

Let's Talk

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Lipton Wiseman Altbaum & Partners LLP - Chartered Accountants

Lessons From the Economic Downturn

In economic downturns such as the one experienced this past year (and to some extent still continuing), new opportunities can emerge.

There are business lessons to be learned from difficult economic times and these centre on the subject of change. What changes should you consider that will make you more competitive during the recovery, and what business foundations should remain in place?

Cost Control

"Focus on staying lean and efficient, and don't be afraid to re-examine everything you do to control costs," advises Managing Partner Mel Leiderman.

Technology spending is an example. Changes in the IT industry have accelerated with the recession. Are you up to date with your equipment and processes?

Redundancies can creep in unnoticed. Perhaps all employees don't need their own software if they can share through a network. Examine your existing contracts and, with input from your IT professional, seek answers that may extend the life of your equipment in a cost-effective and safe manner.

Workplace Flexibility

The recession has temporarily slowed the pace of boomer retirements but it may pick up again. Employers should not forget how important it is to attract and retain talented people.

Flexible work arrangements can help retain staff. Consider options for part-time work, variable start and stop times and telecommuting.

Building Service Excellence

By creating a service culture you can develop a group of employees who are committed to doing whatever it takes to satisfy your customers.

Mel advises: "Owner/managers must believe in customer service and lead by example. Remember that in difficult times, you don't get a second chance to make a good impression, and always try to exceed expectations."

Dealing with Financial Institutions

As economic conditions have changed, business owners must become more focused on managing cash flow. Maintaining a positive relationship with a financial institution can help protect this foundation.

Continue to treat your bankers as an integral partner in your business and always keep them informed with respect to your operations and financial needs.

Growth Opportunities

Bold changes in hard times can pay off. Consider opportunities such as acquiring a competitor with a strong customer base and good product lines but who is not surviving the downturn in good financial condition.

Stick With Quality

The overriding lesson of the downturn, Mel says, is that quality always reigns supreme.

"The discipline of lean times teaches us what customers value," he says. "In the long term, customers will always gravitate to quality."

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Time Management Tips

Time is a limited resource just like all the others – and it should be properly managed. Here are some useful time-management principles.

1. Multi-tasking is not always beneficial. Do one thing at a time. If you must do two, make one difficult and one easy.
2. Don't surrender to e-mail. Check e-mail periodically but only when you have time to respond to it.
3. "Important" – long-term value
"Urgent" – specific deadline.
4. Be gracious with people and ruthless with your time.
5. Think via "micro movements." Small accomplishments that flow smoothly can lead to big ones.
6. Take care today of tomorrow's crisis.
7. Communication and strength of relationships are the keys to getting things done:
 - Be easy to work with.
 - Don't zap other people's energy.
 - Give people time estimates.
 - Do something to build and maintain a relationship.
 - Give thanks!
8. People usually under-estimate the time needed.
9. Organize and treat personal time as you would any other appointment.
10. Schedule thinking time every day.

Federal/Ontario Tax Harmonization

The new Harmonized Sales Tax (HST) may not be coming into effect in Ontario until July 1, 2010, but business owners are wise to start their preparations now.

"The HST raises potentially significant issues for numerous organizations and businesses," explains Senior Tax Partner Jeff Nightingale, "and may also have an impact on their bottom line."

Federal/Ontario HST was introduced in the March 2009 Federal Budget to reduce the tax burden for businesses that are currently required to comply with two different sets of tax rules. The new HST will harmonize the Ontario RST (eight per cent) with the federal GST (five per cent), resulting in a Harmonized Sales Tax of 13 per cent. The HST will generally use the same rules and tax base as the GST, although there will be some exceptions.

"While the new HST reduces complexity and simplifies reporting requirements," continues Jeff, "it

will also affect business transactions. As a result, owner-managers will be required to adapt their key business systems and processes, including computer systems as well as systems for contracting and invoicing."

On October 14, 2009, the government of Ontario released transitional rules for the HST to help business owners comply with the new tax. These rules address whether the existing PST or the new HST will apply to transactions that straddle the July 1, 2010 implementation date. The rules also illustrate how the old PST system will be wound down.

There are specific compliance dates to consider as well as special rules that apply to a number of situations. Please check our website (www.liptonca.com) for our discussion of these special rules.

Please contact us at your convenience to arrange for one of our HST representatives to meet with you to help you understand how the new HST and transitional rules will affect your business and the key timelines that will apply.

