BUILD A BETTER BUSINESS™

Taxes and Other Fees Manual

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Build a Better Business Program
Taxes and Other Fees Module
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CONTENTS

1	Introduction & Understanding Personal Taxes	4
2	Personal Taxes and Planning	6
3	Corporate Taxes & Why Profit Matters	11
4	Payroll Fundamentals	15
5	Payroll Remittances, Providers & WCB	20
6	GST and RST	23
7	Indigenous Business Taxes	29
8	Special Levies, Fees & Permits	34
9	Action Steps	37
10	Module Resources	37
11	Module Appendix	43

Land Acknowledgement

Let us begin by taking a moment to reflect on the significance and the history of where we are gathered. A place thousands of First Nations people called home for generations. Community Futures is located on the traditional territories of the Anishinaabe, Cree, Oji-Cree, Dakota, and Dene peoples, and on the national homeland of the Red River Métis. We respect the treaties that were made on these territories, and we acknowledge that we are all treaty people. Community Futures is committed to move forward with Indigenous communities in the spirit of reconciliation and collaboration to make Manitoba an inclusive and accessible place for everyone.

1

Introduction & Understanding Personal Taxes

If you feel unsure or stressed when you hear the word “taxes,” you are not alone! Many people find taxes confusing, especially when starting a business. But the more you understand taxes, the easier it will be to plan, avoid surprises, and make better business decisions.Topics will include:

- **Introduction & Understanding Personal Taxes**
  - How Taxes Work in Canada
  - Average and Marginal Tax
- **Personal Taxes and Planning**
  - Personal Taxes, CPP and EI
  - Planning for Taxes: Sole Proprietorships, Partnerships, Corporations
  - Important Dates and Record Keeping
  - CRA Liaison Officer Service
- **Corporate Taxes and Why Profit Matters**
  - Sole Proprietorships and Partnerships versus Corporations
  - Corporate Tax Basics
  - Tax Filing Deadlines and Installment Payments
  - CRA My Business Account
  - Paying Tax is Not a Bad Thing
- **Payroll Fundamentals**
  - Employee or Contractor
  - Your CRA Payroll Account and Source Deductions
  - Payroll Information Returns
  - The True Cost of Employees
- **Payroll Remittances, Providers and Workers’ Compensation Board**
  - Payroll Remittance Schedules and Myths
  - Payroll Providers
  - Workers’ Compensation Board (WCB)
- **GST and RST**
  - GST Basics, Remittances and Payments
  - RST Basics, Remittances and Payments
- **Indigenous Business Considerations**
  - Tax Rules and Connecting Factors
  - GST, RST and Income Tax
  - Business Examples
  - Record Keeping and Getting Support
- **Special Levies, Fees and Permits**
  - BizPal.ca
  - Recycling and Hazardous Materials
  - Excise Tax
  - Considerations for Food Businesses
  - Buildings and Their Permits

1

How Taxes Work in Canada

Canada has a progressive tax system. This means that the more money you earn, the more tax you pay, but not all your income is taxed at the same rate.
A simple way to think about this is to imagine climbing stairs. Each step up has a different tax rate. You pay one rate on the first part of your taxable income, then a higher rate on the next part, and so on.

This system is designed so that people with higher income pay more tax, but only on the taxable income in those higher steps or levels. Once you understand this system, you can start to plan ahead instead of being surprised at tax time.

Let's look at a simple example. Imagine two people, Alex and Jordan. Alex earns $30,000 in one year. Jordan earns $70,000. Both Alex and Jordan pay the same tax rate on the first $30,000 they earn. Jordan will also pay tax on the income above that amount, and some of it will have a higher tax rate. But earning more money is always a good thing. You will never lose money by moving into a higher tax bracket. This is a common misunderstanding. Some people avoid earning more because they worry about taxes, but this can actually hold them back. Understanding how this works helps you make better decisions for your business.

Understanding Average and Marginal Tax

There are two important terms that help explain how taxes work: average tax rate and marginal tax rate. Your average tax rate is the total amount of tax you paid divided by your total taxable income. It shows the overall percentage of tax you paid. Your marginal tax rate is the rate of tax you pay on your next dollar of taxable income. This rate changes as your taxable income increases and you move into higher tax brackets. Tax brackets are the different levels, or "steps," in the tax system and apply to taxable income. Taxable income is your income after allowed deductions. A simple way to remember the difference between average and marginal tax rates is that your average tax rate looks at the past, while your marginal tax rate looks at the next dollar you earn.

Tax Brackets in Canada

As we just learned, tax brackets are the different levels, or "steps," in the tax system.
In Canada, individuals who earn income will pay both federal tax and provincial tax. Federal tax rates are the same across the country, while provincial rates are set by each province. For instance, if you live in the province of Manitoba, you will pay both federal and Manitoba tax.
It is important to know that tax rates for taxable income levels change every year. Because of this, you do not need to memorize the numbers. Instead, you should know where to find the most current information.

1

You can find up-to-date tax rates at these official government websites. These sources will always have the most accurate and current information:

Federal income tax rates: https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/income-tax-rates.html

Manitoba personal tax rates: https://www.gov.mb.ca/finance/taxation/personal_tax.html

Key Idea to Remember

The most important idea from this section of the module is that moving into a higher tax bracket does not mean all your income is taxed at that higher rate. The higher rate only applies to the taxable income in that step or tax bracket. Because of this, you should never avoid earning more money because of taxes. Instead, the goal is to plan for taxes so you are always prepared.

Action Step

1. Visit the government websites provided in this section of the module, and look up current tax brackets and rates.
2. Estimate your own taxable income, and see which tax bracket you might fall into.

2

Personal Taxes and Planning

When you own and operate a business in Canada, thinking about taxes isn't something you do just at year end, you should plan for this important part of your business all year long. The goal is to plan ahead so you aren't surprised when it is time for you and your business to pay taxes. Let's explore setting up properly to plan for, and pay, tax payments from the very beginning.

2

Your Personal Tax, CPP and EI Responsibilities

If your business is not incorporated, you are responsible for reporting your business income on your personal tax return. This applies to sole proprietorships and partnerships. This also means you are responsible for setting aside and paying your own taxes. No one is taking tax off your business income automatically like your employer would, if you were employed at a job.

Your business income is added to your personal income and taxed the same way.
So that means you'll need to think about programs like the Canada Pension Plan, often called CPP, and Employment Insurance, or EI and how these fees and responsibilities apply to your business income. Let's take a closer look at that now, starting with Canada Pension Plan.

Canada Pension Plan (CPP)
If you are self-employed, you must pay both the employer and employee portions of CPP on your business net income. This means your CPP payment will be higher than if you were an employee. While this can feel expensive at first, it is important to remember that CPP contributions help build your future retirement income. By paying into CPP during your working years, you may qualify for monthly CPP payments later in life. The amount you receive in your retirement years depends on a number of factors including when you start your retirement payments, how much you contributed and how long you contributed. So, in the long-term, you'll receive a benefit from CPP contributions you make while operating your business.

Find out more about CPP requirements and current rates for self-employed individuals.
CPP: https://www.canada.ca/en/services/benefits/publicpensions/cpp/contributions.html

Employment Insurance (EI)
The Employment Insurance, or EI, program usually isn't available to small business owners, and therefore contributing EI payments isn't required. However, in certain circumstances self-employed individuals may qualify to participate in the program. Because there are very complex and specific requirements to qualify, you should find out more information before contributing.

Find out more about EI for self-employed individuals.
EI Program: https://www.canada.ca/en/services/benefits/ei/ei-self-employed-workers.html

Planning for Personal Taxes - Sole Proprietors/Partners

If you own a sole proprietorship or partnership, the net income from your business is taxable at personal tax rates in the year it's earned. Business income is the amount left after you subtract allowed business expenses from your business income.

It is important to remember that you will also have to pay both the employer and employee portions of CPP when you file your taxes as well as EI premiums, if you qualify and have chosen to participate. A common guideline is to set aside about 25 to 30 percent of your profit for personal taxes, CPP payments and EI, if applicable. It is a good idea to move this money into a separate bank account, so you don't accidentally spend it. Many business owners get into trouble by using the money they set aside for taxes.

Planning for Personal Taxes - from a Corporation

If your business is incorporated, then you have options about if, when, and how much income you receive from the corporation and the form in which you receive it. Your bookkeeper or accountant will issue you the appropriate tax documents each year, such as a T4 for employment income or T5 for dividend income. We'll look at corporations more closely in the next section in this module.

Filing and Payment Dates

Individuals who are sole proprietors or partners, and have self-employment income, will have until June 15 of each year to file their personal income tax return, but any amounts owing need to be paid by April 30. And if the tax on self-employed earnings is not paid by April 30, CRA will assess interest on any unpaid amounts as of May 1, but provided you file before June 15, there will be no penalties assessed. Filing after June 15 will result in penalties and additional interest on any amounts owing.
This amount will add up quickly, so it's important to be on time with your payments. The current rates and deadlines can be found on this website:

Interest and penalties on late taxes: https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/interest-penalties/late-filing-penalty.html

It should be noted that Individuals who own incorporated businesses are not considered self-employed for personal income tax purposes, so they are required to file their personal taxes by April 30 of each year.

