



# After Incorporation - What Next?

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As a business owner, you are likely familiar with running your business, from the day to day operations, to the strategic direction of your business. However, for the newly incorporated business owner, knowing how to smoothly handle the transition and administration of a corporation is easier with the right guidance.

Previously, your unincorporated business filed and paid taxes on a calendar year basis as part of your personal income tax return, with the net business income subject to personal income tax at your marginal tax rate. Unlike an unincorporated business, a corporation can choose any date for its year end, with off calendar year ends allowing you to line up the year end with the more natural business cycle for your industry. Your corporation's income tax return is due no later than six months after the end of each tax year, with the balance of taxes due two or three months after the end of each tax year, depending on business circumstances. Similar to unincorporated businesses, income tax instalments may be required by your corporation.

Your unincorporated business may have had sales tax and payroll tax requirements. Your corporation will generally have similar requirements, but you will have to open new accounts with Canada Revenue Agency, and close the previous accounts. With the opening and closing of accounts, timing is key, as failure to register for a HST account in a timely manner can result in HST being unrecoverable to your business, and failure to comply with payroll requirements, such as issuing T4 slips and records of employment under your former business number can result in penalties.

If you have incorporated your business due to recent or expected business growth, you may need to reconsider your businesses filing frequency or installment requirements to Canada Revenue Agency. As your business grows, so too can your payroll requirements. An important consideration is if payroll will be completed in-house or if a service provider will be engaged. In addition to the Canada Revenue Agency payroll withholding requirements, your business should consider developing human resources policies and the implementation of Ministry of Labour requirements.

Your corporation is a separate legal entity, and as such your corporate business records should be maintained separately from personal records. Separate corporate bank accounts and credit cards are great first steps in segregating business and personal activity for simpler tracking of business revenue and expenses. Automobile logs to track business use of a personal automobile are also critical to support a deduction for tax purposes, as is tracking expenses for a home office if applicable. Other record keeping for your corporation will commonly include a minute book, shareholder's and director's resolutions, and annual financial statements, including a balance sheet.

If you have recently incorporated your business or are considering incorporating, please contact your Roth Mosey advisor. We are here to help you plan for, implement, and grow your newly incorporated business.

## ABOUT THE AUTHOR



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Mekayla is currently a Senior Client Service Manager involved in a wide-range of compilation, review and audit engagements as well as personal and corporate income tax services. Mekayla has volunteered her time as a member of the finance committee for a local charity. Mekayla received her BAcc from Brock University in 2008 and her CA designation in 2010.

Questions?

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