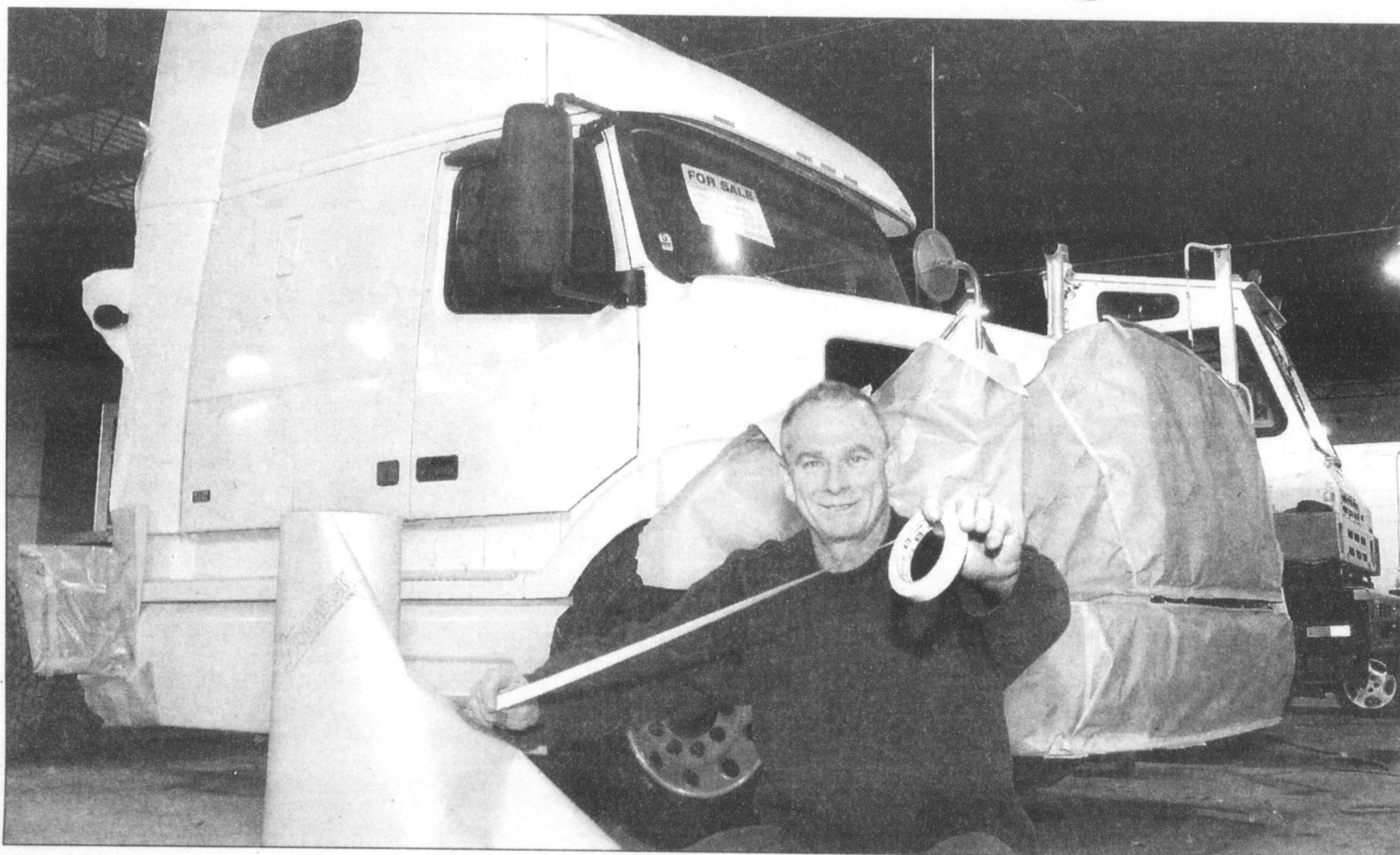


BUSINESS

Business getting bigger at High Point Truck Collision



GRAHAM PAINE / CANADIAN CHAMPION

DOWN TO WORK: Ozzie Pento, owner of High Point Truck Collision on Regional Road 25, gets ready to mask and tape the front of a Volvo tractor in preparation for painting.

Ozzie Pento is back in business and is — literally — paintin' the town red... or blue, or grey, or whatever colours his customers request.

The long-time owner of Supreme Auto Collision recently opened a new shop, High Point Truck Collision, on Regional Road 25 and has been busy repairing and painting large vehicles.

"The new shop is 20,000 square feet," he said, noting it has two large paint booths that are 44 feet by 54 feet.

"This is to accommodate the trucks and large machinery that are repaired and painted."