Installment Dates and Payments

if your net tax owing is more than $3,000 for the current year and one of the two past years, you may have to pay tax installments on your next year's taxes. Instalments are simply smaller payments you make during the year instead of one large payment at tax time. This can make taxes easier to manage and reduce surprises. Installment payment dates are typically March 15, June 15, September 15 and December 15. Penalties and interest apply if you don't make installment payments but are required to.

Of course, any of this specific information can change so it's best to refer to the CRA website for the most current information. Speak with your tax preparer if you have questions about personal taxes and installment payments.

Required tax installments for individuals: https://www.canada.ca/en/revenue-agency/services/payments/payments-cra/individual-payments/income-tax-instalments.html

Starting Right from Day One

One of the best things you can do is set up good habits from the very beginning. Opening a separate business bank account makes it much easier to track your business income and expenses. It also keeps business and personal money separate. And it's a good idea to use a separate credit card for your business too.

Review the Bookkeeping Basic module of this Build a Better Business Program for more information and strategies on this topic. Canada Revenue Agency or CRA, recommends keeping clear and complete records for your business.

CRA Keeping Records:
https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/keeping-records.html

It is also important to know that CRA is moving towards online services as their default for small businesses. If you've set up a CRA 'My Account' or 'My Business Account', your correspondence and business notices will be delivered through that portal instead of by paper mail.
If you haven't set up your 'My Account' or 'My Business Account', or you have requested paper copies, CRA will continue to deliver correspondence and notices to you by paper mail.

CRA Online: https://www.canada.ca/en/revenue-agency/services/e-services/digital-services-businesses/business-account/about-business-account/online-mail-for-business.html

Because there is so much to learn, CRA offers free business videos and webinars on tax and other business topics. The World Trade Centre (WTC) in Winnipeg also offers free webinars as well. Visit their event websites to register for these learning sessions.

CRA Videos (many topics): https://www.canada.ca/en/revenue-agency/news/cra-multimedia-library/businesses-video-gallery.html

WTC Training and Events: https://wtcwinnipeg.com/training-and-events/

Mileage Tracking

Tracking your personal and business vehicle use starts with keeping a detailed log of the date, where you went, why you went, and how many kilometres you drove. CRA provides step-by-step instructions on this important calculation.

CRA Motor Vehicle Records: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/business-expenses/motor-vehicle-expenses/motor-vehicle-records.html

Liaison Officer Service

If you're unsure about CRA rules and requirements, it's important to reach out for help. CRA offers free assistance to small business owners through their Liaison Officer service. You can ask questions and attend free webinars to learn more. The Liaison Officer won't tell other government departments about the questions you have, so there's no risk to reaching out.

Liaison Officer Service: https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/liaison-officer-initiative-loi.html

Action Step

1. Open a separate business bank account, if you don't already have one.
2. Visit the Liaison Officer Services website to find out about the free services they offer.

3

Corporate Taxes and Why Profit Matters

Let's look at what happens when you incorporate a business, and how corporate taxes generally work. The way you set up your business changes how income is taxed, how you manage your money and how you plan for the future.

Sole Proprietorships/Partnerships versus Corporations

If you are a sole proprietor or part of a partnership, your business income is taxed as part of your personal income. If your business is incorporated, it becomes a separate legal entity. This means the corporation pays its own taxes.
The corporation can still pay you from the business, but the business income and your personal income are now separate. If you own a corporation, you may pay yourself salary, dividends, or a mix of both. Salary and dividends are taxed differently, so this should be planned with your accountant.

Incorporating your business can offer benefits, but it also adds cost and complexity. There are legal and accounting requirements to run a corporation, that are not required for sole proprietors or partnerships. This is why it is important to understand both options before deciding. We'll dive into the taxation for corporations now, but it's a good idea to speak to an accountant and review the business structure information on the Manitoba Companies Office website before incorporating your business.

Manitoba Business Corporations:
https://companiesoffice.gov.mb.ca/starting_manitoba_corporation.html

Sole Proprietorships and Partnerships:
https://companiesoffice.gov.mb.ca/starting_business_name.html

Corporate Tax Basics

Most incorporated small businesses in Canada are set up as something called a Canadian-Controlled Private Corporation, or CCPC. A CCPC is a private company that is owned and controlled by Canadian residents and earns less than $500,000 in profit in the year.

CCPCs qualify for a federal small business deduction that will reduce the federal tax rate on active business income. At the time this manual was created, the federal small business rate was 9%, but rates and limits can change. Always check with CRA for the most current rates.

Manitoba currently doesn't charge a provincial income tax on active business income to CCPCs, up to the $500,000 small business limit. Again, these rates can change, so it's best to find current information about corporate tax rates on the federal and provincial websites.

Manitoba Corporate Income Tax: https://www.gov.mb.ca/finance/business/ctaxes.html

Federal Corporate Tax Rates: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-tax-rates.html

Active versus Passive Income

Now, that last bit of tax rate information applies to a corporation's active income. Not all income in a corporation is treated the same. Active income is money earned from running your business. This could be from selling products or providing services. Passive income is money earned from investments. This could include interest, rental income, or dividends.

Active income is usually taxed at a lower rate, as we've just covered in this module. Passive income is often taxed at a higher rate.

For most small business owners, the focus is on active business income. Passive income rules can become more important as your business grows and starts to invest. These rules can be complicated, so it's best to discuss your situation with your accountant or tax preparer. Information about active and passive income taxes for corporations can be found on the CRA website.

CRA Active Income: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4012/t2-corporation-income-tax-guide-chapter-4-page-4-t2-return.html#P2876_209101

Example: Lee's Business Choice

Let's look at an example of how taxes may apply to the owner of an incorporated company. Lee runs a busy mechanic shop and has decided to incorporate his business. The first year after incorporating, the business earns a profit, and Lee claims the small business tax deduction as a Canadian Controlled Private Company (CCPC). He doesn't need all of the money that was earned by the business, so some of the funds are left in the company.

Because the business is incorporated, the taxable income is taxed at the corporate rate of 9% first. This is lower than Lee's personal income tax rate. The money left in the business is used to grow the business. When Lee decides to take that money out as personal income, either through dividends or as a salary, his personal tax will still apply. There are many more steps in this process that Lee discusses with his accountant, to make sure he's making a decision that helps to minimize the tax that is paid.

This situation is sometimes called “double taxation.” The corporation pays tax on the taxable income first, and then the owner may pay personal tax when dividends or a salary is taken out of the business. Every situation is different, but incorporating does not always reduce the total amount of tax paid, rather it may change the timing of when the tax is paid.

Filing Deadlines and Installments

Corporations have different tax filing and payment deadlines than individuals. A corporation must file a corporate tax return, called a T2 return, every year. The return is due six months after the end of the company’s fiscal year. A corporation’s tax year, also called their fiscal year, doesn’t have to be the same as the calendar year. Often, the year-end is tied to the date of incorporation, which is the date the corporation started.

Even though the return is due six months after the corporate year-end, any taxes owing are usually due three months after the year-end for a CCPC, or 2 months after the year-end if your corporation is not a CCPC.

Most corporations will need to make tax instalment payments during the year. These are smaller payments made throughout the year instead of one large payment at the end. Because installment payments are routinely made, many corporations don’t confirm their taxes owing until the income tax return is filed, up to six months after their year-end. There are no penalties if the corporation does this, provided the return is filed on time, and provided the instalments were reasonably accurate. Any interest that the corporation owes on late tax payment is usually minimal. Check with your tax preparer to see if that strategy makes sense for your corporation.

Since corporations are required to file a separate tax return, and these corporate tax returns are more complicated to prepare, filing tax returns for a corporation can be a big expense. This is one of the main reasons many small business owners do not incorporate right away. Many accountants charge a minimum fee for preparing corporate tax returns. These fees can vary depending where you live, but often start around $2,000. This is just for completing and filing the T2 corporate tax return, and the actual fee will depend on the size of your corporation. Other services your corporation might need like bookkeeping, tracking and filing GST and RST remittances, and payroll filings will cost extra. There is a lot to know about corporate taxes and payments! If you’d like to learn more, visit the links below.

Corporate filing deadlines: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-income-tax-return.html

Corporate tax payments and instalments: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-payments.html

Online CRA Accounts

It's important to know that the CRA doesn't send reminder notices for corporate income tax instalments. This means you need to track the installment due dates and amounts listed in your 'My Business Account', and plan your corporation's payment schedule accordingly. Your 'My Business Account' should also be used to track balances, file returns, and stay up to date on correspondence and notices from CRA. Once registered for this online service, make sure to check in often. You can register for your company's 'My Business Account' by visiting the CRA website.

