

10 Things Every C-Level Executive Should Be Thinking About

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A Clean Start

- Proper books of accounts
- GAAP compliant financial statements (cash vs accruals concept)
- Separation of subsidiary and parent records

Employees and Contractors

- Factors to consider
 - When work is performed
 - Where work is performed
 - Who provides the tools
 - Does contractor have other customers
- Agreements
- Confidential information and IP
- SR&ED tax credit
- Withholdings
- Invoices & HST

Track CCPC Status

- Canadian-controlled and Private
- Sales deal can taint CCPC status
- Enhanced investment tax credits – refundable vs non-refundable
- Affects corporate tax rate – small business deduction
- QSBC – Lifetime capital gains exemption of \$750,000
- Stock options

Maximize Government Funding Sources

- Scientific Research & Experimental Development
- BC Interactive Digital Media Tax Credit
- Industrial Research Assistance Program (IRAP) grants
- Venture Capital Tax Credit (VCC)
- Budget 2012 programs

Contract Manufacturing

- Relationships and reputation
- Lowest cost jurisdiction
 - Textiles
 - Re-shoring
- Wages
- Other considerations
- IP issues – laws vs enforcement

Cross-Border Implications

- Corporate structure for US operations
- Understand state and federal tax implications
- US tax returns due even if nil returns

Transfer Pricing

- Every country is different
- Aggressiveness of foreign governments
- Common methodologies
 - Cost plus
 - Comparable price
 - Profit split
 - Resale value
- Transfer pricing study

Set up for an Exit

- GAAP financial statements (reviewed or audited)
- Value expectation
- Size of sale
- Waiting for an offer

Going Public Decision

- Is this right for the business
- Recent trends
- Minimum listing requirements for certain exchanges
- IPO and ongoing costs – Public relations, legal, accountants (internal controls)

Provincial Developments

- PST is back on April 1, 2013
- Corporate tax rate increasing 2%
- Surtax on higher personal income
- Employment standards are going to get tougher

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