



Kingsgate Technologies Inc

Instruction Manual



Pivot Accounting Pro

VERSION 2017

GETTING STARTED

Once you have installed the Pivot Accounting Pro software onto your desktop please proceed to the Basic Information module.

- Enter your Name or Trade Business Name

- Enter your GST/HST number or Social Insurance Number for Identification.

- Enter your postal code.

- Select the tax year from 2009 to 2017.

- Select the province of your business. This program will automatically select the applicable GST/HST rate and PST rate based on the province and the tax year selected. The GST/HST rate will determine the amount of Input Tax Credits (ITCs) to extract from your business expenses and from the purchases of Capital Assets utilized in your business.

Business Capital Assets

This module will allow you to determine the amount of depreciation expense you can deduct and the amount of GST/HST input credits you can claim from the acquisition and % business use of these Capital Assets in your business.

Vehicle Used in Your Business

Previously depreciated vehicles:

- If your vehicle(s) had been depreciated in prior year tax returns, enter the carry-forward amount or ending balance into this current tax year. If there are more than one vehicle depreciated in previous years, enter the pooled amount of all the vehicles' balances after depreciation was previously claimed.

Never depreciated vehicles:

- If you have never claimed any depreciation on your vehicle in any prior year tax returns, click the "Add Item" and enter the following information:
 1. The Make, Year, and Model of the Vehicle
 2. The Purchase Price or Fair-Market value, whichever provides more accuracy.
 3. Enter the % of business use relative to personal use.
 4. Enter the year of the vehicle purchase.

5. Refer to the tax tables on the “Getting Started” module to find the correct GST/HST rate.
6. If you did not pay GST/HST on the vehicle enter 0% for the GST/HST rate.

Other Assets used in Your Business

Computers, Equipment, Tools, and Fixtures:

- The same rule applies for previously depreciated capital assets used for business as they do for vehicles. Enter the carry-forward pooled amount if applicable.
- If you have never claimed any depreciation on your business assets in any prior year tax returns, click the “Add Item” and enter the following for information:
 1. Describe the item. For example, “HP Laptop”.
 2. The Purchase Price or Fair-Market value, which ever provides more accuracy.
 3. Enter the % of business use relative to personal use.
 4. Enter the year of the Asset purchase.
 5. Refer to the tax tables on the “Getting Started” module to find the correct GST/HST rate.
 6. If you did not pay GST/HST on the purchase enter 0% for the GST/HST rate.

Home Office Expenses

This module will allow you to determine the amount of home office expenses you can deduct and the amount of GST/HST input credits you can claim from house expenses such as hydro, telephone line, internet, and other utilities.

- Enter the amount of square footage you utilize for business purposes.
- Enter the total square footage of your residence.
- Tally up the yearly figures on applicable expenditures for:
 1. RENT
 2. INTERNET
 3. TELEPHONE LINE
 4. GAS
 5. MORTGAGE INTEREST
 6. PROPERTY TAXES
 7. MUNICIPAL UTILITIES
 8. HOUSE INSURANCE
 9. STRATA FEES
 10. HOME REPAIRS & MAINTAINANCE

Revenue and Sales Taxes

This module will allow you to track, in detail, how much revenue your business has generated and how much GST/HST (and if applicable, PST) your business has collected.

You have the option to track the above figures on a daily, weekly, monthly or yearly basis. It is advisable to track sales and taxes collected on a monthly basis so that you have the monthly figures of sales and taxes collected required for monthly-centric reporting for GST/HST filings (and PST filings, if applicable).

There is flexibility provided by this module to record sales that are GST/HST taxable or sales that are not GST/HST taxable, such as sales shipped to the US or services delivered to the US. For example, web design services provided to US clients from Canada are not subject to GST/HST.

This flexibility is also available to accommodate sales that are PST taxable in conjunction with being GST taxable. For example, computer repairs, retail sales, legal services, and automotive repairs are both GST taxable and PST taxable in British Columbia.