My Business Account: https://www.canada.ca/en/revenue-agency/services/e-services/digital-services-businesses/business-account/about-business-account.html

Why Paying Tax Can Be a Good Thing

Some business owners try to avoid paying taxes at all costs. That isn't a great strategy to use because remember, Canadian Controlled Private Corporations who qualify for the small business deduction, will only pay 9% federal income tax! Paying tax often means your business is doing well. Here are four great reasons to show a profit.

Number one is growth. Healthy profits can help your business to grow and expand.

Number two is credit. If your company needs business financing, showing a profit reduces lending risk in the eyes of creditors. As a business owner, you will need to show both your personal and business income tax returns to apply for personal or business credit. Additionally, your CRA accounts will need to show you're up-to-date, with no outstanding balances.

Number three is saleability. If you'd like to sell your business one day, you'll have a hard time getting someone to buy it if your business isn't profitable. Additionally, if a buyer needs to borrow money to purchase your business, they'll need to provide your profitable financial statements to their lender when applying for their loan.

And reason number four is the CRA. CRA expects you to start a business with the goal of becoming profitable. If you're losing money year after year, CRA could question your intent to run a profitable business and after a while, may not allow the business losses you're claiming. This is especially true if your business losses are reducing any taxable income you have from other sources.

Action Steps

1. Take some time to confirm whether your business is incorporated, or not.
2. Visit the CRA website to learn more about this topic.

Payroll Fundamentals

Employee or Contractor

One of the first decisions you need to make is whether the person working for you is an employee or a contractor. As we covered in the Human Resources module of this Build a Better Business Program, an employee works under the direction of their employer. The employer controls how and when the work is done, and that employee uses company equipment and tools to complete their tasks.

This is a different situation from a contractor. A contractor runs their own business. They decide how the work is done and often work for more than one client. They use their own business equipment and systems.

To determine whether the relationship is that of a contractor or employee, CRA will look at the facts of the working relationship. It's very important to start off right by setting up your situation correctly from day one. If CRA rules that the relationship has been misclassified as a contractor, when it's really an employment relationship, there are penalties, interest and mandatory repayment of all CPP and EI contributions. If you're unsure about a worker's status, you can ask the CRA for an official ruling to avoid this costly mistake. There is more information on the CRA website, so you can spend time exploring this important topic.

CRA Employee or Contractor: https://www.canada.ca/en/revenue-agency/services/tax/canada-pension-plan-cpp-employment-insurance-ei-rulings/employee-self-employed.html

Example: Nathan's Mistake

Let's look at an example of how this simple misclassification can cause big problems for a business. Nathan runs a small landscaping company and needs to get help to complete a big job. He hires someone, and calls this new worker a contractor so he can avoid tracking payroll and remitting payroll deductions and taxes.

For this big landscaping job, Nathan sets the worker's schedule, provides the landscaping equipment and tools, and directs the work. A few months later, CRA reviews this relationship and based on the facts of the case, they decide the worker is actually an employee not an independent contractor. Nathan's company is required to pay the employee and employer portions of the CPP and EI source deductions, income tax that should have been withheld by the employer, along with penalties and interest on those amounts. This common mistake can be very costly to a business owner.

Setting Up and Managing Your CRA Payroll Account

Let's move on to how employers can set up and manage their CRA Payroll accounts. Before paying employees, employers must register for a payroll account with the CRA. This account allows employers to report wages and properly send in payroll deductions. Without this CRA Payroll account, employers can't meet their payroll obligations correctly.

The CRA now defaults to using the online My Business Account for employers' payroll management, for filing returns, checking balances and sending out general communications to small businesses. It's important that every employer check their My Business Account so notices and alerts aren't missed. The links to setting up your Payroll Account and registering for a My Business Account are below.

CRA Payroll: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/open-manage-payroll-account.html

CRA My Business Account: https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/business-account.html

It's also important for business owners to maintain control of their CRA My Business Account. This account is used for many important government communications, filings, and notices. Even if an employee, bookkeeper, accountant, or payroll provider helps manage payroll or filings, the business owner should retain access to their online account and review information regularly.

Setting Up Payroll for Your Employees

When your company hires an employee, and before you can pay them, you need to collect their important information. You must get your employee's Social Insurance Number, also called a SIN. You also need them to complete federal and provincial TD1 forms. These forms tell the employer the amount of source deductions to deduct from an employee's pay. There are step-by-step instructions available from CRA if you or your employee want to know more about how these forms should be completed. The links follow.

TD1 forms: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/set-up-new-employee/filing-form-td1.html

CRA TD1 video: https://www.canada.ca/en/revenue-agency/services/tax/individuals/educational-programs/videos.html

If your business is located on-reserve and you employ Status Persons, the source deductions such as income tax and CPP, may be tax-exempt under section 87 of the Indian Act. There are guidelines to help you determine whether your employees will be tax exempt. The form is called Form TD1-IN.

CRA Guidelines and TD1-IN forms: https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/td1-in.html

Employers must also follow Manitoba Employment Standards for rules about vacation pay, public holidays, hours of work and termination. These aspects of payroll will impact how your system is set up. There's more information on Manitoba Employment Standards in the Human Resources module of the Build a Better Business Program. The link to a Quick Guide to Employment Standards follows.

A Quick Guide to Employment Standards:
https://www.gov.mb.ca/labour/standards/doc,quick_guide,factsheet.html

Source Deductions

If you have employees, you must take specific amounts off your employee pay cheques, and these amounts are called source deductions. Source deductions include income tax, Canada Pension Plan contributions, and Employment Insurance premiums. In addition to deducting and sending in the employee's portion of these source deductions, the employer must also contribute CPP and EI amounts for each of their employees. These are called mandatory employer costs or MEC.

Currently, employers match the amount of CPP that is withheld from an employee's pay, and pays 1.4 times the amount of the EI premium that is deducted from an employee's pay. More on these deductions was covered under the Human Resources module of the Build a Better Business Program. And if you are unsure about this source deductions step, make sure you talk to an expert about your obligations. A payroll provider, payroll bookkeeper or accountant can guide you in this area.

Remember that the money you deduct from an employee's pay does not belong to you. You are holding it in trust for the government. If those source deductions aren't sent in, your company will face penalties and interest, along with the original amounts owing. The CRA takes this very seriously. Payroll deductions are one of the most common areas where businesses make mistakes and face penalties and interest charges.

It's important to calculate the correct amount for source deductions, keep them separate from other business funds so they aren't spent by mistake, and send those funds in to the CRA on time. In most cases, these payments are due by the 15th of the month after you pay your employee. More details on payroll deductions can be found on the CRA website link below.

CRA Payroll Deductions: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/calculating-deductions.html

Payroll Information Returns

At the end of each year, employers prepare T4 slips for employees. These slips are filed with CRA and copies are given to employees. Many businesses file these online. If you use a payroll provider, they will often prepare and file the T4s for you. T4 slips are due by the last day of February following the calendar year they apply to. More on filing T4s can be found on the CRA website link below.

CRA Employer's Guide to Filing T4s and Summaries: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4120/employers-guide-filing-t4-slip-summary.html

Now, for more complex businesses, there may be other information forms like T5s, T4As, and T5018s that have to be created and submitted to CRA each year, as well. If your company is required to complete these forms, you likely use the services of an accountant who can assist you with preparing these documents. Here's what each of these forms cover.

Let's start with T5s. If your business is incorporated and the owners are paid in full or in part with dividends, a T5 will need to be filed that details the dividends paid and any income tax that has been sent in to CRA.

T5018 are an additional information return required to be filed by construction companies for services paid to other individuals or companies for construction services. If more than 50% of a business's income-earning activities are from construction, its primary source of business income is deemed to be construction.

And lastly, T4As are used for certain payments like fees or commissions paid by your company to its workers. T4As are used in very specific circumstances so consult with your accountant or payroll provider for assistance with this method.

Taxable Benefits

If your company provides more than just a simple wage to your employees, you're likely providing something called benefits to your workers. Benefits can include extras like health coverage, company vehicle usage, gifts to employees or allowances. According to CRA, some of these benefits are taxable. This means their value must be included as part of the employee's income. Employers must calculate the value of these benefits and include them as part of payroll. These taxable benefits can be quite complicated so it's best to read more about this topic and ask your accountant or payroll provider for guidance.

CRA Taxable Benefits and Allowances: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4130/employers-guide-taxable-benefits-allowances.html

Example: The Company Vehicle

Alex, a business owner, lets an employee drive a company vehicle for both work and personal use. Alex doesn't realize that personal use of that company vehicle is a taxable benefit.
At the end of the year, this benefit was not reported properly on the employee's T4. When CRA audited Alex's company and payroll was reviewed, the business payroll records required a big adjustment. Alex's company had to pay the income tax, CPP and EI amounts owing on those taxable benefits because they originally weren't included on the employee's T4. The company also had to pay penalties and interest on the source deductions owing. This example shows why it's important to understand the rules around taxable benefits.