But the shop isn't just limited to large vehicles. Pento said he welcomes those of the smaller variety as well, like cars, SUVs and pick-up trucks.

Along with painting, High Point offers sand-blasting and also has a frame rack on the premises to straighten frames if necessary.

Pento reported that business has been good, with some of his customers from his 22 years spent at Supreme Auto Collision coming over to the new shop.

He noted his son Paul is working alongside him so that one day, he can take over the shop.

"I'm showing him the ropes," he explained.

In addition to Paul, Pento has six other technicians and painters on staff.

High Point Truck Collision is located at 8420 Regional Road 25, just north of Hwy. 401.

So Your Think You're Self-Employed?

Although the topic of employee vs. independent contractor is not a hot new issue, it is one that is receiving greater scrutiny by the Canada Revenue Agency (CRA) and the Workers Safety Insurance Board (WSIB) in their audits and has led to significant tax reassessments, penalties and interest.

Why? The changing work environment has fundamentally altered the relationships between workers and hirers. Small businesses, which account for most of new jobs, are often reluctant to hire employees because of payroll taxes and various employment rights such as severance pay. As well, the workers themselves want to remain independent so they can deduct significantly more expenses.

The old rule-of-thumb that you can consider yourself self-employed if you have more than one client is not necessarily true. The Income Tax Act provides no specific guidance on the self-employment issue. As a result, the matter must be resolved using guiding factors set down by the courts.

No single factor defines an employment relationship in all circumstances, however you are likely considered self-employed if you:

- Control the time, place, and manner of performing your activities;
- Supply your own equipment and tools, and assume the rental and maintenance costs;
- Make a profit or incur a loss, and cover operating costs; and
- Integrate your client's activities into your own business activities.

You are likely considered an employee if your employer:

- Decides where, when, and how the work is to be done;
- Establishes your working hours;
- Determines your salary amount;
- Supervises your activities; and
- Assesses the quality of your work.

One trend that is starting to emerge, is to give weight to the "stated intentions of the parties and the specific actions that support those intentions". The Tax Court of Canada has recognized the importance of "an unequivocal agreement between the parties as to the nature of their relationship".

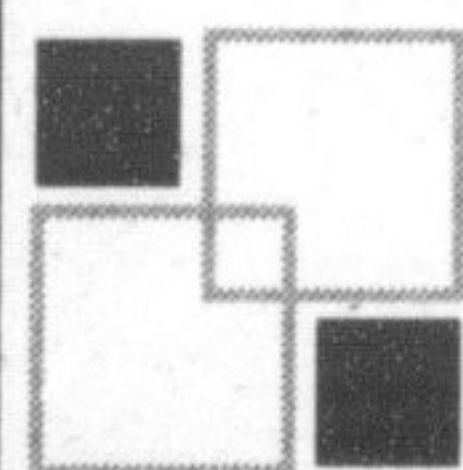
In its audits, CRA is asking for copies of the agreements between business owners and contractors detailing their business arrangement. Where a WRITTEN contract clearly sets out the taxpayer's intention to be considered a contractor and the actions of the parties are consistent with this contention, CRA and the courts have generally respected the agreement.

Where no contract exists, CRA looks at the above noted guidelines and makes their own determination - not necessarily the one you want to hear. Specifically they will look to see that independent contractors:

- prepare regular invoices on their own letterhead, together with applicable GST charges
- own equipment, which they use in their business
- purchase their own supplies and pay their own expenses
- are not included in the company's benefit plan and don't receive holiday pay
- are not on the business' letterhead, telephone or e-mail listings
- do not carry company business cards.
- set their own hours and may be permitted to subcontract the work if applicable
- obtain any required licences or permits and carry their own insurance for their own actions.

As time marches on every business owner and subcontractor should be aware of these guidelines and should be prepared to defend their position based on the concerns above. It's all about being proactive.

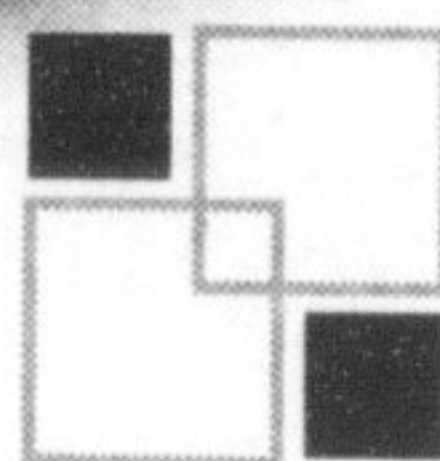
(Please keep in mind that the preceding comments are general in nature and are not intended to serve as a replacement for professional advice. You should consult with your chartered accountant regarding your particular set of circumstances.)



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