

Wage subsidy programs can help reduce your labour costs

Elliot Schiller

The Temporary Foreign Worker Program has certainly been in the news of late. However, did you know that there are many other non-controversial wage subsidy programs available to Canadian companies? As we've discussed in this column in the past, subsidies are put in place because the government of the day wants to incentivize various sectors of the population. Wage subsidies are currently available for:

- Increasing job opportunities for younger (youth) workers
- Encouraging the hiring of people with post-university degrees in order to stimulate research and development and business innovation
- Encouraging the hiring of employees with disabilities or previous workplace injuries.
- Increasing visible minority hiring
- Launching recent graduates into the job market

...and the list goes on.

YOUNGER (YOUTH) WORKERS

With respect to hiring youth or apprenticing workers, there are both federal and various provincial incentives. Canada offers the Apprenticeship Job Creation Tax Credit that provides a \$2,000 per year tax credit for employers who hire an "eligible apprentice." Many provinces participate in this program with add-on funding of their own – and for summer job employment, seasonal job reimbursement hiring and hiring co-op students. Canada also provides significant financial incentives for hiring youth in rural areas.

INNOVATION

If you are doing innovation, there are many wage subsidies available to encourage employers to hire either specific qualified personnel (i.e. graduate students, Ph.D.'s and postdoctoral fellows), or to hire personnel to specifically focus on research and development work. Provincially, Alberta, Saskatchewan, and Quebec either participate in the federal program, or have their own program for innovation. Furthermore, the Scientific Research and Experimental Development Program (SR&ED) also subsidizes labour performed for innovation purposes.

The federal government subsidizes salaried employee wages anywhere from 30% to 50% of their salary costs, and for contract work, 16% to 28% of the cost – depending on whether the taxpaying company is foreign owned and/or is considered a large company by the Canada Revenue Agency (CRA) definition, or is a Canadian-owned private corporation (CCPC). Every province and the Yukon also participate in this program.

COMMERCIALIZATION/EXPANSION

If you're a startup or you're ready to commercialize your product, or are planning a significant business expansion, there are wage subsidies for you. Provincially, there are a large number of programs including:

- Employment Manitoba and Manitoba Works (Manitoba)
- JobsNL Wage Subsidy, Linkages (Newfoundland and Labrador)
- Métis Employment Services (Alberta)
- Nunavut Prospector's Program
- Employ PEI, Rural Jobs Initiative (Prince Edward Island)
- START Program (Nova Scotia)

There are also subsidies available if you intend to place your business or your business expansion in rural areas, specifically Northern Ontario and the Northwest Territories.

REGIONAL INCENTIVE TARGETING

Each area of the country has industries or skills that they specifically target for incentivizing. For example, there are multiple programs with respect to child care workers in both New Brunswick and Nova Scotia. Likewise, the digital media industry is being encouraged with incentives in New Brunswick and Ontario. Also, the apparel and textile industries have federal subsidy programs for hiring new or underemployed workers. The federal government does a nice job of consolidating all of the available wage subsidies on one web page. It can be found at <http://www.canadabusiness.ca/eng/page/2739/>.

FOLLOW THE RULES

If you haven't yet hired those new employees, it's important that you learn more in advance about the program that you think you might be eligible for. While some programs grant you the subsidy regardless of timing, others require that you apply for the subsidy, and in many cases, get approval, prior to hiring. It's important that you know the particular rules for the program that you're applying for. We discussed this last month in this column, and here's another situation where you might lose out on a significant number of dollars by not following the rules.

Furthermore, many of these programs grant your company the subsidy through your corporate tax return. So it's important that your accountant is aware that you have qualified for a specific program – so that you file the appropriate forms and schedules along with your tax return.

These funds are specifically made available to you as a means for government to encourage your business. Know what's available and take advantage of it. Chances are, your competitors do!

Elliot Schiller is a Director at Toronto's Teeger Schiller Inc., a company that specializes in obtaining government funding. His clients receive over \$5 million annually to support their ongoing business innovation. E-mail eschiller@teegerschiller.com, visit www.FundingHelp.ca or phone 1-888-816-0222 Ext. 102.



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David Teeger

Director

David Teeger C.A., C.A. (S.A.) graduated as a Chartered Accountant in South Africa, and upon arrival in Canada he obtained his Canadian C.A. designation and joined Richter & Associates, a management consulting firm, where he concentrated his practice on various business sectors including household goods, fashion, automotive parts, public associations, and retail chains. He performed many roles in his 15 years at Richter, including managing the professional services organization in North America and all business operations throughout Europe.

David's professional capabilities include computer audits, feasibility studies, system analyses and assistance in the selection, negotiation and implementation of computerized solutions.

As a founding partner of Teeger Schiller Inc., he has focused his practice on consulting to management. His team of professionals has helped businesses select and successfully install a variety of ERP business solutions and add-on systems including business intelligence solutions to give new life to existing computer systems. David's clients not only rely on him to successfully manage the implementation of their new systems, but to manage the change that occurs in their organizations as a result of the use of these new tools.



Elliot Schiller

Director

Elliot Schiller, Ph.D., C.M.C. began his career as a Chemical Engineer working for Grumman Aircraft, in Long Island, New York. He obtained his Ph.D. at the University of Pittsburgh with funding from the U.S. Atomic Energy Commission, and, after being awarded a Presidential Fellowship, he went on to perform research and development activities at Brookhaven National Laboratory.

Since coming to Canada, he has primarily assisted consumer products and retail organizations in a variety of strategic management initiatives, traveling around the globe on behalf of his clients. In 1987, Elliot joined Richter & Associates, and it is here that he first met David Teeger.

As a founding partner of Teeger Schiller Inc., he has focused the SR&ED / Grant Division on obtaining grants and tax incentives for over 100 companies in the small to medium sized business sector. His team has provided services to the discrete / processing manufacturing, material development, textiles, apparel, automotive and computer sciences sectors. Annually, Teeger Schiller Inc. secures more than \$5 million in government funding to assist its clients in having their business initiatives supported by government funding.



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