

# INFO PAYS

IPS Invoice Payment System

April 2025

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MAXIMIZING  
DEDUCTIONS FOR  
TAX SEASON

TAKING CONTROL OF  
YOUR INVOICE  
RECEIVABLES



## HOW CAN CANADIAN SMALL BUSINESS OWNERS MAXIMIZE DEDUCTIONS DURING PERSONAL TAX SEASON? HERE'S WHAT THEY SHOULD KNOW:

### 1. Business Structure Affects Taxation

- Sole Proprietors & Partnerships: Business income is reported on a personal tax return (T1) using Form T2125 (Statement of Business or Professional Activities).
- Corporations: Owners file a separate corporate tax return (T2), but any salary or dividends received must be reported on their personal tax return.

### 2. Key Tax Deadlines

- Personal Tax Filing Deadline: April 30, 2025 (for the 2024 tax year).
- Self-Employed Filing Deadline: June 15, 2025 (but any taxes owed are still due by April 30).
- Corporate Tax Deadlines: Vary depending on the fiscal year-end but generally due six months after year-end.

### 3. Paying Income & Self-Employment Taxes

- Business owners must pay Canada

Pension Plan (CPP) contributions on their earnings. Unlike employees, self-employed individuals must pay both the employer and employee portions.

- No automatic tax withholding means self-employed individuals must make quarterly installment payments if they owe more than \$3,000 in taxes.

### 4. Business Expense Deductions

- Home office expenses (if you use a dedicated space for business).
- Vehicle expenses (keep a mileage log and claim gas, insurance, maintenance, etc.).
- Business meals & entertainment (50% of reasonable expenses).
- Office supplies, advertising, professional fees, and insurance.
- Salaries paid to employees or family members (reasonable wages).

### 5. GST/HST Considerations

- If your business earns \$30,000+ in revenue in 12 months, you must register for and charge GST/HST.

- GST/HST filing deadlines depend on your reporting period (monthly, quarterly, or annually).

### 6. RRSP & TFSA Contributions

- Contributing to an RRSP can reduce taxable income.
- TFSAs allow tax-free investment growth but do not reduce taxable income.

### 7. Tax Credits & Deductions

- Canada Employment Amount: for those who also work as employees.
- Canada Training Credit: if you invested in professional development.
- Small Business Deduction (SBD): for incorporated businesses, reducing corporate tax rates.

### 8. Keeping Good Records

- Maintain receipts, invoices, and financial statements for at least six years in case of a CRA audit.
- Consider using accounting software or hiring an accountant.



## TAKE CONTROL OF YOUR RECEIVABLES WITH IPS

IPS Invoice Receivable Management refers to the process of follow up and collecting payments from customers for goods or services provided on credit. It ensures cash flow remains steady and reduces the risk of unpaid invoices. Here's how it works:

### Use IPS as your Invoice payment tool

- Open your account today and finance your current receivables.
- IPS will create and send invoices with clear payment terms (e.g., due in 30 days).
- Include details: invoice number, date, payment methods, and penalties for late payments.

### Tracking Outstanding Payments

- We will maintain an Accounts Receivable (AR) ledger to track unpaid invoices.
- We categorize invoices by due date (current, 30, 45, 60, 75, 90+ days overdue).
- We send reminders and statements before due dates to encourage timely payments.

### Implementing a Collections Process

- Early follow-ups: Send reminders before the due date.
- Late payment escalation: Follow up with phone calls and emails.
- Payment plans: Offer installment options for struggling payers.
- Debt collection: If unpaid after 90+ days, consider legal action or a collection agency.

*“Knowledge is the key to success.”*

**Guarantee  
your liquidity  
in  
8 business  
hours**

