BUSINESS STARTUP
GUIDE
For Information and Communication Technology (ICT) Freelancers
Are you an information and communication technology (ICT) professional with dreams of being your own boss? Do you want to find out how to start up your own micro-business, or are you just thinking about it for now? Then this is the guide for you.

A business startup guide tailored to your reality
The AQIII has produced this document to demystify what self-employment involves for ICT professionals and to help them get started in business quickly, simply and affordably.

This guide has been designed for ICT professionals in Quebec looking to start up an incorporated micro-business in the ICT professional service sector. The administrative and legal operations will be even simpler for a registered type of business.

Our goal is to let you focus on what is essential: mandates you conduct for your clients.

AQIII members, who are themselves self-employed workers and professionals in various areas of activity, have validated the content of this guide to make sure it is relevant.

A memory aid with you every step of the way
This guide describes systematic, concise steps for starting up a business, along with the resources available should you decide to make the leap. Take a look at the guide’s table of contents to see what points are covered.

Look especially at the checklist at the end of the document. It recaps the main steps in successfully starting up a business. It is your fellow traveler.

Note, however, that the information in this guide does not replace the advice of specialists in every specific case. Rather, it provides general advice.

The AQIII declines any responsibility for how readers use it. They should not act solely on the information it provides.

A simple approach
The barriers to entry are relatively low for anyone who wants to become an information and communication technology freelancer. Besides a modest investment in computer hardware and office supplies, few conditions are imposed by professional associations or regulatory authorities. Anyone who feels they are prepared is free to opt for this way of working.

If you choose to be an incorporated business, you must plan for a minimum of two weeks to complete all the steps in setting up your corporation. You may also decide to pay a supplement to speed up the processing of your application. Plan on a budget of about $500 to incorporate your company if you do it yourself, or from $1,000 to $1,500 if you are assisted by an attorney. Note that our members are entitled to incorporation services provided by an attorney at a special rate.

The AQIII, your main ally
The AQIII is the only network dedicated exclusively to self-employed ICT workers in Quebec and the place to find relevant resources to help you build your business.

The association also organizes free talks for ICT professionals dreaming of becoming freelancers. It is a perfect opportunity to share information about the main steps involved in starting up a business and about the experiences of other freelancers.
The AQIII would like to sincerely thank all the partners that supported the publication of this guide, and without which it would never have been created. Our partners can help you start up your business. Don’t hesitate to contact them.

We would also like to thank the people who worked on this project and who were kind enough to comment on the guide’s contents: Adrian Define, AQIII president, Lucie Morin, AQIII administrator, Béatrice Cassar, AQIII member, Robert Chapdelaine, AQIII member, François W. Légaré, lawyer, Christian Perron, managing director of Société de développement économique Ville-Marie (SDEV) and Sylvie Castonguay, project coordinator. Finally, the AQIII would like to thank its personnel, especially its managing director, Annie Thibodeau, without whom this project would never have happened.
Before anything else, we must point out the characteristics that distinguish the status of contractor from that of employee. A clear understanding of the difference between those two statuses is crucial, so you can always introduce your services and fully accept mandates while respecting your responsibilities as an independent contractor.

What is a self-employed worker?

A self-employed worker is anyone who works for another, for a fee, under the terms of a service agreement. With no employment relationship and receiving no salary, she dictates the terms for performing the work, generally obtained from several clients, and her activity is not governed by labor laws. She earns her income from a business that bills clients for her services.

Specific features of this method of working include:

- a flexible schedule;
- the absence of a relationship subordination;
- ownership of the tools;
- the possibility to incur losses or make profits.\(^1\)

Outlook for ICT self-employment

Self-employed workers make up about 10% of the workforce in the information and communication technology (ICT) sector. Organizations engage their services as supplementary resources to make up for a shortage of skills or even to handle peak workloads. The current and future shortage of qualified labor promises an even brighter future for self-employed ICT professionals.

A study of ICT workers conducted by TECHNOCompétences in 2011\(^2\) shows that the labor market overall is favorable. The study also indicates that computer consultants are among the most favorable ICT professions.

The same study also describes a very positive situation concerning job opportunities in the ICT sector and the salaries: “The average unemployment rate among college graduates was 4.4% and that among university graduates, 4.3%, in 2009. In both cases, this is a situation of full employment (frictional unemployment). At the same time, salaries are on the rise, and there has been a notable drop in the number of college and university graduates since 2003.”\(^3\)

Advantages of being an ICT freelancer

Here are a few interesting aspects specific to our sector that make self-employed work easier:

- mandates generally lasting several months, generating steady income over a long period;
- median gross income of $100,000, clearly higher than average for freelancers and higher than the average median salary in the general economy;
- little insecurity because it often takes no time to find mandates;
- growing market presence of consulting firms acting as intermediaries between clients and freelancers.

Useful links

1 TECHNOCompétences: Enquête sur les travailleurs autonomes dans les TI (p. 18)
2 TECHNOCompétences: Diagnostic sectoriel de la main-d’œuvre du secteur des technologies de l’information et des communications 2011
3 Ibid (p. 15)
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Becoming a Self-Employed ICT Worker

The information and communication technology industry is known for its innovation—not to mention the many job opportunities it opens up for the professionals working there.

