual minutes for shareholders and directors.
- **Annual Tax Planning & Review Meeting**
Strategize for tax savings and review your financial position with a detailed annual planning session.
- **Audit Representation Protection**
Benefit from peace of mind knowing you'll have support in the event of an audit.

This package is ideal for businesses seeking comprehensive support while paying only for the time and resources used.

At CPA4IT, we are committed to delivering financial statements and tax returns with efficiency and accuracy while keeping costs low for our clients. To achieve this, we rely on your cooperation to provide year-end information in a complete, concise, and standardized format as outlined in this guide.

This booklet is divided into three key sections:

1. **How to Collect Your Data**
2. **Explanation of Each Account**
3. **Capturing Revenue & Expense Data Manual** – a resource for submitting your data.

We also offer free [CPA4IT seminars](#) to help you minimize accounting fees, understand acceptable formats for submitting information and ensure you capture all revenue and expenses effectively as well as a library of [Recorded Webinars](#) that clients can view at their leisure.

Providing complete and accurate information in the required format helps us maintain low costs. Missing information can lead to delays, additional calls, and higher fees. If you use bookkeeping software, include a printout of your financial records along with the completed data sheets.

This guide includes standard account numbers to simplify your task. After reviewing it, complete the **Capturing Revenue & Expense Data Excel** and **Corporate Tax Checklist**, ensuring all required documents are provided.

This guide also briefly addresses common questions about revenue, expenses, and required information. Our firm supports over 2,000 corporations similar to yours, using a standardized chart of accounts tailored to your industry. At your annual review meeting, we will analyze variances in your financial statements compared to peers and ensure any differences are justified.

Please note that CRA requires all income and expenses to be reported in Canadian Dollars. If you have earned income and have incurred expenses outside Canada (USA for example) all amounts will need to be converted to Canadian currency. We will be glad to do this for you, but your cost will be somewhat higher due to the extra time spent processing your file. Also, clients with several investments to process can expect their cost to be slightly higher.

The Importance of Separating Personal and Business Expenses

Separating personal and business expenses is essential for accurate tax reporting and compliance with the Canada Revenue Agency (CRA). It ensures proper deductions, simplifies bookkeeping, and provides protection in case of an audit. Keeping separate accounts and records also maintains a professional image, supports legal protection for incorporated businesses, and aids in financial analysis for better decision-making. To streamline the process, businesses should use dedicated business bank accounts and credit cards, and track GST/HST. This separation helps optimize tax filings, reduce errors, and improve financial management.

Non- Deductible Lifestyle Expense

The CRA does not allow businesses to deduct personal or lifestyle expenses unless they are directly related to earning business income. Non-deductible expenses include groceries, vacations or personal

holidays, clothing, gifts, children’s activities, gym fitness/membership, golf club membership, social club fees and other recreation activities.

To stay compliant, keep personal and business finances separate, maintain detailed records, and seek professional advice when unsure.

INCOME

ACCOUNTS #600 and #601 - CONTRACT REVENUE

Record all invoices issued for services during the current fiscal year, the date of the invoice and the date of the invoice deposited in your bank account. Please show the amount of the invoice (excluding HST/GST) and the HST/GST charged in 2 separate columns.

Payments deposited in your bank account after the year-end will appear on the balance sheet as Accounts Receivable.

Canadian revenue is to be included in Account #600. Revenue earned in the U.S. must be converted and reported in Canadian funds in Account #601. Please record U.S. income indicating in separate columns the amount you invoiced in U.S. dollars and the Canadian equivalent. We can do the conversion to Canadian funds for you using the conversion rates set by CRA each year.

ACCOUNT #610 - HST/GST SUNDRY INCOME (Quick Method Only)

HST Sundry Income results when using the “Quick” method of reporting HST. It is the difference between the 13% HST collected and the amount of HST that is payable to CRA. The “Quick” method may only be used if CRA approved the "Quick" Method Election **and** when earned revenue is below \$400,000 including HST annually. If your HST reporting period starts on July 1, 2010 or after: The following is an example of how to calculate HST sundry income:

Total revenue **including** HST \$113,000 = (\$100,000 + 13% HST)

7.8% HST payable on the first	\$30,000	of the above	\$2,340
8.8% HST payable on the balance	<u>\$83,000</u>	of the above	<u>\$7,304</u>
	<u>\$113,000</u>	Total HST payable	<u>\$9,644</u>

Since the amount of HST collected is \$13,000 and the amount payable is \$9,644, the difference of \$3,356 is the HST Sundry Income for the year, and this amount is taxable. Our software will calculate this for you to ensure you have paid or will pay the correct amount.

