




EMPLOYEE BENEFITS

BENEFIT CATEGORY	GIFT	AWARD	REWARD	LONG-SERVICE AWARD
	<p>A gift has to be for a special occasion:</p> <ul style="list-style-type: none"> • Religious holiday • Birthday • Wedding • Birth of a child 	<p>An award has to be for an employment-related accomplishment:</p> <ul style="list-style-type: none"> • Outstanding service • Employees' suggestions • Meeting or exceeding safety standards. <p>A valid, non-taxable award has:</p> <ul style="list-style-type: none"> • Clearly defined criteria • Nomination and evaluation process • Limited number of recipients 	<p>Anything given to your employees for performance-related reasons:</p> <ul style="list-style-type: none"> • Performing well in the job they were hired to do • Exceeding production standards • Completing a project ahead of schedule or under budget • Putting in extra time to finish a project • Covering for a sick manager/colleague 	<p>If it has not been at least five years since the employee's last long-service or anniversary award, then the award is a taxable benefit.</p> <ul style="list-style-type: none"> • For example: if the 15 year award was given at 17 years of service, and then the next award is given at 20 years of service, the 20 year award will be a taxable benefit, since five years will not have passed since the previous award.
NON-CASH	<p style="text-align: center;">NON-CASH GIFT OR AWARD (NON-TAXABLE TO \$500)</p> <ul style="list-style-type: none"> • Tickets to an event on a specific date and time • Vouchers <p>*A gift card or gift certificate to a movie theatre is not considered an event ticket. Amounts over \$500 are taxable. IE: \$650 non-cash gifts equals \$150 taxable benefit</p>		<p style="text-align: center;"> NON-CASH REWARD (TAXABLE)</p> <ul style="list-style-type: none"> • Event Tickets • Vouchers • Purchased goods <p>*A gift card or gift certificate to a movie theatre is not considered an event ticket.</p>	<p style="text-align: center;">NON-CASH LONG-SERVICE AWARD (NON-TAXABLE TO \$500)</p> <ul style="list-style-type: none"> • Event Tickets • Vouchers • Purchased goods <p>*A gift card or gift certificate to a movie theatre is not considered an event ticket. Amounts over \$500 are taxable. IE: \$650 non-cash gifts equals \$150 taxable benefit</p>
CASH/NEAR-CASH	<p style="text-align: center;"> CASH/NEAR CASH GIFT OR AWARD (TAXABLE)</p> <ul style="list-style-type: none"> • Cash • Gift Certificates • Anything that can easily be redeemed for cash • Non-cash gifts beyond the \$500 deductible 		<p style="text-align: center;"> CASH/NEAR CASH REWARD (TAXABLE)</p> <ul style="list-style-type: none"> • Cash • Gift Certificates • Anything that can easily be redeemed for cash 	<p style="text-align: center;"> CASH/NEAR-CASH LONG-SERVICE AWARD (TAXABLE)</p> <ul style="list-style-type: none"> • Cash • Gift Certificates • Anything that can easily be redeemed for cash • Non-cash gifts beyond the \$500 deductible
NOTES	<ul style="list-style-type: none"> • GIFTS AND AWARDS ARE NON-TAXABLE UP TO \$500 • The gifts and awards policy does not apply to gifts or awards given to non-arm's length employees, such as your relatives, shareholders, or people related to them. • The gifts and awards deductible is over and above the \$500 allotted for long-service awards. • Items of small or trivial value are non-taxable such as: coffee or tea, T-shirts with employer's logos, mugs, plaques or trophies. 		<p>Rewards are considered additional income for employees who go above and beyond in their described roll. Rewards (cash or non-cash) are the result of an employee doing their duty, therefore, are deemed taxable income.</p>	<p>LONG-SERVICE AWARDS ARE NON-TAXABLE UP TO \$500</p> <p>The Long-service award deductible is over and above the \$500 allotted for gifts and awards</p>

"OTHER" EMPLOYEE BENEFITS

SOCIAL EVENTS	HOSPITALITY FUNCTIONS	SOCIAL COMMITTEE PRIZE DRAWS AND GIFTS	LOYALTY AND OTHER POINTS PROGRAMS
<p>A free party or other social event for:</p> <ul style="list-style-type: none"> • Employees • Employers 	<p>A party or other social event for:</p> <ul style="list-style-type: none"> • Employees • Employers • Vendors • Clients • Potential Clients 	<p>There are separate guidelines for social committees run by the employer than committees run by the employees.</p>	<p>Considered "near-cash" in most cases, loyalty points are a taxable benefit. The responsibility of reporting is dependent on who owns the points account.</p>
NON-TAXABLE	NON-TAXABLE	NON-TAXABLE	 COMPANY ACCOUNT
<p>\$150 per person or less</p> <ul style="list-style-type: none"> • Additional costs such as transportation home, taxi fare, and overnight accommodation are not included in the \$150 per person amount. 	<p>Event is Work Related (sometimes mandatory)</p> <ul style="list-style-type: none"> • Planning or education sessions • Networking sessions <p>Primary Beneficiary is the employer</p>	<p>A prize that is won from an EMPLOYEE RUN social committee or group is non-taxable. The prize is considered a "windfall".</p>	<p>EMPLOYER REPORTS INCOME:</p> <p>If an employee uses company credit or points card when making purchases, the Employer is responsible for reporting the benefit, recording the fair market value of the items or services purchased with said points, as taxable income.</p>
 TAXABLE	 TAXABLE	 TAXABLE	 EMPLOYEE ACCOUNT
<p>Greater than \$150 per person</p> <ul style="list-style-type: none"> • the entire amount, including the additional costs (taxi, accommodation), is a taxable benefit. 	<p>Celebration for</p> <ul style="list-style-type: none"> • the completion of a project or task • a job well done <p>Considered a "perk" of employment</p>	<p>A prize that is won from an EMPLOYER RUN social committee or group is taxable. This is considered a benefit of employment.</p>	<p>EMPLOYEE REPORTS INCOME:</p> <p>If an Employee uses own credit cards/points account and is reimbursed for company purchases, point deduction is taxable under any of these conditions:</p> <ul style="list-style-type: none"> • the points are converted to cash • the plan or arrangement between you and the employee seems to be a form of additional remuneration (job perk) • the plan or arrangement is a form of tax avoidance
NOTES	NOTES	NOTES	NOTES
<p>WHEN TO INCLUDE GST: NO – All cash benefit YES - All or part is non-cash - not an exempt or zero-rated supply</p>		<p>A prize draw based on job performance is also an employee benefit and is therefore taxable income.</p> <p>A prize that is won by a JOINT Employer/ Employee run committee must be split by a percentage that reflects the division.</p>	<p>New Tax Laws have just been implemented. The changes are geared toward capturing the tax revenue from the point system, non-cash economy. Expect to see more scrutiny regarding loyalty points and allocation in the near future. Auditors will be seeking these errors and omissions upon review of your books. Be sure you understand your obligations.</p>