

Sometime around 1977, my dad took me to a very unusual New West Bruins game, where we got a great deal more than we expected, this time against the Soviet national junior team. The Bruins were coached by the infamous Ernie's "Punch" McLean (a nickname he had earned by clocking a referee in the face). The Bruins' style of play was an imprint of their feisty coach. They had a fierce reputation for intimidation, much like the Philadelphia Flyers of that same era.

Part of the spectacle of this "friendly" match was that a high level Soviet leader was to be in attendance (I can't recall who). A large section of about 50 lower-middle seats, surrounded by lower-middle class Canadians, had been corded off, and reserved for the Russian entourage. Those seats sat ominously empty until game time, when a side door opened up, and a large group of determined looking, fully uniformed special forces filed in and formed a protective buffer in the allotted section. They were then followed by an even more menacing inner crew of body guards and the leader himself.

This was Cold War heat at its finest, and I was utterly mesmerized. Real live communists! And not from some little sunny southern island. Stone-faced, KGB, first-world-despising, seekers of global domination, right here in Queens Park, where we had Sunday picnics, threw frisbees and chewed on KFC.

The Bruins followed their usual punishing game plan, but with more venom. Each hit was a personal message to The kremlin. Just five years earlier the Red Army team had humbled team Canada in nearby Vancouver. So to the Bruins — and to all of us — it was still as though our little sister had been insulted by a fat kid, who was not even from here. A few thousand gleeful capitalist homers drank it in.

The one drawback of this sort of tactic is that there were referees, clearly foreign agents. So when the Bruins at one point had overfilled their penalty box (not unusual for them) us fans got very loud and began chanting something I'd best not put in print (also not unusual, but this time with feeling).

As if vetoing a UN motion, the Russian leader stood abruptly and signalled his army to march. They were clearly angry — which for the moment mattered more than the game. Even the players on the ice stopped and watched, confused. But the fans saw an opportunity to remind the Rooskies about free speech. And we did.

The game didn't seem to matter much after that, but the crowd got a great deal more than they expected. A priceless bonus. A big icy red raspberry to Russia

And speaking of bonuses and capitalism, as long as it doesn't put them in the red, often a company will provide incentive bonuses to employees for strategic reasons. As an employee morale strategy, this is usually tied to overall and individual performance. As a small business strategy, it is more often just juggling black ink within tax rules, for the betterment of long term business health.

How is a bonus taxed to the individual?

A bonus is taxed like regular employment income at your graduated tax rates in the year of receipt, and reported on a T4 slip. It is subject to payroll withholdings for income taxes and government benefit programs such as CPP.

Employment Insurance (EI) contributions.

The amount of payroll withholding is typically determined by your average tax rate and the required contributions for the various government benefits programs applicable in your province/territory of residence.

Some employers will allow you to defer the receipt of a bonus to the following tax year. If you do not need the money currently, deferring your year-end bonus to the next year may be beneficial to you if you expect to be in a lower tax bracket the following year.

How is it taxed to the company?

A company that pays a bonus to an employee is able to deduct the bonus payment and related payroll expenses from its taxable income as long as the expenses were incurred to allow the company to earn

income and the amount paid is reasonable. Where the bonus is paid to an employee who is also a shareholder of a private corporation, it is key that the shareholder is actively involved in the day-to-day operations of the corporation and contribute to the income-producing activities of the corporation in order for the bonus to be deductible. The CRA will likely question the reasonableness of a bonus if it is paid out to a non-active shareholder/manager, a non-resident shareholder/manager or to a holding corporation.

A corporation can declare a bonus and get a deduction for the current corporate tax year even if it does not payout the bonus immediately. The corporation has up to 179 days after the corporate year-end to pay the bonus if they wish to claim the deduction in the year the bonus was declared. A qualified tax advisor can help you determine the deductibility of a bonus payment made by your corporation. It is important that the company withholds taxes on the bonus payment and remits the proper amounts to the CRA on a timely basis. A qualified tax advisor can help you determine the amounts that should be withheld from an employee's bonus.

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