Flexibility for clients

Public, parapublic and private organizations offer mandates of varying length to self-employed professionals because those professionals represent the flexibility and a pool of specialized labor essential to their growth.

Is this a business opportunity for you?

ICT freelancers also benefit from:

- the opportunity to work on a wide variety of projects;
- a more flexible way of working;
- compensation often higher than salaried work;
- the possibility to work in a host of environments and be their own boss.
Before Quitting Your Job

Do you have what it takes to be a self-employed worker?

Starting up your own ICT business is easier than it looks, and this new career path may prove to be exciting.

Before taking on the practical aspects, such as the legal form of the company and taxation, take the time to find out if you have the skills, the motivation and the energy to direct your own business. This way of working is not for everyone. Many self-assessment tests are available on the Internet, including the BDC Entrepreneurial potential self-assessment test.

Check around for yourself

Before making the leap, also make an effort to talk about your project with experienced self-employed workers, with professionals who know all about starting up a business and with potential clients or recruiters from consulting firms, who will be able to tell you about the types of mandates available and the organizations currently looking for consultants. Find out, too, about the rates being charged. You can also use data from the annual AQIII survey and IT salary surveys as a guide.

The AQIII also regularly gives information talks about self-employment to professionals thinking about starting up a business.

Be sure your financial situation is sound

Before quitting your job, be sure to make arrangements to ensure you are financially secure during the months following the time you set up your business.

You can create your working capital from your personal savings or even by taking out a loan or borrowing against your mortgage. Negotiating a comfortable line of credit is also a good idea so you can handle startup costs and wait for your first payments from your clients. You should make these requests to your banker before quitting your job. Once you are in business, your banker may ask you for an affirmation of contract before following up your request, unless he feels your assets will suffice.

In the ICT sector, however, many new self-employed workers have already negotiated a valuable first contract before quitting their jobs, which improves their financial situation.
Start off on the right foot by reviewing the following 10 steps. A solid plan will save you a lot of time and worry. You can do most of the suggested activities yourself. It is worth noting that creating a business has become much easier now that you can complete a variety of formalities on the Internet. More particularly, you can use online services specializing in name searches or business incorporation and registration or providing management tools for small businesses.

Consult a lawyer for more personalized or turnkey service related to the legal side of creating a business. We also recommend using the services of an accountant who is very familiar with your business context. Those professionals can resolve many of the legal and accounting issues involved in starting up and growing your business.

1. Decide on the legal format

There are five legal forms of businesses in Quebec, each with its own specific legal and tax obligations:

- company (incorporated);
- sole proprietorship operated by an individual (registered);
- cooperative;
- association;
- general partnership (S.E.N.C.).

However, indications are that the industry has a strong predilection for the corporation (also known as an incorporated or limited company) as the preferred legal entity. This status, which has grown considerably in the past few years, is used by more than 90% of AQIII members.

The mass adoption of this status can be explained basically by the fact that key clients and consulting firms are demanding to do business with professionals whose companies are incorporated. Given those conditions, incorporation becomes a mandatory criterion for winning contracts from such entities.

Though the formalities of forming a corporation are more complex and more costly, this legal form has indisputable benefits:

- The responsibility of the shareholder(s) is limited to the amount they invested in the company, as opposed to the sole proprietorship, for which the owner is entirely responsible.
- The income tax rate is usually better than that of individuals thanks to the Small Business Deduction (SBD). If the company generates major profits, it becomes a valuable financial and succession planning vehicle. Indeed, the company can defer its taxes until it starts paying dividends.
- A company has access to more sources of capital.
- A company has a legal personality separate from its administrators and shareholders.

Note that the Canada Revenue Agency organizes free information sessions that can be useful in this matter and cover various fiscal aspects.
2. Choose a name for your business

Every business must have a legal name. It is your job to find a business name that truly represents your services, that is original and easy to remember and that has not already been registered with the provincial or federal government.

To find out if the name you have in mind has already been taken, you can do the search yourself by using a special online service or by asking a lawyer for help. Your search should include the CIDREQ register, the federal business register, provincial incorporations outside Quebec and the Canadian Intellectual Property Office’s Trade-marks Office.

Before registering your business under the chosen name, do not forget to also consider your Web presence. If someone else in the world already has the rights to the domain name corresponding to the name you have chosen, you might have to change your business name; otherwise, clients browsing the Web will be directed to another site.

If you create a sole proprietorship with a legal name that includes your first name and last name, you do not have to register it. It is, however, preferable to have a business name separate from your personal name to avoid the appearance of being an incorporated employee.

3. Incorporate and register your business

Once you have chosen the legal form and name of your business, you can incorporate your company and register it in Quebec or elsewhere in Canada. You will then be assigned a business number, which is required for all your transactions with government ministries and agencies.

To constitute a corporation, you can use the services of a lawyer or an online service such as CorporationCentre or Incorpdirect (cheaper but less personalized).

Incorporation can be done under provincial law or federal law. Provincial incorporation is preferred, unless you plan on opening an office outside Quebec.

Registre des entreprises du Québec – to register your business yourself under provincial law

Canada Business (Canadian government) – to name and register your business yourself

Incorporation also entails other obligations such as obtaining a corporate minute book, which contains information on matters such as share issues, confirmation of administrators, appointment of officers and the date of the fiscal year-end.