If your HST/GST reporting period begins before July 1, 2010 and ending on or after that date: then please contact your Accountant for further details.

ACCOUNT #620 - INTEREST INCOME

Record any interest earned by your corporation during the fiscal year including bank account interest and GIC interest. Please include your investment statements in order to minimize the amount of time spent on your file.

ACCOUNT #630 – OTHER INCOME

Please record details of all other income earned by your corporation up to and including year-end. This should include any dividends and capital gains or losses from stock investments. You should also note if the dividend is from a Canadian security. Please send along your investment statements and complete the investment section of the **Capturing Revenue & Expense Data Manual** as this area is often difficult and time-consuming to analyze. Clients with investment income should expect a slightly higher cost due to the extra time involved in processing. Please note that this information is required to complete your corporate income tax returns.

EXPENSES

The majority of Consultants will be using the Quick Method of paying HST/GST so expenses should be entered into the manual including HST/GST. If you are using the Long Method for remitting HST/GST, expenses should be listed excluding HST/GST with the amount of HST/GST noted in the right hand column. The **Expense** summaries to be completed are contained at the end of this booklet.

ACCOUNT #700 and #701 - ACCOUNTING FEES EXPENSE

Record fees for accounting services or retainers paid to CPA4IT in Account #700 and other accounting or bookkeeping fees (QBO, Xero, and other cloud bookkeeping software/tools) in Account #701. Please include the names of the parties to whom other payments were made.

ACCOUNT #710 - ADVERTISING EXPENSE

Record expenses such as media advertising (webpage, social media posting, broadcast media and directory listing), business cards, gifts you have purchased for your clients and sponsorships or donations where a tax receipt is not provided.

ACCOUNT #720 - AUTOMOBILE EXPENSE

Canada Revenue Agency requires that an accurate mileage log be kept when a car is driven for business and personal purposes. You should keep a weekly or monthly log for each vehicle indicating the total kilometers driven and the kilometers driven to earn income. Using these two figures you can calculate the percentage that your auto is used for business purposes, therefore accurately calculating the percentage that is allowable as an expense.

The maximum monthly allowable lease expense has been increased to \$1,050 before tax, for new leases entered into on or after January 1, 2024. In 2023, the maximum monthly allowable lease expense was \$950 before taxes, \$900 in 2022 and \$800 between 2008-2021.

If you have leased a new vehicle, the down payment will be set up as a prepaid expense and expensed over the lease period, so please provide our associates with this information.

The maximum allowable interest deduction has been increased to \$350 per month for new automobile loans entered into on or after January 1, 2024. In 2008-2023 maximum allowable interest expense for a vehicle loan was \$300 per month for vehicles acquired after 2005 and \$250 in years prior to 2002.

The maximum capital cost ceiling for an automobile is \$37,000 before tax, in respect of new and used vehicles acquired on or after January 1, 2024. In 2023, the maximum capital cost was \$36,000 before tax, \$34,000 in 2022 and \$30,000 between 2008-2021.

You may also claim amortization on your personal auto. To calculate this, our associates need the value of the car at the beginning of the fiscal year. If you have purchased a new car during the year, a copy of the bill of sale will help in calculating the allowable amortization for you. As an alternative to claiming a percentage of your expenses, your corporation can pay you a car allowance as follows:

- \$0.70 for the first 5000 kilometers of business mileage in 2024 (\$0.68 in 2023; \$0.61 in 2022; \$0.59 in 2021)
- \$0.64 per km for the balance of business mileage in 2024 (\$0.62 in 2023; \$0.55 in 2022; \$0.53 in 2021)

Both methods need to be calculated, and the one resulting in a higher expense is the one to claim. There is a spreadsheet to do this calculation contained in the Expenses section of the Capturing Revenue and Expense Data Excel.

If the company owns the vehicle, expenses are recorded as noted above but the personal use percentage of the total expenses, including amortization, will be charged back to you personally.

If the vehicle is owned by the company, expenses are recorded as noted above but the personal use percentage of the total expenses, including amortization, will be charged back to you personally.

ACCOUNT #730 - BANK CHARGES

Record all bank charges from your bank statements, including costs of printing cheques and brokerage fees from investment statements.

ACCOUNT #740 - BOOKS & PERIODICALS EXPENSE

Include costs of books, magazines, newspapers, and videos that assist you in any way with your business.

ACCOUNT #750 - BUSINESS PROMOTION EXPENSE

Please record 100% of all meal and entertainment expenses for actual or potential clients. This may include expenses such as business meals and entertainment, including the cost of food and drink if entertaining clients at home, gratuities and cover charges, tickets to entertainment or sporting events including private boxes and room rental to provide entertainment.