Home Renovation Tax Credit

If you act quickly, you can still make improvements to your home and receive a personal tax credit for it. Just make sure that you do so by January 31, 2010, advises Tax Partner Sunita Arora.

The Home Renovation Tax Credit (HRTC) is based on eligible expenses for work performed or goods acquired after January 27, 2009, and before February 1, 2010, under an agreement entered into after January 27, 2009, related to an eligible dwelling.

"The HRTC was introduced last March in the 2009 Federal Budget," explains Sunita. "It is a temporary measure designed to encourage economic growth and provide recession-weary Canadians with some welcome tax relief. The HRTC allows you to invest in your home by making improvements to it."

According to CRA regulations, the 15-per-cent credit will apply to expenditures in excess of \$1,000, but not more than \$10,000, resulting in a maximum credit of \$1,350.

"Certain requirements apply," cautions Sunita, "so first ensure that you are eligible to take advantage of this credit."

Generally, any property that you own and is used by you or your family qualifies for the HRTC, including your cottage or other dwellings. Eligibility is also family-based, meaning that a single credit per dwelling is allowed for each family. Finally, expenditures incurred in relation to a renovation or alteration to an eligible dwelling (including the land associated with that dwelling) must be of an enduring nature and integral to the dwelling. These requirements are also included on the Canada Revenue Agency (CRA) website (www.cra-arc.gc.ca).

If you have any questions about the HRTC or how to claim it, please contact Lipton Wiseman. If you have already made improvements to your home or are still in the process, please ensure that you send us the appropriate invoices and receipts to be reported on your 2009 personal income tax return.

Professional Profile – Jovita Muller

As one of Lipton Wiseman's experienced assurance managers, Jovita Muller knows that service efficiency has become increasingly important to clients during the economic downturn of the past year.

"During this downturn, we continue to be as efficient as possible with our assurance services," Jovita says. "Planning, supervision and communication with clients are the keys to service delivery today."

Jovita's wide experience makes her well qualified to manage assurance engagements and meet Lipton Wiseman's exacting standards. Born in the Philippines, she was associated with an international accounting firm for 15 years before joining Lipton Wiseman in 1993, four years after immigrating to Canada.



"My experience in the United States, the Philippines and the Far East helped a lot," she recalls. "When I came here as an accounting technician I could take care of the files myself!"

Subsequent to joining Lipton Wiseman, Jovita was assigned increasingly responsible roles and was appointed an assurance manager in January 2004. She serves a variety of corporate clients involved with retail, property management, financial management and software development.

"I believe our clients benefit from personal, quality service that is beyond comparison," she says proudly.

In addition to her time with work and family, Jovita is involved in her parish as President of the Catholic Women's League and serves as Treasurer of the Catholic School Advisory Council of Chaminade College.

NewsBrief: Firm News

Lipton Wiseman welcomes four new employees: **Joel Arshoff**, **Brandon Burtnik** and **Brennan Direnfeld** in the Assurance department, and **Bryan Walderman** in the IT department.

Fred Arshoff has been appointed as a member of the Practice Inspection Committee of the Institute of Chartered Accountants of Ontario. This committee acts to protect the public interest by setting and enforcing the highest professional and ethical standards for its members.

Solheil Talebi, Director of Professional Standards and Education, has also become a part-time practice inspector for the Institute of Chartered Accountants of Ontario.

Lipton Wiseman continues to build its worldwide business network through its membership in JHI. **Stephen Aidelbaum** and **Paul Roberts** attended the recent JHI IT conference in Toronto. Fred Arshoff also attended the JHI managing partners conference in Atlanta.

Congratulations to **Steve Altbaum**, who recently celebrated his 60th birthday.

Congratulations to **Gary Yeung** and his high school sweetheart Heidi on their recent marriage.

Lipton Wiseman staff and partners attended an in-house continuing-education session led by Consultant Margie Shore from The Coaching Clinic,

who presented an informative session on time-management skills.

Lipton Wiseman celebrated its annual summer get-together at Autogrill restaurant.



Congratulations to Team Steelback on winning the 2009 Bnai Brith of Canada Modified Fast Pitch Championship - Division B-2. Lipton Wiseman Partner Fred Arshoff (second row, third from right) pitched and led the team to a sweep of the semi-finals and finals. Well done, everyone!

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