The True Cost of Employees

When a business hires an employee, there is more involved than just paying for the cost of their employee wage. In addition to wages, the employer must also pay mandatory employer contributions for CPP and EI. There can also be costs like vacation pay, benefits, allowances and training costs. Because of this, the true cost of an employee can be much higher than just their hourly wage. Hiring an employee is a big step when growing your business. Understanding the full cost of hiring and maintaining an employee can help you make better decisions and plan ahead. CRA offers a handy payroll deductions calculator online so you can begin to estimate the cost of hiring an employee.

CRA Payroll Deductions Online Calculator: https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/payroll-deductions-online-calculator.html

4

one last payroll fundamental every business owner should know. When an employee stops working for you, you need to issue a Record of Employment. Even if an employee worked for your company only one day or one hour, a Record of Employment must be provided to them. There are no exceptions, if they are considered your employee, and not a separate contractor, a Record of Employment will be required. CRA provides step-by-step instructions on how to complete this important form.

Completing the ROE: https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/roe-guide.html

Action Steps

1. If you currently use contractors, take time to confirm whether these workers should be considered contractors or if they're really your company's employees.
2. If you haven't checked your My Business Account very often in the past, log in and see if you have any notifications or balances owing.

5

Payroll Remittances, Providers and WCB

Remittance Schedules

Payroll deductions must be sent in to the CRA on a regular schedule. For most employers, this is usually done every month. Payroll deduction payments are usually due by the 15th of the month following payment to your employees. Remember, the money your company deducts from employee pay cheques doesn't belong to your business. You're holding it in trust for the government, and it must be sent in on time.

Your payments can be made to CRA in quite a few ways, including through your company's online banking, at your financial institution, by debit card in your My Business Account, or even through Canada Post. You can learn more about payment methods and schedules on the CRA website. The link is below.

Remittance Schedules: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/remitting-source-deductions.html

Missing these payment deadlines can lead to penalties and interest on the amount that was due, so it is important to stay organized. Penalties for late filing are based on the number of days your payment is late and the amount your company was supposed to send in. There is detailed information about late penalties and interest charges on the CRA website below.

CRA Payroll Late Penalties and Interest: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/remitting-source-deductions/how-when-remit-due-dates.html#h_2

Payroll Myths

Now let's move on to a few myths about payroll that need to be corrected. The first myth is that you can pay casual employees in cash without deducting source deductions for CRA. That is incorrect. In many situations, employers are still required to deduct and remit income tax, CPP, and EI for casual or short-term employees.

If you bring someone in to help for only a day or two, and the total amount paid is less than the CRA reporting threshold for a T4 slip, it is still important to document the payment properly. Pay by cheque or e-transfer whenever possible, instead of cash, and keep the worker's full name, mailing address, and payment records in case CRA asks questions later.

The next myth relates to an employee's probationary period in Manitoba. The misconception is that new employees are on probation for three months. That's incorrect. In Manitoba, the probation period is only 29 days! After an employee has worked for 30 days or more, your company can't fire them without cause, or you will need to pay an additional severance payment. You also risk being sued for wrongful dismissal. So, it's recommended you pay attention to this 29 day deadline, and assess your company's new employees quickly.

These payroll myths are just a few that seem to be widespread about employment and payroll rules. Payroll is a critical area to get right, so it's important that business owners get expert advice when they have questions. That brings us to our next topic of payroll software and payroll providers.

Payroll Software and Providers

Some business owners choose to use payroll software to help with the important tasks of calculating deductions, track payments, and prepare payroll reports. CRA also provides an online tool called the Payroll Deductions Online Calculator that you can use to confirm that your payroll remittances are correct.

Payroll Deductions Online Calculator: https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/payroll-deductions-online-calculator.html

Your accountant may have a payroll specialist on staff. Or companies called payroll providers offer small businesses efficient payroll services at reasonable prices. A few options of common payroll providers are:

- PayWorks with a head office in Winnipeg, Manitoba. PayWorks offers payroll specialist services built for small business.
- ADP Canada and Dayforce are two other options of professional payroll providers.

Costs and services provided can vary widely from one provider to another, so make sure to shop around. Look for providers who have Canadian payroll specialists, and who are available for questions during the time you typically do payroll.

Payworks: https://www.payworks.ca/
ADP Canada: https://www.adp.ca/en.aspx
Dayforce: https://www.dayforce.com/ca/how-we-help/dayforce/pay-accurately-and-efficiently

Workers' Compensation (WCB)

Most businesses in Manitoba need Workers' Compensation Board (WCB) coverage. WCB provides workplace injury and disability insurance in Manitoba. If you are not sure whether your business requires WCB coverage, visit their website.

WCB: https://www.wcb.mb.ca/workers-compensation-coverage

Rates vary drastically depending on industry and risk of your business. If you are the business owner, and you're going to be the only employee of your business, you may have a choice about whether you pay WCB fees and are covered. Even if you have employees, owner coverage may be separate from worker coverage, so don't assume that as the owner you are personally covered, just because your business has a WCB account.

An important distinction to know with WCB is that the WCB definition of employee differs significantly from the CRA definition. If you are doing work for another company as a subcontractor and you don't have your own WCB coverage, you'll be considered an employee of the company you are doing work for and will require coverage under their plan. Likewise, if you hire a subcontractor, your company is required to cover this subcontractor under your WCB plan, unless they have their own coverage.

When your company hires a subcontractor, it is important to gather basic information from them, so your business is protected. The appendix of this module includes a Subcontractor Information Form that you can use to make sure you're protected. A best practice would be to require the subcontractor to submit the completed form to you before paying their first invoice.

5

The WCB Manitoba website has an area where you can see if your subcontractor is in good standing with them. Checking their WCB status is known as ‘viewing clearances’. Getting a Clearance Letter on your subcontractor will confirm they are in good standing with WCB. This is a good practice, and it’s recommended you do this before their work begins. You can also sign up for Registered User Access to view these clearances and get email alerts if your subcontractors’ clearance changes.

More on this topic can be found on the Clearances section of the WCB website below.

WCB Manitoba: https://www.wcb.mb.ca/employers/clearances/

Action Steps

1. Set calendar reminders for your payroll remittance deadlines so you don’t miss payments.
2. Explore the payroll provider websites and see if their services can help your business.

6

GST and RST

let’s move on to cover the basics of the Goods and Services Tax, or GST, and Manitoba’s Retail Sales Tax, or RST.

Sales taxes are different from business income taxes or payroll tax. Sales taxes are collected from your customers, and connected to the products and services that your business sells. This sales tax money doesn’t belong to your business; it’s collected on behalf of the government and must be paid to them.

Understanding how GST and RST work is very important, because many businesses make costly mistakes when collecting and sending in their taxes. If you have questions after watching this video, make sure to check in with your local Community Futures office. They can help you source the information you need and get started on the right foot with GST and RST.

Understanding GST

Let's start with the Goods and Services Tax, also called GST. GST is a federal tax that applies to many goods and services in Canada. Right now, the GST rate is 5%. Most products and services are charged GST, but some are treated differently.

Some items are called "zero-rated." This means the GST rate is 0%. Customers do not pay GST on these items. Examples include basic groceries, feminine hygiene products, and prescription drugs.

Even though customers do not pay GST on zero-rated items, businesses may still be able to recover the GST they paid on business expenses related to selling those items. This is called claiming Input Tax Credits.

Other items are called "exempt." Customers also do not pay GST on exempt goods and services. Examples include music lessons, insurance policies, and many financial services like credit card fees. The big difference is that businesses usually cannot recover the GST they paid on expenses related to exempt goods and services. This means the rules for exempt sales are different from zero-rated sales. CRA lists zero-rated and exempt goods and services in much more detail on their website link below.

The GST Rate to Apply: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-collect-type-supply.html

As a business owner, you can register for a GST number through the Business Registration Online portal. Your My Business Account with CRA will track your installment payments and remittance due dates. Once registered for GST, your company's GST number, the GST rate and amount must be on your customer invoices and receipts.

The links for the Business Registration Online and CRA My Business Account are below.

Business Registration Online: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/gst-hst-account/register-account.html

My Business Account: https://www.canada.ca/en/revenue-agency/services/e-services/digital-services-businesses/business-account/about-business-account.html

When to Start Charging GST

In most cases, you must register for a GST number once your business sales are more than $30,000 over four consecutive calendar quarters. This is when you'll exceed a level called the small supplier threshold.

You can also choose to register for GST even before you reach this threshold. This can allow you to claim input tax credits earlier. Remember, input tax credits are the recoverable GST you paid on business costs, while registered for GST. The calculation for your company's GST remittance is relatively simple:

GST Collected - GST Paid on business costs (or Input Tax Costs) = GST Remitted

It's important to understand that your business must start charging GST as soon as you pass the threshold of making $30,000 in sales in the past four quarters. This is not something you can delay. The moment your company's sales go over that limit, you are required to register and begin charging GST on your business sales.