It goes without saying that you will then have to fulfill several legal obligations, particularly the annual update of your file in the business register, which is usually done when preparing your tax returns.
4. Register your business for corporate income tax, deductions and GST/TVQ files

You must then register your business for income tax, deductions and GST/TVQ files.

GST/TVQ registration is mandatory if you earn more than $30,000 in four consecutive quarters. Collecting taxes also adds credibility to your company; otherwise, clients might not know if your company earns less than $30,000.

Deductions at source (DAS) include portions for the employer and employees (if you have any in your company; for example, yourself ), Régime de rentes du Québec (RRQ - employer and employee portions), Régime québécois d’assurance parentale (RQAP), Fonds des services de santé (FSS), Fonds de développement et de reconnaissance des compétences de la main-d’oeuvre (FDRCMO) and those for Commission des normes du travail (CNT) financing.

When registering, you will have to choose between the simplified or detailed method of calculating tax payments. Registering for Revenu Québec tax files

Be sure to pay all charges related to corporate taxes, deductions at source and the GST and TVQ; otherwise, you will have to pay them in full at the end of your fiscal year. Hint: Open an interest bearing account to help you set aside the required amounts.

5. Do the other required registrations

Employment Insurance: Since January 2011, self-employed Canadians eligible for the Employment Insurance program have access to maternity, parental, sickness and compassionate care benefits.

However, you must expect to pay the premiums for the entire life of your company. Is it worth the expense? That is a question you will have to reasonably ask yourself by doing the calculations to see if it would be of benefit to you.

ICT professionals rarely receive employment insurance benefits, which may occasionally be tax deductible if one is eligible.

Information and registration: www.servicecanada.gc.ca.

6. Follow internal management rules

If you opt for incorporation, a board of directors will have to be created, organized by the shareholders meeting. Note that an individual may now be the corporation’s sole shareholder, administrator and officer.

All documents concerning the corporation are recorded in the “company or corporate book” (articles of incorporation, internal by-laws, resolutions of the board of directors and shareholders’ meeting, administrators’ and shareholders’ registers, register of share transfers and certificates). That book must be kept up to date under penalty of fine. Current practice is to have the corporation’s accountant or attorney keep that book. You may also choose to keep it in a secure location.
7. Create books and ledgers
If you operate a company in Quebec, you must keep ledgers so tax authority personnel can eventually conduct an audit.
You must keep those documents, like all your supporting documents, for six years in paper or electronic format:
- at your place of business;
- at your residence;
- or at any other location stipulated by Revenu Québec.
Using accounting software for recording financial data and getting help from an accountant are highly recommended so you can fulfill your tax obligations. They will also be of personal benefit to you because you will have access to accurate information on your earnings and expenses.

8. Issue capital stock
If your company is incorporated, it must issue shares and define how they are to be distributed. You will have to decide on the maximum number or value of the shares your company is entitled to issue to finance its operations, which is set out in its deed of incorporation. The types of shares must be described in the government documents. Those shares are essential for distributing the company’s operating profits if there is more than one shareholder.
Share issues are recorded in the company’s books, particularly in the shareholders’ ledger, which contains the list of shareholders and the number of shares each one holds. The shareholder needs a share certificate for business purposes that attests to the number of shares registered in the shareholder’s name in the company’s ledgers.

9. Decide how you want to be seen on Web
It is in your best interest to have a Web presence. That is the easiest and most cost effective way of advertising your services and having people contact you.
The time and money spent on creating your Web site depends on how you generate your business. If you get contracts mainly from consulting firms, you might be satisfied with a Web page describing your basic skills and services, along with your coordinates, or even a page in the professional social network, LinkedIn, including your contact information.
Before choosing a domain name, consider factors such as the current use of that name or similar names, the length of the name to be keyed in, the availability of the chosen name, as well as its meaning and its interpretation in other languages.
Many providers can give a domain name, including the Canadian Internet Registration Authority (CIRA).
Obviously, membership in the AQIII also gives you a profile in the online members’ directory, which is widely consulted by direct clients and consulting firms. You can also indicate your availability and consult available mandates on the AQIII intranet.
10. Plan your company’s finances

Given the small investment needed to start up a small independent ICT business, your initial capital outlay will also be small. Plan to have working capital covering three to six months.

Also, be aware that few subsidies are available for pre-startup businesses with fewer than five employees and revenues of less than $500,000.

The simplest approach is to negotiate a line of credit before leaving your job and, as needed, a loan or mortgage loan.
Surround Yourself with Support

Your working conditions and support network change when you become self-employed. You no longer receive social security such as employment insurance and no longer have access to the benefits your employer provided (paid leave, insurance plan, retirement pension, etc.). You now have to make sure you are properly covered in terms of personal and professional insurance, retirement planning and finances.

Professionals at your service

Many professionals provide services specifically for small businesses. Accountants, lawyers, financial consultants and insurance brokers are just some of a self-employed worker’s best friends.

The services of a tax specialist may also prove useful, especially before creating your company. He will be able to guide you as you choose the best legal form based on your family situation (e.g. include members of your family as shareholders, what types of shares to use, marriage vs. common law).

Choosing the right accountant is also crucial because, regardless of the accounting choices he suggests to you, you remain the sole person responsible in the eyes of the law.

Take the time to choose professionals who are familiar with your sector of activity and with whom you enjoy working and whom you trust. The supplier agreements negotiated by the AQIII will contain professionals who count many ICT freelancers as clients.
Count on an Accountant!

