



HIRING AND EMPLOYMENT INCENTIVES

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Salaries, wages, and staffing related costs represent some of the largest expenses most businesses incur. With increasing minimum wage, employment insurance ("EI"), Canada Pension Plan ("CPP") and other supplementary costs, some employers are feeling the strain. To alleviate this strain and encourage growth in specific sectors, the federal and provincial governments offer tax credits, rebates or grants for hiring employees meeting certain criteria. For purposes of this newsletter, we will discuss some of the federal and Ontario incentives, however it should be noted that programs exist and vary in all provinces and territories.

Tax Credits

Apprenticeship Credits

The Apprenticeship Job Creation Tax Credit ("AJCTC") is a federal non-refundable tax credit equal to 10% of the salaries and wages of eligible apprentices, to a maximum of \$2,000 per year, per apprentice. An eligible apprentice must be working in a prescribed trade in the first two years of their apprenticeship contract and the contract must be registered with a federal, provincial, or territorial government under an apprenticeship program designed to certify or license individuals in a trade listed as Red Seal Trades.

The Ontario Apprenticeship Training Tax Credit is a provincial refundable tax credit. It is available to employers who hire and train apprentices in certain skilled trades during the first 36 months of an apprenticeship program. Qualifying businesses can claim up to 30% of the salaries and wages. The maximum credit for each apprenticeship is \$5,000 per year.

Our goal is to provide updates on topical accounting and tax issues. Information contained in this newsletter is not meant to be a comprehensive summary of the issues raised. Rather, we wish to bring what we believe to be important issues to the attention of our valued clients and readers. We would be pleased to discuss any questions that you, the reader, might have in greater detail.

Co-operative Education Tax Credit

The Co-operative Education Tax Credit is a refundable tax credit. It is available to employers who hire students enrolled in a co-operative education program at an Ontario university or college. The tax credit is based on salaries and wages paid to a student in a co-operative education work placement. Employers can claim a tax credit up to 30% of the eligible wages paid to the student. The maximum credit for each work placement is \$3,000. Most work placements are for a minimum employment period of 10 weeks up to a maximum of four months.

NOW HIRING

It should be noted that the basic difference between “non-refundable” and “refundable” tax credits is that a non-refundable tax credit can be used to reduce income taxes to zero, while a refundable tax credit can result in a refund, even if no taxes are owing. These credits are claimed on the annual tax return of the employer and are taxable to the employer in the year that they are received.

Other Grants

The Canada-Ontario Job Grant provides financial support to employers who wish to purchase training for their employees. It is available to small, medium and large businesses with a plan to deliver short-term training to existing and new employees, up to \$10,000 per employee. Employers are required to contribute one-third of the total training costs. The training must be delivered by an eligible, third-party trainer.

Another program, Canada Summer Jobs provides funding to not-for-profit organizations, public-sector employers and small businesses with 50 or fewer employees to create summer job opportunities for youth aged 15 to 30 years who are full-time students intending to return to their studies in the next school year. Canada Summer Jobs focuses on three main goals:

- i. provides work experiences for students
- ii. supports organizations, including those that provide important community services; and
- iii. recognizes that local circumstances, community needs and priorities vary widely

Finally, Youth Employment Strategy is the Government of Canada’s commitment to help young Canadians obtain career information, develop skills, find good jobs and stay employed. A component of this strategy is the NRC Industrial Research Assistance Program (“IRAP”) Youth programs which provide small and medium-sized enterprises (“SMEs”) with financial assistance to hire young talent. This program is often beneficial for SMEs that engage in research and development. IRAP provides firms with funding under two different programs; the Youth Employment Program and the Youth Employment Program – Green. To be eligible for financial assistance under either of IRAP’s Youth programs, your SME must:

- i. be incorporated and for-profit;
- ii. have 500 or less full-time equivalents; and
- iii. be ready to enhance their innovation capacity, and willing to establish a trusting relationship with IRAP.

Conclusion

If you think you think you may be eligible to benefit from these programs, take advantage now! If you believe you may have qualified for tax credits in the past, it may be possible to claim a credit retroactively. To learn more about these tax credits and programs, please visit www.canada.ca Employment and Social Development Canada or contact our office for more information.



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