GST: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/when-register-charge.html

Example: Missing the GST Threshold

A business owner named Riley started a small online store selling handmade jewellery.
At first, sales were low, and Riley did not need to register for GST. But over time, the business grew. Riley passed the $30,000 threshold but did not realize it, and continued selling without charging GST. Later, when this was discovered, Riley had to go back and pay the GST amount that should have been collected on sales over $30,000, and late penalties and interest. This came out of Riley's own pocket.

So the lesson is clear, even if you didn't charge GST when your company should have, there is still a requirement to pay. This is another reason why it's important to track your sales level carefully and keep your bookkeeping up-to-date.

GST Remittance Schedules

Now, let's talk about how often you'll need to send in your company's GST remittances. If your business sales are less than $1,500,000 your company will be an annual GST filer. You still have the option of registering as a monthly or quarterly filer.

Filing due dates for annual GST filers vary by business structure, and are listed on your screen. You will typically receive a GST return notice in your My Business Account so you remember to file it online by the due date. GST filing dates for corporations are always tied to the corporation's fiscal year-end. For a:

- Sole Proprietor the GST payment is due April 30 and Return is due June 15.
- Partnership the GST payment and return are both due March 31.
- Corporation the GST payment and return are due three months after corporate year-end.

GST Installment Payments

If your company collects more than $3,000 in GST per year, it will most likely be required to make quarterly GST installments. GST Installment payments are due by the end of the month following the end of your quarter. For instance, if the quarter end is March 31st, your GST Installment Payment is due to be paid by April 30th.

CRA does provide GST installment reminders, but some businesses might miss these notices if they don't monitor their online CRA My Business Account. It's up to each business owner to log into their account and know their company's GST installment payment dates.

GST Penalities and Interest

If you file your GST return late, there will be a late filing penalty fee in addition to interest on the unpaid GST balance your business owes. If you file your return on time, but don't make your GST payment on time, you will avoid the late filing penalty and will only have interest fees on the GST balance owing to worry about.

It's always in your company's best interest to file your GST returns on time, and make your GST payments on time as well. Penalties and interest can add up quickly! More details on these important fees and rates are on the GST website.

GST Filing Penalties and Interest: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/file-gst-hst-return/reporting-requirements-deadlines/gst-hst-filing-penalties.html

Understanding RST in Manitoba

Let's switch gears a little bit and talk about Retail Sales Tax, or RST. This is a provincial tax in Manitoba and is currently at a rate of 7%. This may change so it's always best to check with Manitoba Finance for the most current rate. RST applies to certain goods and services. If your business sells taxable items in Manitoba, you usually will need to register and collect RST on your company's sales. Registration for RST can be done through the Taxcess portal.

RST registration using Taxcess: https://taxcess.gov.mb.ca/

In many cases, businesses with annual taxable sales under $30,000 are not required to register for RST. However, the rules can vary depending on your business activities, so it's important to confirm your situation with Manitoba Finance. Once your company's sales go over that $30,000 mark, RST registration is typically required. However, there are many ever-changing rules that determine which goods and services are taxable and which are not. Manitoba Finance representatives are very helpful and can assist you to understand your specific situation, and whether your business needs to register and collect RST.

Manitoba Finance, Taxation Division: (204) 945-5603 or toll-free: 1 (800) 782-0318

If your company collects RST, it must be remitted to Manitoba Finance, through their Taxcess portal. However, if your company purchases items for resale and is charged RST to purchase those items, then the RST you pay, on the resale items only, can reduce the amount you remit to Manitoba Finance.

RST Remittance Schedules

RST Returns and payments are due by the 20th of the month following the end of your filing period. RST can follow your company's fiscal year or the calendar year, depending on how it is set up when you register.
RST returns and payments must be received no later than 4:30 pm on the filing due date. Late returns are subject to a penalty of 10% of the taxes owing, plus interest, compounded monthly. More information about penalties and interest for late payments can be found in Manitoba Finance's Information Bulletin RST 004.

RST 004 Information Bulletin: https://gov.mb.ca/finance/taxation/pubs/bulletins/004.pdf

The RST Remittance schedule that your company follows will depend on the amount of RST collected and whether your business submits RST returns and payments on time. If your business collects on average:

- less than $500 in RST per month, and your RST returns and payments are on time, your business will remit RST annually.
- $500 to $4,999 in RST per month, and RST returns and payments are on time, your business will remit RST quarterly.
- $5,000 or more in RST per month, or if you've been late in making payments on smaller returns, your business will remit RST monthly.

Staying Organized with Sales Taxes

Good recordkeeping and regular bookkeeping make GST and RST collection and remittance much easier. You should track how much GST and RST your company collects and keep those funds separate from your other business income. Many business owners choose to move this GST and RST money into a separate bank account, so it isn't accidentally spent.

If you're not sure whether your company should register for GST or RST, contact your local Community Futures office for help. Their knowledgeable business advisors can discuss these important decisions with you and point you in the right direction.

Action Steps

1. Check your company's total sales amount to see if it's close to the GST registration threshold.
2. Read more about which goods and services must have RST charged on them. Contact Manitoba Finance to ask questions if you're not sure.

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Indigenous Business Considerations

In this section of the manual, we'll cover some of the important tax topics that Indigenous business owners need to consider. Tax rules can be complex but the goal of this section is to provide a clear overview and help you understand different situations when you may need more support.

Why Indigenous Tax Rules Are Different

Tax rules for some Indigenous people in Canada are shaped by a law called the Indian Act. Under this law, some First Nations people have "Status" under the Indian Act. This is a legal status that may qualify them for certain rights and tax exemptions in specific situations.

One important part of the Act is Section 87. This section says that certain income and property owned by Status individuals may be exempt from tax in specific situations. Section 87 of the Act can affect several kinds of taxes, including personal income tax, GST, and Manitoba Retail Sales Tax in certain situations.

These rules can become especially important for Indigenous business owners whose businesses operate on a First Nation reserve, have customers both on and off reserve, or earn income connected to reserve land. Because every situation is different, it is important to understand how these rules apply to your business.

Community Futures has created a document called **Business Start Up – the Indigenous Supplement**. It was highlighted in the Business Startup module of this Build a Better Business Program and is available for download from either the Startup module or this Taxes and Other Fees module.

In addition, there is a lot of tax related information available from CRA, for business owners who are Status persons affected by the tax rules in Section 87. CRA has a section of their website dedicated to this topic, and those links can be found below.

CRA Business Income (under section 87 of the Indian Act): https://www.canada.ca/en/revenue-agency/services/indigenous-peoples/information-indians.html#hdng5

Tax Exemption under Section 87: https://www.canada.ca/en/revenue-agency/services/indigenous-peoples/information-indians.html

The Indian Act: https://laws-lois.justice.gc.ca/eng/acts/I-5/

Key Factors That Affect Tax Exemptions

It's important to understand that tax exemptions are not automatic for Status Indigenous business owners. Not all income earned on-reserve is tax-exempt. To qualify for tax-exemption, the situation must meet specific conditions. In some cases, income earned or goods purchased on-reserve may not be taxed, but this depends on several factors.

These factors include the Indigenous business owner's legal status, their business structure, where the business operates and keeps its records, and where their customers are located. These are sometimes called "connecting factors." CRA looks at how closely the income is connected to a reserve to decide if a tax exemption may apply.

Business Structure and Legal Status

Let's look at the first two factors, which are the legal status of the business owner, and their business structure. Section 87 of the Act can apply to sole proprietors or partnerships owned by a status person when business activity happens on reserve. However, Section 87 does not apply to corporations or trusts, even if they are owned by a status person. This is because a corporation is treated as a separate taxpayer.

This is important for entrepreneurs to know because your choice to stay a sole proprietor or partnership, or to change your business structure to a corporation, can affect whether tax exemptions apply. So, it's recommended that before incorporating, you should speak with an advisor who understands Indigenous tax rules. Taking that step to incorporate your business can change whether tax exemptions apply.

Location of Business Activity

Another key factor that affects tax-exemption is where the business activity takes place. Income is more likely to be tax-exempt if the work is done on-reserve. If the business operates off-reserve, income may be taxable, even if the business owner is a status person. This is a complex topic so you'll want to understand how location affects tax. If you have questions after watching this module, reach out to Community Futures' Indigenous Business Development Services office. They can discuss your specific situation and help to find the answers you need.

Customer Location and Sales

Another factor CRA may consider is where customers are located. In some situations, sales made on reserve to Status customers may support tax exemptions. However, customer location is only one of several connecting factors CRA looks at when reviewing how taxes apply to a business.

GST and RST

we covered the key factors that could affect the tax-exempt status for a business owned by an Indigenous entrepreneur. Now let's look at the specific types of taxes that can be affected, starting with the Goods and Services Tax, or GST.

In general, GST is not charged on goods delivered on-reserve to Status individuals. This tax exemption usually applies when the seller delivers the goods directly to the reserve, or when the sale takes place on-reserve. However, the exemption doesn't apply to every situation due to those connecting factors we just covered in this video. Because the rules about GST and tax relief for Status individuals and businesses are complex, make sure you review your situation carefully and get advice if you're unsure. More information can be found on the CRA website below.