Automobile Mileage:

This module establishes the prorata basis with which vehicle expenditures can be claimed as expenses and the GST/HST input tax credits from vehicle expenditures based on business mileage use %.

- Enter the total number of kilometers of business driving use during the calendar year.
- Enter the total number of kilometers driven during the calendar year.

- The % of business use will be applied to vehicle expenditures such as fuel, repairs & maintenance, insurance, vehicle leasing, and car washes.
- Parking is not subject to proration.

- NOTE: If your vehicle % business use is (90% or higher), then 100% of your vehicle expenses are deductible and are not subject to proration.

Business Expenses Tracking:

This module allows the self-employed proprietor to record direct business expenses such materials, supplies, and all other Cost of Sales expenses. GST/HST input tax credits paid on eligible expenses are also recorded on this module.

The expense accounts provided in this module are exhaustive in scope. They include:

- Advertising & Promotions
- Automobile – Gas (prorated)
- Automobile – Repairs & Maintenance (prorated)
- Automobile – Insurance (prorated)
- Automobile – Car Lease (prorated)
- Bad Debts

- Cellular Phone
- Contracted Services (GST/HST charged)
- Wages + Employer's Portion of EI and CPP + Vacation Pay + WCB premiums for employees
- Contracted Services (no GST/HST charged)
- Equipment Rental
- Equipment Repairs & Maintenance
- Liability Insurance
- Interest Charges, Merchant Fees, and Bank Charges
- Licences, Permits, and Membership Dues
- Legal & Accounting Costs
- Meals & Entertainment Expenses (50%)
- Office Expenses
- Office Supplies & Software
- Parking
- Rent (Facility, Office, & Storage)
- Supplies
- Travel (Flight, Meals, Hotel, Car Rental, and Tolls)
- WorkSafe Premiums
- Workwear and Equipment

This workhorse module allows users to perform detailed bookkeeping functions in the tracking of their business expenses and the GST input credits paid on those expenses.

How to save your work

- Pivot Accounting Pro allows the user to save all their entries and inputs by creating a back-up file that is reloadable and portable.

- Simply click on the Menu Bar on the upper right hand of the screen and select “Save Report”. Create a name for this back-up and save it to a desktop or a folder.
- To reload a saved backup, simply run Pivot Accounting Pro again, then from the Menu Bar select “Load Report”. The software will prompt the user to browse where the back-up file is located in order to restore it again for continued work.
- This back-up file can be emailed to an accountant or tax practitioner provided they have purchased the software.

How to export your accounting summaries

- Pivot Accounting Pro allows users to export summary and detailed reports in a PDF format for 3rd party review.
- To export a report, click on the Menu Bar and select “Export PDF”. The software will prompt the user to browse where the PDF file is to be located and saved.
- The PDF file can be emailed to an accountant or tax practitioner. This PDF export contains all the information required to file an income tax return for self-employment and to file a GST/HST return to the CRA.

Accounting Reports in the Summary Module

- Income Statement Summary
- GST/HST Summary on Taxes Collected and Input credits claimed

- Monthly, quarterly, semi-annually, and annual Sales Revenue Breakdown
- PST amounts collected monthly, quarterly, semi-annually and annually
- Detailed Log of Revenues and Sales Taxes
- Detailed Log of Expenses Entries for the Year
- Detail log of Capital Assets recorded.
- Details of Depreciation Expenses claimed
- Details of GST/HST input credit claimed on Capital Assets.
- Summary of Home Office Expenses
- Home Office Proration
- Vehicle Mileage Proration

Tax and Accounting Tips

- How to organize your paperwork for Pivot Accounting Pro:
 1. Create a separate folder for your each of your bank statements.
 2. Create a separate folder for each of your credit card statements.
 3. Create separate folders for each household bill such hydro, internet, cable, and telephone.
 4. Keep your purchase receipts in an envelop large enough to hold a month's worth paper receipts.
 5. Avoid using cash to make purchases and payments for your business. The chances are you might not have the receipt or documentation of the payment when you are sorting through year-end paperwork. Using debit cards, credit cards, interac email transfer, or paypal leaves an electronic and paper trail.