Nicole Villeneuve
Senior Director of Certification - Mazars
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Nicole Villeneuve has operated an accounting office for more than 25 years, mainly for small and mid-sized enterprises and self-employed workers.
She joined the Mazars team in May 2000.

Points to remember

Bookkeeping

Bookkeeping is a very important step in the sound management of your company. Many types of media can be used. Simply Accounting software is a good tool. It is very user friendly and will allow you to, among other things, enter all revenues and expenses, reconcile bank accounts, quickly see your accounts receivable and payable and prepare your sales tax reports. Using a separate bank account for your company is also highly recommended.

Eligible expenses

All expenses incurred to generate current or future revenues are usually deductible. When in doubt, contact your accountant or note them down so they can be discussed at the end of the fiscal year. You must carefully keep all supporting documents related to expenses. Note that a credit card statement is not enough; every invoice recorded will have to be attached to it. Here is a brief list of the main eligible business expenses:

- Promotion and advertising;
- Stationery, office supplies and fees;
- Taxes and permits;
- Insurance premiums;
- Bank interest and fees;
- Maintenance and repair;
- Meal and representation expenses;
- Vehicle and travel expenses;
- Convention costs (limit of two per fiscal year);
- Appreciation;
- Accounting and legal fees;
- Rent and property taxes;
- Telephone, electricity, heating;
- Wages and benefits.

If you use your car for personal and business purposes, you must keep a record of actual vs. business kilometrage. That record must indicate the date, destination and purpose (client’s name for example). You must keep all receipts, that is, license, registration, gas, insurance, maintenance, repairs, loan interest and lease. The latter two expenses are subject to limitations.
**Capital expenses**

These are expenses incurred to purchase goods with a service life of more than one year; for example, office furniture, a building, computer hardware, etc.

Each of those goods falls under different tax categories and must be amortized at the prescribed rates.

**Billing**

It is very important to keep a ledger of the hours you have worked so you can use it to bill your clients. At the end of the fiscal year, you will find that ledger useful for, if applicable, determining if there is work in progress to be accounted for. If your invoices are not processed directly by the accounting software you use, they must be recorded in it regularly so you can properly produce your sales tax reports.

**Sales taxes**

If you are registered, you will have to add the federal goods and services tax (GST) and Quebec Sales Tax (TVQ) when billing your clients and submit them to Revenu Québec, depending on your reporting period.

Taxes on eligible expenses incurred during the period covered by the report to be produced will have to be entered in that report and will be subtracted from the taxes collected (billing). The result will thus be a balance owing or a reimbursement.

You must respect reporting deadlines to avoid having interest charged or fines levied.

Two calculation methods are available, general and simplified. Visit the quick calculation method site for more information.

*This information is general in nature and for information purposes only. We recommend that you consult your advisor concerning any additional information applicable to your situation.*
Most freelancers working in the computing sector are now incorporated businesses as requested by clients. When it comes to taxation, incorporation has certain advantages, including the right to deduct expenses incurred to earn business income and eligibility for the Small Business Deduction (SBD), thus reducing the tax rate applicable to the corporation.

**Absence of relationship of subordination**

Those benefits are available to the corporation as long as its shareholder is effectively a self-employed worker, not an incorporated employee. To qualify as a self-employed worker, no relationship of subordination must exist between the shareholder and the client. The relationship of subordination is determined by examining several management indicators, particularly:

- the control exercised by the client;
- ownership of the work tools;
- the shareholder’s economic risk;
- the shareholder’s integration into the client’s company.

That determination is crucial since, if a relationship of subordination exists, tax authorities could qualify the corporation as a “Personal Services Business” (PSB) and refuse the tax benefits enjoyed by the corporation, such as the SBD and deduction of certain business expenses.

The AQIII played a key role in the victory won in June 2011 by T.A.P. Consultant inc., a small ICT firm that challenged the extra assessment required by Revenu Québec. That amazing victory, backed by representations, augurs well for all ICT contractors because it clarifies their status as a business.

**Salary payments**

The salary paid to an employee is a deductible expense for the corporation. The payment of a salary involves an obligation to withhold, declare and pay provincial and federal deductions at source related to that salary. In addition, the corporation must itself pay into certain government plans, including the Régime des rentes du Québec and Fonds de services de santé.

**Deductions and contributions**

Deductions and contributions must be received by provincial and federal tax authorities no later than the 15th day of the month following the month in which the deductions were made. Besides those deductions, the corporation that pays a salary will have to declare that salary on a T-4 (federal) and Relevé 1 (provincial) form. The taxable benefits granted to an employee of the corporation must also be declared on those forms. They must be sent to the employee every year no later than the last day of February of the year following the calendar year specified by the form. If you are your company’s sole employee, you are considered an employee of your corporation for tax purposes.
Dividend payments
The company may also pay a dividend to a shareholder. Unlike the salary, the payment of a dividend does not depend on how great an effort was made by the shareholder in the corporation, and it is not a deductible expense for the latter. No deduction at source must be made on dividends paid. The payment of a dividend to a shareholder may, however, make him personally responsible if the company has any unpaid tax debts.