GST and First Nations peoples: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-collect-indigenous-peoples.html

Retail Sales Tax or RST rules in Manitoba state that Status individuals are exempt from this tax when the seller delivers the goods directly to a First Nation reserve. This exemption doesn't apply if the possession takes place off reserve at the time of sale, if the sale is to a corporation or if the goods are leased to a Status individual who resides off reserve. Because these rules can vary, it is important to review each type of sale carefully. RST must be charged by businesses located on reserve, when selling to non-status customers.

More information on this important topic can be found on the Manitoba Finance website or by contacting Manitoba Finance directly with your questions.

Sales Tax Exemption for Status Indians and Indian Bands: https://www.gov.mb.ca/finance/taxation/pubs/bulletins/taxexemption.pdf

Income Tax

Income tax exemptions for Status individuals can apply in certain situations when business income is connected closely enough to a reserve. As we already learned, these exemptions may apply to sole proprietors or partnerships owned by Status individuals, depending on those same connecting factors of where the business operates, where the work happens, where customers are located, and where business decisions are made. However, these tax exemptions are not automatic, and in some situations only part of the business income may qualify. These exemptions also usually don't apply to corporations, even if the corporation is owned by a Status person, because a corporation is considered a separate taxpayer.

Because income tax rules under Section 87 of the Act can be complex, it is important to review your situation carefully and get advice if you are unsure.

Examples: Income Tax Exemptions

Now, let's go through a few examples to see how these tax exemption rules may apply to income tax. These scenarios have come directly from the CRA website, about section 87 of the Act.

Example 1: John lives on a reserve and operates an independent logging business as a sole proprietorship. He cuts timber on land off the reserve for a logging company that is located and sells it off the reserve. In the absence of other factors, John's income from this business is considered to be taxable, because his income-earning activities and customer is off the reserve.

Example 2: Delia owns a retail store on a reserve. The store sells goods to both Indigenous and non-Indigenous customers. Since Delia's business activities take place on a reserve, her income from this business is tax-exempt.

Example 3: Peter operates a trucking business that hauls logs from cutting sites located off-reserve to logging mills located off-reserve. His only customer is a logging company that is not located on a reserve. Peter has a garage on a reserve where he stores his trucks and an on-reserve office where he keeps the books and records for the business. Peter travels 20 kms from his off-reserve home each day to pick up his truck from the on-reserve garage. He then travels to the off-reserve cutting sites. Peter spends a few hours each week doing the bookkeeping for the business at the on-reserve office.

Peter's self-employed income is considered to be taxable. The following factors are the most significant and connect the income off-reserve:

- The income-generating activities of hauling lumber occurs off-reserve.
- The business' only customer is located off-reserve.
- Most of the business decisions are made off-reserve.
- Peter does not live on-reserve.
- The on-reserve activities are limited to providing a place to park the trucks when not in use and maintain the books and records. These factors are not significant enough to connect the business income to a reserve.

CRA provides additional examples and more information on their website listed below.

CRA Income Tax Examples: https://www.canada.ca/en/revenue-agency/services/indigenous-peoples/information-indians.html

Record Keeping and Getting Support

As you can see, tax rules for businesses owned by status individuals depend on many factors. This makes good recordkeeping even more important than in other situations. Tracking where the work is done, where the customers are located, and how each sale is made are all important details. It will definitely help to break your sales and cost of goods sold accounts into taxable and tax-exempt categories, as we discussed in the Bookkeeping Basics and Financial Statements modules. Worksheets to help you with that separation are in the appendix of your manual.

Staying organized and keeping good records will make tracking your taxable and tax-exempt sales and costs much easier. It is also very important to set your bookkeeping up right, from day one, and to get help if you have questions. You can work with an accountant or advisor who understands Indigenous business tax rules. You can also connect with your provincial Community Futures Indigenous Business Development Services (IBDS) office. They can help with pathfinding, provide guidance, and connect you to the right resources. The CRA also provides information and the support of Liaison Officers who can provide guidance free of charge.

The Canadian Council for Indigenous Business (CCIB) can also help. Contact information for these organizations will be listed in your manual. Because these rules can be complex and depend on your specific situation, it is very important to get advice early rather than trying to figure it out on your own.

Community Futures IBDS: https://cfmanitoba.ca/services/indigenous-business-development-services

CRA Liaison Officer: https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/liaison-officer-initiative-loi.html

CCIB: https://www.ccib.ca/

Action Steps

1. Review if your business is registered as a sole proprietorship, partnership or corporation.
2. Explore the links in the manual to understand how the section 87 rules apply to your business.

Special Levies, Fees and Permits

Where to Begin - Getting Help

Some types of businesses need inspections, licences or special approvals before they can open. Childcare facilities, transportation companies, and health or personal service businesses are just a few examples. If you're looking for assistance on the specific licences and permits your business will need before you start, review the Business Start-up module of this Build a Better Business Program. You'll find that the BizPal.ca website is a great resource on this topic.

BizPal: https://bizpal.ca/

You can also contact your industry association to ask for their recommendations on licencing and special fees needed in your industry. And contact your local Community Futures business advisor to ask questions. They can help you find the answers you need.

Recycling and Hazardous Materials

Now, let's review a few situations that may have specific fees, or require specific permits. If your company deals with new or used electronics, non-refundable beverage containers or hazardous materials you'll want to contact the appropriate organization to learn more about the costs, recycling processes or disposal regulations in those industries. Manitoba's recycling and hazardous waste contacts are listed below.

Recycle My Electronics: https://recyclemyelectronics.ca/mb

Canadian Beverage Container Recycling Association: https://cbcra-acrcb.org/our-program/

WasteWise Manitoba: https://www.gov.mb.ca/sd/wastewise/recycle/index.html

Excise Tax Requirements

If your company sells products such as spirits, wine, tobacco or cannabis, excise duty requirements will be crucial to your business. You can learn more on the Government of Canada website.

CRA Excise Duties: https://www.canada.ca/en/revenue-agency/services/tax/businesses/small-businesses-self-employed-income/excise-taxes-excise-duties-softwood-lumber-products-export-charge-air-travellers-security-charge.html#xcs_dts

Food Businesses

For food related businesses, you will need to involve a Public Health Inspector for any required permits your business needs to operate. Some permits must be approved before you open, renovate, sell food, or welcome customers into your place of business.

Public Health Inspector:
https://www.gov.mb.ca/health/publichealth/environmentalhealth/protection/food.html

Also, if your company is in the food industry, you may want to explore the Manitoba Agriculture's Food Development Centre. This is a fee-for-service facility that provides assistance to agricultural food businesses who are developing new food products.

Food Development Centre (FDC) in Portage La Prairie: https://www.gov.mb.ca/agriculture/food-and-ag-processing/starting-a-food-business/food-development-centre/index.html

And lastly, if your business produces packaged food items, you must know the Food Labelling Requirements. Specific information must appear on your company's food labels and these regulations will change periodically. If you package food products, you're expected to stay up to date with these rules. The link to more information about this topic is in your manual.

Food labelling requirements: https://www.gov.mb.ca/asset_library/en/pathways/food-labelling.pdf

Buildings and Permits

Occupancy Permits allow people into the building you've selected for your business. In Manitoba, building, plumbing and occupancy permits are issued by one of three Authorities Having Jurisdiction in Manitoba: the local Municipality, the Planning District or the Office of the Fire Commissioner (OFC).

The Authority Having Jurisdiction of your building is determined by its location and whether the building must comply with Part 9 or Part 3 of the Manitoba Building Code. The rules are quite specific, so you are encouraged to explore the Manitoba's Building Permits and Inspections website or call their office for help with your particular building questions.

Building Permits and Inspections:
https://www.gov.mb.ca/labour/its/building_codes/permits_and_inspections.html

You'll also want to check out the zoning rules with your municipality before signing a commercial lease, buying a commercial property or opening your business from your home. One of the first things you should do is make sure your business can be set up from the location you have in mind.

And finally, our last recommendation is to check with your local municipality to see if there are any municipal business taxes or permits required for your type of business. For instance, certain municipalities charge an additional accommodation tax on overnight stays of less than 30 consecutive nights. This is important for any hotel, motel or short-term vacation rental owner to know! This is a tax that isn't consistent for every community, so it pays to ask your local town or city office about it.

Action Steps

1. Explore the resources from this section of the module further, if they apply to your situation.

9

Action Steps

- Visit the government websites provided in this section of the module, and look up current tax brackets and rates.
- Estimate your own taxable income, and see which tax bracket you might fall into.
- Open a separate business bank account, if you don't already have one.
- Visit the Liaison Officer Services website to find out about the free services they offer.
- Take some time to confirm whether your business is incorporated, or not.
- Visit the CRA website to learn more about this topic.
- If you currently use contractors, take time to confirm whether these workers should be considered contractors or if they're really your company's employees.
- If you haven't checked your My Business Account very often in the past, log in and see if you have any notifications or balances owing.
- Set calendar reminders for your payroll remittance deadlines so you don't miss payments.
- Explore the payroll provider websites and see if their services can help your business.
- Check your company's total sales amount to see if it's close to the GST registration threshold.
- Read more about which goods and services must have RST charged on them. Contact Manitoba Finance to ask questions if you're not sure.
- Review if your business is registered as a sole proprietorship, partnership or corporation.
- Explore the links in the manual to understand how the section 87 rules apply to your business.
- Explore the resources from this section of the module further, if they apply to your situation.