CRA allows only 50% of meal and entertainment expenses to be deducted as they feel you are receiving some personal benefit. Therefore, all amounts included will be reduced by 50% on your

corporate tax return. Do not reduce them by 50% when reporting the expenses to us as this will lead to confusion.

Meals expense incurred while traveling (overnight accommodation required) should be expensed in *Travel Expense* where they will be 50% deductible. Please record meal during travel under a separate sub-category.

ACCOUNT #755 - COMPUTER LEASE EXPENSE

Record all expenses for leases of computer equipment.

ACCOUNT #760 - COMPUTER SUPPLIES EXPENSE

Record all computer-related expenses under \$500 each (excluding taxes). Such expenses would include hardware and software items under \$500, printer or toner, printer paper, and computer charges. Items over \$500 each are classified as assets and are covered under *Fixed Assets* in this guide.

ACCOUNT #770 - CONSULTING FEES EXPENSE

Record payments made to subcontractors or to yourself if you take your remuneration as consulting fees. If you take consulting fees, you should use the Long Method of HST/GST for your corporation and the Quick Method personally.

ACCOUNT #780 - AMORTIZATION EXPENSE

Amortization is a method of writing off the cost of an asset over its useful life. Such items would include computer hardware, software, furniture and office equipment which cost over \$500 each excluding taxes. The amount deducted each year is based on the unamortized cost from the prior year.

The more common rates of amortization are:

ASSET	FIRST YEAR	SUBSEQUENT YEARS
Automobiles	15%	30%
Zero emission vehicle (Acquired after March 18, 2019)	30%	30%
Computer hardware (Acquired after March 18, 2007)	27.5%	55%
Computer software	50%	100%
Furniture or Office Equipment	10%	20%

Our software will automatically calculate the amortization for you once we have determined the value of your assets.

ACCOUNT #800 - EDUCATION & SEMINARS EXPENSE

Record costs of courses taken or seminars attended. A maximum of two conventions per year may be claimed provided they are business related.

ACCOUNT #810 - EMPLOYEE BENEFITS EXPENSE

Record the employer's share of CPP that you have paid during the year, as well as Employer Health Tax (if applicable).

ACCOUNT #820 - GENERAL EXPENSE

Record any small incidental expenses that do not fit into any other category. If you are not sure where to put it, put it here.

Expenses are not always "all or nothing". Although it may not be appropriate to claim 100% of a particular expense, it may be reasonable to claim a portion for business purposes. If you put these items into the general category and give us a breakdown, then you can discuss their deductibility with us at your year-end.

ACCOUNT #830 - INSURANCE EXPENSE

Include amounts paid for commercial insurance on buildings and equipment as well as health and dental premiums paid to a **group** plan. Do not deduct disability premiums unless you are willing to pay income tax on any disability benefits received in the future. Life insurance premiums are not tax deductible.

ACCOUNT #840 - INTEREST & PENALTIES EXPENSE

Interest paid on money borrowed to earn income is a deductible expense.

ACCOUNT #850 - OFFICE SUPPLIES EXPENSE

Record items such as printing, stationery, postage, delivery, paper, pens, pencils and general office supplies. Office equipment or furniture which cost less than \$500 before tax should also be included here.

ACCOUNT #860 - PROFESSIONAL FEES EXPENSE

Record any legal or professional fees paid which may assist you to earn income. The fee to incorporate your business as well as memberships in professional associations should be included here.

ACCOUNT #870 - RENT EXPENSE

Rent paid for property leased for your business may be deducted. You should also record 100% of home office expenses such as heat, hydro, water, mortgage interest, home insurance, property taxes or rent, landscaping, lawn care, snow removal, repairs and maintenance and decorating. Then calculate the percentage allowable by taking the amount of space used for your home office versus the total living space of your home. Do not forget to include your garage if you use your car for business.

ACCOUNT #880 - REPAIRS & MAINTENANCE EXPENSE

Record expenses for cellular phones and on-line or Internet services, long distance calls for business made from your home telephone as well as other upgraded features in addition to basic services of your home telephone. Please note that basic residential service is not deductible but a separate business line is.

ACCOUNT #890 - TELEPHONE EXPENSE

Record expenses for cellular phones and on-line or Internet services as well as long distance calls for business made from your home telephone. Please note that basic residential service is not deductible but a separate business line is. Please note that basic residential service is not deductible but a separate business line is.

ACCOUNT #900 - TRAVEL EXPENSE

Record all business travel expenses such as plane, train, taxi, public transportation, hotel accommodations, parking, car rental and fuel for rental car. Travel expenses to attend conventions or seminars should be included here as well.

