Setting you up for success

Helping you build a stronger business - one step at a time

Your ideas, dedication, and hard work have brought you this far, but there's still so much to do. If you're not sure what to tackle next, we can help.

Working closely with you, MNP's Private Enterprise team will set you up for success and answer any questions you may have along the way. When it is in your best interest to consult a specialist, we can help you with that, too. After completing each step in this checklist, you will have greater clarity and the connections to make sure your business turns out exactly as you imagined it would.

Getting started

Do you have a business plan?

Having a written plan is the key to establishing a successful business. It gives you a blueprint so you know where you are heading and can measure your success. Your business plan should address:

Marketing – What are you selling? Who is your market? Who are your competitors? How are you going to let your market know you are there? What is your pricing strategy?

Operations – Are there any regulations for your business type? Where is the business located?

Finances – Is your business for-profit or a not-for-profit? Will you need financing? Will your business have a positive cash flow?

People – Who will do the work? Do you have the right people with the right skills in place to get your business off the ground? If not, how will you find, recruit and retain new employees?

Is your business registered with B.C. Registry Services?

If the name of your business is anything other than your personal name, you should register the name of the business and the business itself with B.C. Registry Services.

Is your business registered with your local municipality?

Check your municipality's website for the regulations for your type of business.

Possible business structures

Sole Proprietorship

- You are the sole business owner and are responsible for all obligations and entitled to all profits.
- The cost to start up the business is relatively low.
- There may be tax advantages when profits are low but if the business is very profitable, tax rates may be high.
- You have unlimited liability and personal assets could be used to pay off any debt.

Partnerships

- You and your partners are the business owners and are jointly responsible for all obligations. Profits are divided between the partners as agreed by all partners.
- The cost to start the business is relatively low and shared by the partners.
- The tax issues are the same as with a proprietorship.
- You may have unlimited liability and your personal assets could be at risk. You can be held financially responsible if the business gets into trouble based on business decisions made by your partners.
- The set-up cost is higher, as are the costs of maintaining the corporation.

Corporations

- A corporation is a separate legal entity.
- You, as a shareholder, are not responsible for the corporation's debts, unless you have personally guaranteed them.
- There may be tax advantages for very profitable businesses.
- The set-up cost is higher, as are the costs of maintaining the corporation.

Taxes

Does your business need to register for GST?

- Depending on your expected level of income and the type of business you are in, you may be required to register for GST.
- It may be beneficial to register for GST, even when not required. A good accountant can help you decide if this is right for you.

How is the net income from the business being taxed?

- If your business is a proprietorship, you will be required to include the net income (revenue less expenses) for the calendar year on your personal tax return each year. Your tax return will be due on June 15 and taxes will be due on April 30.
- If your business is an incorporated company, then a separate income tax return must be filed within six months of the fiscal year-end of the corporation. The fiscal year-end can be any day of the year. Your accountant can help you decide if and when incorporation would be beneficial for you and what fiscal year-end is best for your situation.
- If your business is a partnership, then a separate income tax must be filed within five months of the fiscal year-end. Your accountant can help you decide if and when a partnership would be beneficial for you.

Remuneration

For a proprietorship or partnership:

- As a self-employed person, you are not paid a wage. You can withdraw funds as you need them.
- If you hire employees, their wages are subject to certain withholdings which may include Canada Pension Plan, Employment Insurance and taxes. These remittances are generally required by the 15th of the month following the payment of the wage, although in some cases they may be due sooner.
- Most businesses are required to register for WorkSafeBC (formerly WCB), which provides coverage when a worker is injured while on the job. A worker includes employees and contractors. (Some contractors may have their own coverage.) As a proprietor, you have the option to purchase optional protection.

For an incorporated company:

- Most payroll rules for corporations are the same as for proprietorships.
- As a shareholder you can be paid a wage or a dividend. Deciding on which option is best for you involves looking at your particular situation. Your business advisor can help you make this decision.

Professional advisors

Find advisors you trust who can provide the services you need.

- The right accountant, lawyer and account manager are essential to the success of your business.
- The right advisors will listen carefully to what you say and understand where you are right now and where you want to be in the future.
- They will work with you to help you achieve your goals.
- Advisors should critically assess your plans, identify risks and help you develop solutions to your business problems.
- Interview potential advisors to see who will meet your business needs and who you want to build a business relationship with for many years to come. Ask yourself what you want from each advisor and then come up with questions for the advisor so that you can make an informed decision.

Recordkeeping

A record of your business transactions is necessary for tax filings.

- You need to be able to report on the revenue and expenses, as well as the assets and liabilities of the business.
- GST collected and paid needs to be tracked.
- Payroll records must be kept for employees.

A good recordkeeping system is also essential for you to monitor your business success and to know if you are meeting your goals.

- A bookkeeper and your business advisor can help you set up a good recordkeeping system.
- It is usually best to have a separate bank account for your business.

All your business documents should be kept in a central location so that they can be accessed easily when needed.

Other matters

- Have you reviewed your will lately?
- Does it reflect your current situation?
- Do you have adequate insurance for your business and your personal situation?
- Do you need a partnership agreement or shareholders agreement?
- These agreements define the responsibilities of the parties involved in the business as well as how to remove a partner or shareholder from the business if necessary.

About MNP

MNP is a leading national accounting, tax and business consulting firm in Canada. We proudly serve and respond to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a collaborative, cost-effective approach to doing business and personalized strategies to help organizations succeed across the country and around the world.

At MNP we are dedicated to working with innovative companies and assisting you with your business needs each step of the way.

For more information, contact your local MNP Business Advisor

Wherever business takes you

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