10

Module Resources

Federal income tax rates: https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/income-tax-rates.html

Manitoba personal tax rates: https://www.gov.mb.ca/finance/taxation/personal_tax.html

Module Resources

CPP: https://www.canada.ca/en/services/benefits/publicpensions/cpp/contributions.html

EI Program: https://www.canada.ca/en/services/benefits/ei/ei-self-employed-workers.html

Interest and penalties on late taxes: https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/interest-penalties/late-filing-penalty.html

Required tax installments for individuals: https://www.canada.ca/en/revenue-agency/services/payments/payments-cra/individual-payments/income-tax-instalments.html

CRA Keeping Records: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/keeping-records.html

CRA Online: https://www.canada.ca/en/revenue-agency/services/e-services/digital-services-businesses/business-account/about-business-account/online-mail-for-business.html

CRA Videos (many topics): https://www.canada.ca/en/revenue-agency/news/cra-multimedia-library/businesses-video-gallery.html

WTC Training and Events: https://wtcwinnipeg.com/training-and-events/

CRA Motor Vehicle Records: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/business-expenses/motor-vehicle-expenses/motor-vehicle-records.html

Liaison Officer Service: https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/liaison-officer-initiative-loi.html

Manitoba Business Corporations: https://companiesoffice.gov.mb.ca/starting_manitoba_corporation.html

Sole Proprietorships and Partnerships: https://companiesoffice.gov.mb.ca/starting_business_name.html

Module Resources

Manitoba Corporate Income Tax: https://www.gov.mb.ca/finance/business/ctaxes.html

Federal Corporate Tax Rates: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-tax-rates.html

CRA Active Income: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4012/t2-corporation-income-tax-guide-chapter-4-page-4-t2-return.html#P2876_209101

Corporate filing deadlines: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-income-tax-return.html

Corporate tax payments and instalments: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-payments.html

My Business Account: https://www.canada.ca/en/revenue-agency/services/e-services/digital-services-businesses/business-account/about-business-account.html

CRA Employee or Contractor: https://www.canada.ca/en/revenue-agency/services/tax/canada-pension-plan-cpp-employment-insurance-ei-rulings/employee-self-employed.html

CRA Payroll: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/open-manage-payroll-account.html

TD1 forms: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/set-up-new-employee/filing-form-td1.html

CRA TD1 video: https://www.canada.ca/en/revenue-agency/services/tax/individuals/educational-programs/videos.html

CRA Guidelines and TD1-IN forms: https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/td1-in.html

A Quick Guide to Employment Standards: https://www.gov.mb.ca/labour/standards/doc,quick_guide,factsheet.html

10

Module Resources

CRA Payroll Deductions: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/calculating-deductions.html

CRA Employer's Guide to Filing T4s and Summaries: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4120/employers-guide-filing-t4-slip-summary.html

CRA Taxable Benefits and Allowances: https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4130/employers-guide-taxable-benefits-allowances.html

CRA Payroll Deductions Online Calculator: https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/payroll-deductions-online-calculator.html

Completing the ROE: https://www.canada.ca/en/employment-social-development/programs/ei/ei-list/reports/roe-guide.html

Remittance Schedules: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/remitting-source-deductions.html

CRA Payroll Late Penalties and Interest: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/remitting-source-deductions/how-when-remit-due-dates.html#h_2

Payworks: https://www.payworks.ca/
ADP Canada: https://www.adp.ca/en.aspx
Dayforce: https://www.dayforce.com/ca/how-we-help/dayforce/pay-accurately-and-efficiently

WCB: https://www.wcb.mb.ca/workers-compensation-coverage

The GST Rate to Apply: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-collect-type-supply.html

10

Module Resources

Business Registration Online: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/gst-hst-account/register-account.html

My Business Account: https://www.canada.ca/en/revenue-agency/services/e-services/digital-services-businesses/business-account/about-business-account.html

GST Basics: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/when-register-charge.html

GST Filing Penalties and Interest: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/file-gst-hst-return/reporting-requirements-deadlines/gst-hst-filing-penalties.html

RST registration using Taxcess: https://taxcess.gov.mb.ca/

RST 004 Information Bulletin: https://gov.mb.ca/finance/taxation/pubs/bulletins/004.pdf

CRA Business Income (under section 87 of the Indian Act): https://www.canada.ca/en/revenue-agency/services/indigenous-peoples/information-indians.html#hdng5

Tax Exemption under Section 87: https://www.canada.ca/en/revenue-agency/services/indigenous-peoples/information-indians.html

The Indian Act: https://laws-lois.justice.gc.ca/eng/acts/I-5/

GST and First Nations peoples: https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/gst-hst-businesses/charge-collect-indigenous-peoples.html

Sales Tax Exemption for Status Indians and Indian Bands: https://www.gov.mb.ca/finance/taxation/pubs/bulletins/taxexemption.pdf

CRA Income Tax Examples: https://www.canada.ca/en/revenue-agency/services/indigenous-peoples/information-indians.html

Module Resources

Community Futures IBDS: https://cfmanitoba.ca/services/indigenous-business-development-services

CRA Liaison Officer: https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/liaison-officer-initiative-loi.html

CCIB: https://www.ccib.ca/

BizPal: https://bizpal.ca/

Recycle My Electronics: https://recyclemyelectronics.ca/mb

Canadian Beverage Container Recycling Association: https://cbcra-acrcb.org/our-program/

WasteWise Manitoba: https://www.gov.mb.ca/sd/wastewise/recycle/index.html

CRA Excise Duties: https://www.canada.ca/en/revenue-agency/services/tax/businesses/small-businesses-self-employed-income/excise-taxes-excise-duties-softwood-lumber-products-export-charge-air-travellers-security-charge.html#xcs_dts

Public Health Inspector: https://www.gov.mb.ca/health/publichealth/environmentalhealth/protection/food.html

Food Development Centre (FDC) in Portage La Prairie: https://www.gov.mb.ca/agriculture/food-and-ag-processing/starting-a-food-business/food-development-centre/index.html

Food labelling requirements: https://www.gov.mb.ca/asset_library/en/pathways/food-labelling.pdf

Building Permits and Inspections: https://www.gov.mb.ca/labour/its/building_codes/permits_and_inspections.html

Appendix

Subcontractor Information Form

YOUR NAME		
YOUR SOCIAL INSURANCE NUMBER *(required if you don't have a business number)*		
IF APPLICABLE:		
YOUR BUSINESS NAME		
YOUR BUSINESS NUMBER *(15 digits)*		