Filing income tax returns and reporting taxes
The company must file its tax return within six months following the end of its fiscal year. The company must also register for the GST and TVQ, unless it is qualified as a "small supplier", that is, a company with taxable revenues of less than $30,000. The company must collect the GST and TVQ when it makes taxable sales and submit those amounts to the tax authorities.

The company will be entitled to a reimbursement if the GST and TVQ collected are less than the amount of taxes the corporation paid on the goods and services acquired to make the taxable sales, amounts claimed via the input tax credit (ITC) and the input tax reimbursement (ITR). The corporation must normally complete a GST and TVQ return at the end of every reporting period. A SME is usually subject to an annual reporting period, which means paying tax installments four times a year. The start and end of the reporting period are determined based on the corporation's fiscal year. The taxes must be paid at the end of each reporting period.

Remitting deductions and taxes
The collection and remittance of deductions at source and sales taxes are important because, in the event of default, the company's administrator may be held personally liable for those amounts.

Is income splitting helpful?
Since the Canadian and Quebec tax systems are based on graduated tax rates, some people might be tempted to split the company's income. Income splitting consists of assigning income generated to different members of the family to benefit from a lower tax rate. For example, a company might pay a salary to the owner-operator's child, since its tax rate is lower than that of the owner-operator.

Though such a plan is possible in so far as the child actually works for the company and is paid a reasonable salary, be aware that tax laws contain several provisions specifically aimed at prohibiting income splitting.

Creating a trust may, in some cases, be used to split the company's income while respecting applicable tax laws. However, given the many legal obstacles to implementing a structure that enables income splitting, it is highly recommended to consult a tax specialist on this matter.

Useful link
Revenue Canada agency course on taxation
Legally Protect Your Work

The current, and still preferable, practice in the information technology sector is to sign a contract before taking on a mandate. Both parties benefit from setting out clearly, in writing, their intentions and the mandate to be carried out.

A clause respecting intellectual property rights will also have to be included if the contract involves work of an intellectual or creative nature.

Current models of turnkey contracts

The AQIII can give you free business contract models based on taxation best practices, the rules in the Quebec Civil Code and case law.

The contracts are available in editable Word format and make it easier for clients to use ICT freelancers and secure the contractual relationship between the parties. Four model contracts are available on the AQIII Web site.

You can suggest such a contract to your clients or use it when carrying out your contract negotiations.
Your Banker is Your Friend

Getting off on the right foot…

As a new business owner, you must get hold of the right financial tools to support your daily operations and grow your business. Be sure to clearly separate your personal revenues and expenses from your professional ones so you can effectively track your company’s financial growth.

Here are some valuable products and services for you.

Transaction products and services

Business account: Separate your personal account from your business account. Your accounting will be much simpler, and you will be able to monitor your transactions more effectively.

Credit card: Get a separate commercial credit card for your business expenses so you can manage them and easily keep things separate from your personal expenses.

Credit line: This is useful for financing your accounts receivable, stock purchases or miscellaneous operating expenses. Credit lines provide the flexibility you need to focus primarily on your operations and clients.

High interest savings account: To build your surpluses while protecting your money’s overall liquidity. Note that in Canada the first $100,000 is insured by the Canadian Deposit Insurance Corporation, but over that, it is not.

Building a relationship with your banker

Your banker’s role is to represent you to the financial institution with which you are doing business. The more mature your relationship with him, the more benefits you will receive. Feel free to contact him regularly to let him know how your company is growing and to find out about the latest financial products you might find useful. There are no “small clients”.

Useful link

The majority of financial institutions have programs specifically designed for self-employed workers and professionals, including those of the Laurentian Bank, which offers valuable discounts and a business account free to AQIII members.
Insurance, Necessary Protection

Disability insurance

Jean Duranleau
President, Services financiers Jean Duranleau inc.
jduranleau@jeanduranleau.com – www.jeanduranleau.com

As the official insurance provider of the AQIII for over 15 years, Services financiers Jean Duranleau inc. gives members high quality personalized disability insurance policies* tailored to their changing situation. Thanks to its alliance with MedicAssurance inc., it is also the contact for life, drug, health and dental insurance.

Information technology specialists often hold on to permanent jobs so they can continue receiving benefits, but they should be aware that they can enjoy the same coverage by becoming a self-employed worker.

The coverage may even be better. You definitely do not want to lose the priceless assets that are your income and health, and that becomes even more important when you are running your own company.

Usefulness of disability insurance

- In the event of accident or illness, you are guaranteed an income to help you maintain your current lifestyle.
- You protect your company when you are unable to work.

Likelihood of suffering a disability of more than 90 days before age 65

<table>
<thead>
<tr>
<th>Age</th>
<th>Likelihood</th>
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<tbody>
<tr>
<td>30</td>
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<tr>
<td>40</td>
<td>4 in 9</td>
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<tr>
<td>50</td>
<td>1 in 3</td>
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<td>60</td>
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Average length of disability of more than 90 days

<table>
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<tr>
<th>Age</th>
<th>Average length</th>
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<tr>
<td>30</td>
<td>2.5 years</td>
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<tr>
<td>40</td>
<td>3.1 years</td>
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<tr>
<td>50</td>
<td>3.1 years</td>
</tr>
<tr>
<td>60</td>
<td>1.6 years</td>
</tr>
</tbody>
</table>

You can claim benefits when you receive care from a doctor following an accident or illness and satisfy one of the following conditions:

1. **Full disability:** You are incapable of performing the key tasks of your profession and do not perform any income-generating activity.