ACCOUNT #950 - WAGES & SALARIES EXPENSE

Record wages paid to any employees who are **not** directors of your company. Please note that your spouse and children can be hired as employees.

ACCOUNTS RECEIVABLE

ACCOUNT #120 - ACCOUNTS RECEIVABLE

Accounts Receivable is the amount owing for the services or products provided during the fiscal period and received or receivable after the fiscal year end.

DIRECTORS ADVANCES

ACCOUNT #150 - DIRECTORS ADVANCES

Record all withdrawals you have made for personal use and any contributions made to the company during the year.

FIXED ASSETS

ACCOUNT #190 - AUTOMOBILE

ACCOUNT #200 - COMPUTER EQUIPMENT

ACCOUNT #220 - COMPUTER SOFTWARE

ACCOUNT #230 - OFFICE EQUIPMENT

ACCOUNT #240 - OFFICE FURNITURE

Record by category all purchases which cost **over** \$500 each excluding taxes. Report to us the HST/GST on each of these purchases as this is recoverable against the HST/GST payable on your contract revenue. The cost plus PST will be recorded as of the capital cost of the asset.

PAYMENTS TO GOVERNMENT AGENCIES

ACCOUNT #310 - HST/GST PAYABLE

Record details of all HST/GST payments made or refunds received and please include working copies of your HST/GST returns. If you are using the **Quick Method for HST/GST**, you must remit 7.8% of the first \$30,000 of your gross revenue (\$26,548.67 plus 13% HST collected), and 8.8% of the

remainder of your gross revenue including HST. From this amount you may deduct any HST you have paid on assets purchased during the period (items over \$500 each excluding taxes). Please refer also to *HST/GST Sundry Income*.

If your HST/GST reporting period begins before July 1, 2010 and ends on or after that date please contact our associates for calculation of HST/GST you have to remit to CRA and the HST/GST sundry income to report on your financial statements. If you are using the **Long Method for HST/GST**, you will remit all of the HST/GST collected less all the HST you have paid on all assets and expenses.

ACCOUNT #330 - FEDERAL TAX PAYABLE

Record details of corporate taxes paid to CRA and refunds received from CRA. We need copies of the statements CRA sends you that reflect these payments as well as copies of the Notice of Assessment or Reassessment.

ACCOUNT #331 - PROVINCIAL TAX PAYABLE

Record details of provincial corporate taxes paid and refunds received if applicable. And provide copies of statements as for Federal taxes above.

ACCOUNT #320 - DIRECTORS FEES PAYABLE

Record source deductions paid during the year and provide statements of source deductions account and T4 summary and slips (Only if you prepared your T4 Summary and Slip)

CORPORATE TAX CHECKLIST

PLEASE HELP US TO REDUCE YOUR CORPORATE YEAR END FEES BY FORWARDING ALL OF THE FOLLOWING ITEMS TO US WHEN YOU SUBMIT YOUR CORPORATE YEAR END RECORDS.

Corporate Tax Checklist

1. Please go to your [CPA4IT Client Zone](#) to upload your corporate tax return information below to your in order for us to commence your tax return preparation (Please email your account manager to confirm once you have uploaded)
2. The **revenue, expenses, assets and liabilities of your corporation** for the fiscal period using our **CRED EXCEL & Manual**, a spreadsheet or any accounting software. If you are using your own software, please provide a printout of the **Bank Reconciliation, General Ledger, Balance Sheet & Income Statement** along with the above items. If you are using a cloudbased software we don't need printed reports, however, you will need to provide accounting access to your Account Manager. To give accountant access you can access instructions for [QBO](#), [Xero](#), [Hubdoc](#), or [Dext-Receipt Bank](#).
3. **Corporate bank statements** and cancelled cheques for the entire fiscal period plus the first month of the next fiscal period (for all 13 months in total)
4. **Corporate credit card statements** for the entire fiscal period plus the first month of the next fiscal period (for all 13 months in total)
5. Copies of **statements for any corporate brokerage accounts** (corporate investments) maintained during the entire fiscal period
6. Copies of any **term deposit certificates, GIC's or money market funds** which were taken out or matured during the fiscal period
7. Copies of **Initial Minutes** and **Articles of Incorporation** (For new clients who are processing a first tax return). We need particulars of any sole- proprietorship/partnership/another corporation, if applicable.
8. Copies of your last completed tax return with all **Income Statements, Balance Sheets, General Ledgers, Trial Balances, and Adjusting Journal Entries** (For new clients who have processed prior tax returns).
9. Please provide an **estimate of personal income, deductions** and **RRSP contributions** for each director for the current calendar year.