

### APPRENTICESHIPS

With a boomer population rapidly approaching their retirement years, the latest hot-button issue in many industries is the looming shortage of skilled trades in the coming years. Many sectors are already facing a critical shortage of skilled trades workers. As government, industry and educational institutions scramble to fill the gap by encouraging more young people to enter the trades, business are being supported by recent tax measures that can help defray the costs of their apprenticeship training programs.

#### Financial Support for Apprenticeship Training

If your business hires "eligible" apprentices, you may be able to claim a federal tax credit on their wages and salaries. The apprenticeship job creation tax credit (AJCTC) is a non-refundable tax credit equal to 10% of the eligible salaries and wages payable to an eligible apprentice in respect of employment after May 1, 2006. The maximum credit is \$2,000 per year for each eligible apprentice based on a salary of at least \$20,000. Special rules apply to ensure that the \$2,000 limit is allocated to only one employer in a related group.

For Ontario corporations and sole proprietors, the AJCTC reimburses up to 25 per cent of eligible expenditures paid or payable after May 18, 2004 and before January 1, 2011, to a maximum tax credit of \$5,000 per qualifying apprentice per taxation year. If the total salaries and wages for the previous taxation year were \$400,000 or less, the rate of the tax credit is increased to 30 per cent.

#### Eligible Apprentices

For purposes of the AJCTC, an eligible apprentice is someone who is working in a "prescribed trade" in the first two years of their apprenticeship contract. This contract must be registered with a federal, provincial or territorial government under an apprenticeship program designed to certify or license individuals in the trade.

#### Prescribed Trades

A prescribed trade includes those listed as "Red Seal Trades", which currently include 49 eligible apprenticeships, but may include additional trades the government feels should qualify for the credit. To access a listing of trades that are designated Red Seal for each province and territory, visit the website of the Interprovincial Standards Red Seal Program at [www.red-seal.ca](http://www.red-seal.ca). The site details the essential skills that the apprentice is required to obtain under each apprentice program, for example automotive painter, carpenter, cook, electronics technician, industrial electrician, etc. These profiles can help you determine whether existing openings within the business will be able to provide the requisite training for a budding apprentice.

For companies that currently have apprenticeships in place, the profiles may also be helpful for determining the success and progress of the apprentices. The site also provides several helpful resources, such as information about national standards and trade certification, a link to the AJCTC program and links to the provincial and territorial apprenticeship branch offices.

#### Claiming the AJCTC

##### Federal

Employers may claim the credit on their income tax returns, using the Form T2038(IND)-Investment Tax Credit (Individuals) or Form T2SCH 31-Investment Tax Credit-Corporations.

##### Note:

- The apprentice must be registered with either a federal, provincial or territorial government or the investment tax credit (ITC) will not be allowed.
- The allowable tax credit is 10% of the eligible salary or wage paid to the apprentice up to \$2,000.
- If the taxpayer does not have sufficient taxes payable to fully apply the AJCTC, any unused credits may be carried back three years and/or carried forward 20 years.
- The employee may also be entitled to an Apprenticeship Incentive Grant of \$1,000 per year to a maximum of \$2,000.

##### Provincial—Ontario

1. Corporations and sole proprietors must have a permanent establishment in Ontario and be subject to Ontario corporate income tax.
2. The apprenticeship contract must be registered with the Minister of Training, Colleges and Universities under the *Trades Qualification and Apprenticeship Act*; or the training agreement must be registered with the Director of Apprenticeship under the *Apprenticeship and Certification Act, 1998*.
3. The apprentice's employment must have commenced before January 1, 2008 and must be employed during the first 36 months of an apprenticeship program.

Employers may claim the tax credit on Schedule 114 of the CT-23 or CT-8 tax return (Corporations) or Form ON479 of the personal tax return (Individuals).

#### Building a Skilled Workforce

Apprentices trained within your organization who then become qualified journeypersons can help ensure you have the skilled labour you need to replace those who will be retiring. Consider also that "homegrown" journey persons are often a better fit within the organization and therefore may be more productive than an externally-trained journeyperson.

## This 'n That at Logan Katz ...

Congratulations to the winners of our 2006 Personal Tax Season Prize draw!

\$50 Subway gift card  
(compliments of  
Kanata Subway)  
-Jeanette Belanger-

\$50 Luciano Foods  
gift certificate  
-Stephen Hnatyshyn-

\$50 Luciano Foods  
gift certificate  
-Dermot Nally-

\$250 Bija Bijoux  
gift certificate  
-Leslie Anderson-

\$750 RONA gift card  
-John Cox-

The 2006 tax season has come and gone. Logan Katz is pleased to have welcomed back our cherished returning clients, and to have met several new valuable clients who put their trust in us. Thank you for your loyalty and confidence in our firm. Thank you also to all who refer others to our firm – this is the ultimate reward for our efforts to provide the best service possible. Remember, to help us serve you better, we continue to encourage you to register with the CRA on-line services, specifically by authorizing us to access your 'My Account'. Let us know if you require any assistance with this process.

#### GO SENS GO!

Down 0-2! No problem!  
Let's remain hopeful and stay  
behind our team!!

#### Upcoming Breakfast Seminars

June 21, 2007

Grant Mellow, Action International  
"Get Your Business Working  
For You!"

We will be taking a hiatus from our monthly breakfast seminars during the summer months of July and August. Stay tuned for the 2007-2008 Seminar Schedule to be released toward the end of the summer!

Please let us know of any topics or speakers you would enjoy hearing.

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### LOGAN KATZ LLP BREAKFAST SEMINAR SERIES—SNEAK PREVIEW! "Get Your Business Working for You" - Grant Mellow

Your business is performing well, but could it be better? You have a successful business, now it is time for the next step — a healthy, profitable business that works without you! Develop your business so your team and business produce excellent results even while you are away. With this success, are you able to pursue the next steps in your personal plan? Come prepared to discuss what you can do to make a difference!

With 21 years of management and organization development in his back pocket, Grant has worked with many people, successfully growing businesses and helping individuals achieve personal goals. He believes in getting the best out of you, so that you can get the best out of your business!

Please reserve your space now, as our seminars are consistently filling up!