2. **Partial disability:** You are continuously, but not totally, disabled, you exercise your profession or another income-generating activity and you are unable to perform:
   a. one or more key tasks in your profession;
   b. key tasks in your profession for at least half the normal time.

3. **Residual disability:** You are not totally disabled, you exercise your profession or another income-generating activity and you are unable to touch more than 80% of your income.

Useful link

AQIII’s competitive Comprehensive Insurance Plan.

* Note that the disability insurance policy available to AQIII members is irrevocable and guaranteed up to age 65 without a change of premium.
Life, drug and health insurance

Jean-Marc Denoncourt
President, MédicAssurance inc.
jmdenoncourt@medicassurance.ca – www.medicassurance.ca

MédicAssurance inc. has been providing various types of life, drug, health, dental and travel insurance to AQIII members for many years in cooperation with Services financiers Jean Duranteau inc. Thus, MédicAssurance provides easy access to a personalized healthcare program, without a medical requirement and with flexible payment terms.

You must protect the financial security and health of those close to you, not to mention your peace of mind. Every Quebec citizen must have drug insurance, whether issued by the government or a private insurer.

The government plan covers only drugs.

The AQIII has used its collective strength to negotiate a competitive personal insurance plan that comes with a number of options and covers a wide range of medical and paramedical expenses not covered by the Quebec government insurance plan. For example, it can help you pay for expenses related to prescription drugs, emergency medical assistance while traveling outside the province, or dental care.

Useful link

Régie de l’assurance maladie du Québec
Lucie Labonté has many years of experience as an insurance broker. Regardless of what field of IT you are involved in, she will be able to give you professional liability insurance that perfectly covers the work you do.

Professional liability

A smart contractor takes out professional liability insurance to mitigate the economic risks (especially risk of loss) and eventual damages due to an unhappy customer. Regardless of what field of IT you are involved in, situations can arise that may obstruct or compromise your projects.

Professional liability insurance protects you from legal proceedings brought against you. It covers disasters reported to the insurer during the coverage period that may arise from professional services, acts, errors or omissions related to consulting in the information technology sector.

Examples of covered activities

- Services related to the design, manufacture, development, sale and distribution of computer software or hardware;
- Delivery of Internet related services to third parties, particularly Internet access and Web site construction and updating services;
- Development or installation of encryption software;
- Email services;
- Development or facilitation of discussion forums or electronic bulletin boards, or other related services.

Useful link

Professional liability insurance plan designed by Dale Parizeau Morris Mackenzie
Plan Your Retirement

Tristan Laliberté, B.Com
Financial Planner, Financial Security Advisor and Group Savings Advisor, Laliberté & Richard
tlaliberte@equipelr.com – www.laliberte-richard.com

For 12 years now, Laliberté & Richard has been helping contractors and professionals build, grow and perpetuate their values using a unique financial approach. Its relationship with the AQIII and Services financiers Jean Duranleau inc. has allowed it to serve many hundreds of AQIII members and help them make the best financial decisions.

Financial success and retirement

Financial success and retirement planning go hand in hand. Both those aspects of your financial planning are ultimately based on your vision of the future, the concrete actions you take to reach that future and, finally, how you integrate optimal strategies to maximize the outcomes of every action you take.

Questions to be asked:

- How do I protect myself against the financial impacts of inter-mandate situations?
- How do I make sure my retirement plan is successful so I meet my goals in this new context?
- What are the financial and tax benefits I can enjoy?
- What would happen if I became a permanent employee again?

Important aspects

Inter-mandate funds – Creating an emergency fund is crucial for self-employed workers, especially for when they are between mandates, so they can keep to their financial plan, especially as it relates to retirement. Section 2 also covers the matter of working capital to be created before even starting up your company.

Retirement or financial independence – You now have to rely on your own resources to meet your financial needs both now and when you retire. Different financial strategies help achieve that goal by combining various financial instruments such as the RRSP, TFSA, government programs and investments in your company. How do you make sure those strategies are put to the best use while taking into account taxation? A complete simulation of retirement helps identify the various approaches you would need to optimize the tax aspects of your retirement income.

Life insurance and estate planning – A corporation is entitled to insure its shareholders and key personnel. Life insurance products come with major tax benefits. You will have to redesign your risk management and asset transfer plan based on the new beneficial options open to you.

Useful links

Financial markets authority – Retirement calculator
Finance and investment – Capital dividend account
Sun Life Financial – Leveraging a Life Insurance Policy
Régie des rentes du Québec
Create Your Own Office

A recent survey revealed that 80% of AQIII members work at their clients’ premises, especially for reasons of security and access to computer systems. However, even in their case, setting up a home office makes good sense so they can administer their company and grow their business.

A host of options are available if you do not work at your clients’ premises. You may choose a home office, a coworking space or an outside office.

Home office

You can claim the space occupied as a business expense on your income tax if you use that space more than 50% of the time. You will also have to plan the choice and setup of the space. Find a suitable space for working and storing your business records, office supplies and equipment. Keep everything related to the company separate from your personal and family effects as much as possible.

It might also be a good idea to consult your insurance advisor to find out if you need additional residential, property or civil liability coverage for your professional activities.