PERSONAL (OR BUSINESS) ADDRESS		
EMAIL		
PHONE NUMBER		

NAME REGISTERED WITH WCB		
WCB REGISTRATION NUMBER		
DO YOU HAVE LIABILITY INSURANCE?	**YES**	**NO**

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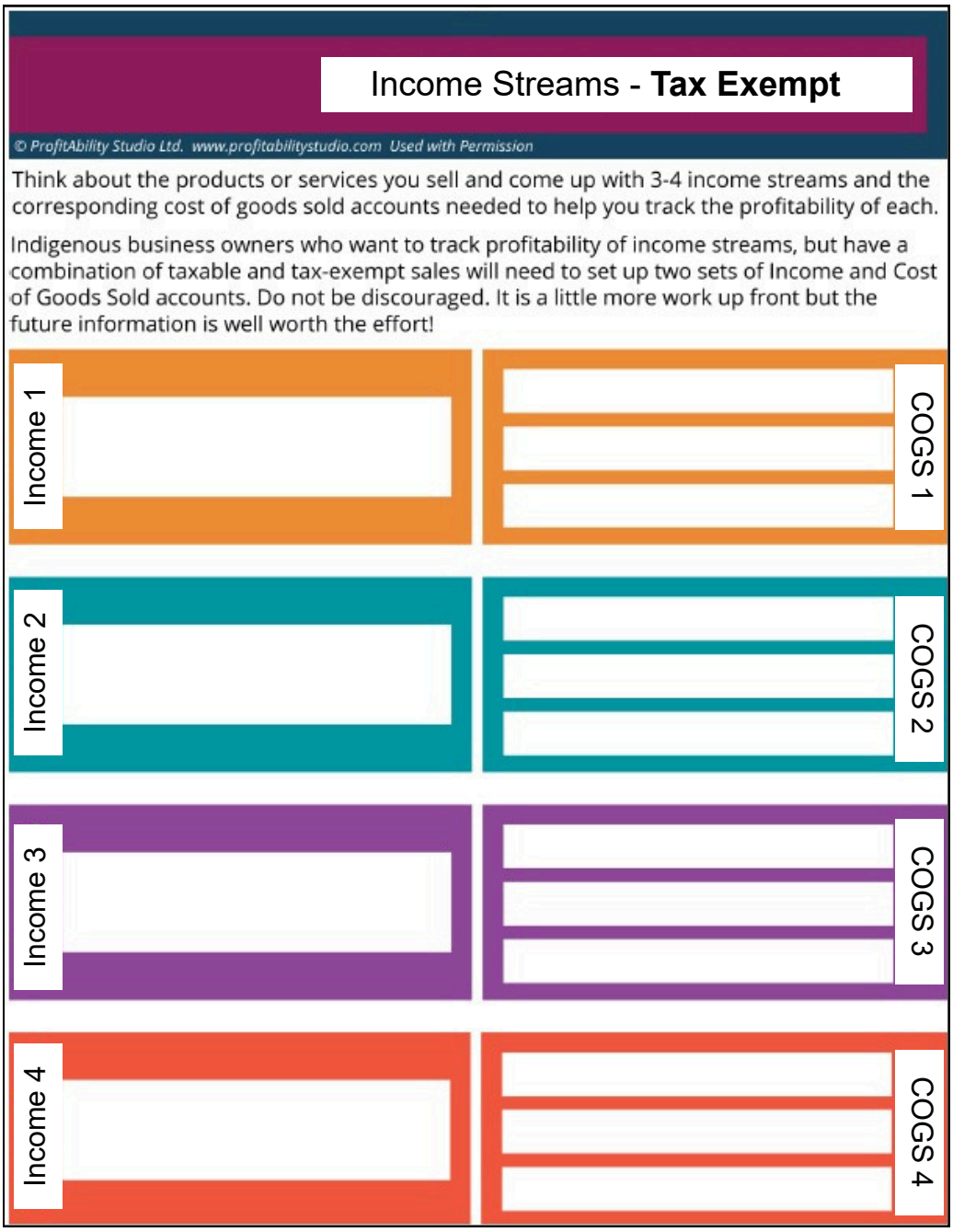
Appendix


Income Streams - **Tax Exempt**
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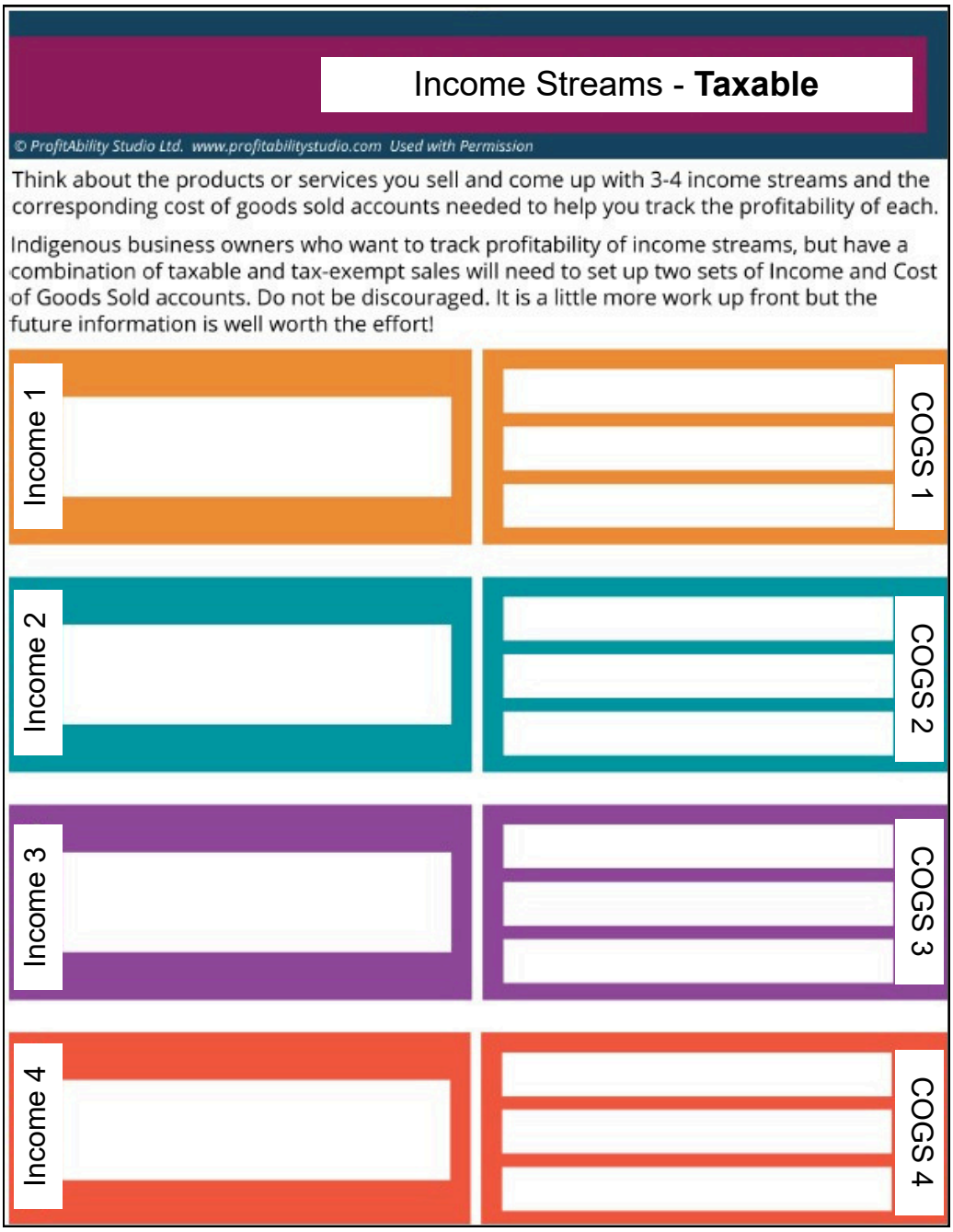
Think about the products or services you sell and come up with 3-4 income streams and the corresponding cost of goods sold accounts needed to help you track the profitability of each.
Indigenous business owners who want to track profitability of income streams, but have a combination of taxable and tax-exempt sales will need to set up two sets of Income and Cost of Goods Sold accounts. Do not be discouraged. It is a little more work up front but the future information is well worth the effort!
Income 1
COGS 1
Income 2
COGS 2
Income 3
COGS 3
Income 4
COGS 4

Appendix


Income Streams - **Taxable**
© ProfitAbility Studio Ltd. www.profitabilitystudio.com Used with Permission
Think about the products or services you sell and come up with 3-4 income streams and the corresponding cost of goods sold accounts needed to help you track the profitability of each.
Indigenous business owners who want to track profitability of income streams, but have a combination of taxable and tax-exempt sales will need to set up two sets of Income and Cost of Goods Sold accounts. Do not be discouraged. It is a little more work up front but the future information is well worth the effort!
Income 1
COGS 1
Income 2
COGS 2
Income 3
COGS 3
Income 4
COGS 4

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The Build A Better Business Certificate (BABB) program consists of ten business modules designed for Service Provider Organizations (SPO) to improve business supports by offering a variety of customization in training.

Summary of healthy business skill building:

- Strategic critical thinking and business planning,
- Understanding of business concepts, and
- Introduction to:
  - General business management
  - Operation performance
  - Financial literacy
  - Cash flow objectives
  - People and time management, and
  - Marketing and communication approaches.

The modules are offered in both English and French, providing participating organizations access to educational materials, training tools and resources that are designed and enhanced to make them usable across a wide range of learners, e.g., closed captioning. It will prepare, coach and train future and existing entrepreneurs to articulate their vision and business intentions while learning and developing their personal and business roadmap, knowledge, and skills.

The video narrators have been generated with the use of AI.

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Build a Better Business Program

Program Modules

Business Startup

This introductory module is for new or potential business owners, providing business start up information.

Business Planning

This extensive module will help you plan your life and finances so you can become a small business owner, and reviews parts of a business plan.

Credit and Financing

Does your business need to borrow money? Learn crucial information in this module so that you know what to expect when borrowing.

Pricing and Cash Flow

Here you will learn the art and science of pricing. Discover how cash flow and profit are different and how they work together.

Marketing

Create a basic action marketing plan, learn about branding components, and create new marketing ideas in this hands-on module.

Human Resources (HR)

A brief introduction to employee management and basic HR terms, the 11-step hiring process, and when to speak to a professional.

Insurance and Legal

A brief introduction to help you understand the basics to avoid costly mistakes and understand the importance of using professionals.

Bookkeeping Basics

To be profitable, small business owners need to understand some bookkeeping basics such as record keeping and common transactions.

Financial Statements

Learn how to read and interpret the three main financial statements so you can make better, more informed business decisions.

Taxes and Other Fees

Personal and corporate tax basics, payroll, WCB, RST and GST. This module also briefly covers levies, fees and other taxes.