- **Bookkeeping Tips for Using Pivot Accounting Pro**

Bookkeeping on the Revenue & Sales Tax Module:

1. It is advisable to keep current on how much sales revenue you have generated and how much sales taxes (GST/HST and/or PST) you have collected each month.
2. Being proactive allows you to plan-ahead and it greatly reduces stress and uncertainty when left to the last minute.
3. Pivot Accounting Pro's revenue module allows you to track sales and sales taxes from an array of sources such as:

- + Your Invoice Records
- + POS Printouts
- + Bank Statement Deposits
- + Statements from Agencies like UBER.
- + Online Billing Systems like Freshbooks
- + Smartphone Invoicing Apps
- + Etc.

Bookkeeping on the Business Expense Module

1. How to work efficiently with Pivot:

When inputting entries into the Business Expense module, it's more efficient to work off monthly bank statements and credit card statements.

The underlying paper receipt or source document is stored in the envelopes and folders you had created. These source documents corroborate the items on your bank statements and credit card statements.

That's why we advocate avoiding the use of physical cash as a means of payment. If you do use cash, ensure you have a paper record or receipt.

2. Cash Basis vs Accrual Basis Accounting:

You must record your revenues and expenses on an accrual basis for income tax and GST/HST reporting purposes.

For tax purposes, the year-end date for a sole-proprietorship or partnership is calendar based. Meaning that Dec 31st is the effective year-end date of your business activities for the year. (Unless you ceased business activities during the year).

Revenue and GST/HST (collected) Implications:

Payments received in the new tax year (say January 2017) that were really earned in December 2016 (the prior year) must be reported as accrued receivables in December. You generated the sales revenue in December and you collected GST/HST in December upon successful completion or delivery of a product or service. Record these items on an accrual basis on your Pivot module. Do not defer them by recording them in January 2017.

Expense and GST/HST (ITC) Implications:

Payments that were made by you in the new tax year (say January 2017) that were really incurred in December 2016 (the prior year) should be reported as accrued payables in December.

You incurred the expense in December and you're entitled to claim the GST/HST input tax credits associated with those expenses. Record these items on an accrual basis on your Pivot expense module. That is, input them in for December 2016, not January 2017. Entering the expense both in December 2016 and January 2017 is not permitted.

Exceptions:

The CRA does allow for cash-basis accounting for self-employed individuals if their business involves:

- Farming
- Fishing
- Being a Self-Employed Commissioned Salesperson (Real Estate Agents)

With this cash method, the person reports income in the fiscal period it is actually received. Similarly, expenses are deducted in the year they are actually paid.

Expenses Available to Self-Employed Proprietorships:

General Business Expenses:

- Accounting, legal, and consulting expenses
- Advertising and Promotion
- Bad debts
- Business-related memberships, dues, and subscriptions
- Continuing Education to improve business skills
- Delivery and freight
- Equipment rental
- Business Insurance
- Interest and bank charges
- Office expenses
- Property taxes or rent on business property
- Purchases of materials and supplies
- Subcontractors' costs
- Traveling expenses

HOME OFFICE SPACE EXPENSES (PRORATED BY OFFICE SPACE sq. foot)

- Rent and Strata Fees
- Internet and Wi-Fi
- Utilities
- Municipal Utilities (Water and Sewage)
- Mortgage Interest
- House Insurance
- Property Taxes

- Home Repairs & Maintenance Expenses
- Home Telephone Line

CAPITAL ASSETS (Used to determine depreciation expense and GST Input tax Credits)

- Work Vehicles
- Tools
- Equipment
- Computer and Laptops
- Office Equipment
- Office Furniture & Fixtures
- Smartphones and Tablets

VEHICLE MILEAGE PRORATION

(Business Use/Total Kilometers Driven = % Vehicle Expense Allowance)

- Proration % Utilized to Claim Gas, Auto Repairs, Leasing, and Insurance Expense
- Parking expenses are 100% deductible (no proration required)



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