If you have employees, you might also be able to take out an insurance policy covering workplace accidents.

Also ask yourself if you will be putting your personal address on your business cards or Web site. You may also want to rent a postal box. Are you living with someone? If so, think about setting down some operating rules to keep your business life balanced with your home life. Here are a few questions to ask when planning your home office:

- Will your company have its own telephone line? Or will you be adding a separate ring tone to your existing line? If not, think about establishing a way of answering the phone and taking messages.
- Will you have a fixed or flexible schedule? Tell your family members about it so they know when you have to focus on your work.

Coworking space

You may also choose to sign up with a company that shares space or runs a business center. You can rent work space there (office or cubicle) for a short period or a longer term. That option has several advantages: you would not be isolated, you would be surrounded by stimulating colleagues, you could rent a conference room to receive clients and you could have a postal address separate from your home. Many centers offer monthly, weekly, daily or hourly rates. Some centers have opened up in Montreal and Quebec City especially.

Outside office

An outside office might be a solution if you want to be closer to your potential clients on a permanent basis, and your volume of business warrants it. Depending on the equipment and the services you need, you might rent space in an existing office, for example. Talk to people around you because many offices of professionals might want to rent out their premises. It is a current practice that could give you the benefit of all the services.

Useful links

Agent Solo blog – Le coworking au Québec (Coworking in Quebec) French only
TELUQ study – Remodelage des temps et des espaces de travail chez les travailleurs indépendants de l’informatique (Software freelancers remodel their working time and space: the clash between market effects and personal preference) French only
Canada Business – Setting up your home office
Canada Post – Renting a Postal Box
Be Well Equipped

Whether you work from home or elsewhere, your office must be functional, ideally starting on day one.

**Telephony and remote communication**

A good telephony solution is a must for getting your messages at all times and replying to them quickly. Whether you are in the office or not, make sure your communications have that professional polish. Cell phones and voice messaging with your company’s name mean you can be reached quickly and no messages are lost, especially if it involves a client that wants to give you a really valuable mandate!

**Computer hardware and software**

You will need your own laptop that you can use at your clients’ when they allow it. Should you get faster Internet service, a new computer, a printer or other office equipment to make your job easier? Do you have the software needed for your ongoing operations, along with specialized software for your field of expertise? For example, for your timesheets and billing?

Assess your hardware and software needs and get the essentials so you can be up and running right away and not waste time on administrative procedures.

**Office equipment**

Choose very carefully the office space and the chair you will be using, especially if you will be working at home. Since you will not be traveling to work as much, your equipment must be comfortable and ergonomic.

Also think about getting enough facilities to store your equipment, records and supplies.

**Corporate identity and stationery**

Think about how you want people to see your company. Business cards, corporate brochures and professional looking stationery are a small investment that instantly gives credibility and promotes your status as a contractor, besides helping you find contracts. A graphic designer or stationery design firm will be able to help you out.

**Useful links**

Office Depot – [business card and stationery printing services](#)  
(apply for the small business discount card)  
**Surplus Québec** (used office furniture in Beauport)
Find Contracts

Being a self-employed worker also, and especially, means finding mandates from clients that are interested in your services.

Many consulting firms in the IT sector act as intermediaries that recruit ICT professionals for their clients. Some also recruit for their own technology development or consulting needs. The Available Resources section of this guide lists some of those companies that can help steer you towards mandates.

You may also seek out your contracts directly.

Whether your mandates are short or long, you always have the advantage of constantly promoting your expertise and your availability. Here are a few ways to get there.

**Have a clear area of expertise and update your skills**

Certain types of expertise will be especially sought after in the coming years. Find out what they are and determine how you will present your expertise and experience to set yourself apart. Combining passion and expertise will help you attract clients willing to pay for your skills.

**Write a professional profile that makes you stand out**

Your professional profile should highlight the distinctiveness and value of your expertise and succinctly describe your achievements. Be careful to include the keywords clients or recruiters from consulting firms are looking for. Also find out if you need a bilingual profile. CV writing specialists can help you there.

**Establish your rates and billing method**

There are two methods of getting paid: by the hour or on a fixed price basis. Take the time to decide on an hourly rate that represents your experience, your skills and the market, and feel free to contact people you trust. If you choose fixed price mandates, or if clients suggest that type of payment, take the time to estimate the work to be done.

**Networking 101**

Word of mouth is one of the golden rules for getting contracts in the professional services sector. People you know directly, or people who are credible in the eyes of third parties, may recommend your services, so never forget the importance of building up and expanding your network of contacts. Keep the people informed of developments in your practice and your current or upcoming availability, and regularly attend networking events.

People who have heard of you or who are avidly looking for your skills will likely be searching the Internet, so never neglect your Web image, as indicated on page 12.

**Consult posted opportunities**

Many electronic bulletin boards contain mandate offers that you can easily consult.

**Useful links**

Guy Kawasaki’s blog - [Ten Ways To Use LinkedIn](#)
Chambre de commerce de Lévis - [10 trucs pour réseauter dans le plaisir](#)
Subscription to government tendering service – [SEAO](#) (Quebec) and [Merx](#) (Canadian public markets)
AQIII site – [List of mandate offers](#)
AQIII site – [Networking events](#)
Keep Your Skills Up to Date

Your professional skills are your greatest asset. Be very conscientious about keeping them up to date. The associated costs are increasingly tax deductible.

Continuing education

Many training centers offer courses, several of which come with considerable discounts to AQIII members.

Also keep your eye on current and future trends in the technology sector. With regard to that, a recent study by TECHNOCOMPÉTENCES in 2011 showed that:

“The coming trends in the ICT sector are divided into a few segments involving the application of technologies to specific domains. The following segments are having the greatest impact on the future development of ICT:

- Cloud computing;
- Mobility;
- Smart systems;
- Virtualization;
- Communication and collaboration tools;
- Some other trends with a less widespread impact on the entire sector.”

Management training

As the director of your small business, you may also see the need to perfect your management skills.

In that regard, we must stress again the importance of engaging from the start the services of professionals who are very knowledgeable of the accounting, legal and fiscal aspects of small ICT firms.

Also, and to give you more independence in managing your own business, you might consider reading up about running a small business, or even taking courses and getting coaching. The AQIII itself gives talks about business management.

Useful links

AQIII – Discounts available to members in several training centers
Centres locaux de développement (CLD) – Formation en entreprenariat (local development centers – entrepreneurship training)
Séminaires d’Emploi-Québec (Emploi-Québec seminars) French only
TECHNOCOMPÉTENCES: Diagnostic sectoriel de la main-d’œuvre du secteur des technologies de l’information et des communications 2011 (French only)
# Checklist

To make sure you have covered all the essential steps in starting up your business, check off the activities below once completed.

<table>
<thead>
<tr>
<th>Done</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Conduct a good analysis first</strong></td>
</tr>
<tr>
<td></td>
<td>1. Learn about the AQIII and become a member to enjoy all the services and resources the association can give you during all the steps involved in setting up your own business. You will save time and money.</td>
</tr>
<tr>
<td></td>
<td>2. Assess your contractor profile.</td>
</tr>
<tr>
<td></td>
<td>3. Meet with people to find out about their experience and help you survey the potential market for your services.</td>
</tr>
<tr>
<td></td>
<td><strong>Decided to make the leap? Go for it!</strong></td>
</tr>
<tr>
<td></td>
<td>4. Create working capital yourself covering your financial needs for the next 3 to 6 months.</td>
</tr>
<tr>
<td></td>
<td>5. Decide on the legal form of your company.</td>
</tr>
<tr>
<td></td>
<td>6. Choose a name for your business.</td>
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<tr>
<td></td>
<td>7. Incorporate and register your company.</td>
</tr>
<tr>
<td></td>
<td>8. Register your company for: • provincial and federal income taxes • deductions at source • GST/TVQ • other registrations.</td>
</tr>
<tr>
<td></td>
<td>9. Get an accounting system to record your revenues and expenses.</td>
</tr>
<tr>
<td></td>
<td>10. Open a business account (recommended) and line of credit (optional).</td>
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<tr>
<td></td>
<td>11. Determine how you will promote your services: • distinctive professional profile • relations with direct clients and consulting firms • LinkedIn profile • Web site.</td>
</tr>
<tr>
<td></td>
<td>12. Find professionals to advise you and help you (accountant, lawyer, government resources, etc.).</td>
</tr>
<tr>
<td></td>
<td>13. Review your insurance policy.</td>
</tr>
<tr>
<td></td>
<td>15. Set up a work space in your home, or in an outside office, to manage your business and perform some of your professional activities.</td>
</tr>
<tr>
<td></td>
<td>16. Get the necessary computer, office and telecommunications equipment.</td>
</tr>
<tr>
<td></td>
<td>17. Network, find out about available mandates and constantly promote your services, whether on a mandate or not.</td>
</tr>
<tr>
<td></td>
<td>18. To protect yourself properly, before signing a contract, have a standard contract in hand so you understand every clause involved.</td>
</tr>
<tr>
<td></td>
<td>19. Keep your skills up to date to maintain your competitive edge.</td>
</tr>
<tr>
<td></td>
<td>20. … And set aside time and money for your annual vacation!</td>
</tr>
</tbody>
</table>
Available Resources

Partners of Guide Ready to Help You Out

**Insurance**
- Disability insurance: Services financiers Jean Duranleau Inc.
- Professional liability insurance/office insurance/auto and home insurance: Dale Parizeau Morris Mackenzie
- Health, travel, dental and drug insurance: MédicAssurance Inc.

**Bank**
- Laurentian Bank

**IT consulting firms (acting as intermediaries for mandates)**
- CODE6
- Facilité Informatique
- GFI Solutions
- Méritek Conseil
- Serti Informatique
- TES

**Accounting**
- Groupe Des Rochers
- Mazars

**Taxation**
- Cain Lamarre Casgrain Wells

**Retirement planning**
- Laliberté & Richard

**Some resources to help you start up a business**
- Canada Revenue Agency — Guide for Canadian Small Businesses
- Canadian Bankers Association — Small Business Financing
- Association des centres locaux de développement du Québec and links to local development centers (CLD)
- Centre d’entreprises et d’innovation de Montréal (CEIM) — support for technology business startups
- Centres locaux de développement (CLD) — business startup supervision and training - type of support varies according to centers and type of mandate performed
- Cyberpresse — Guide de démarrage d’entreprise
- Canada Business
- Industry Canada — assistance with starting up a business
- Info Entrepreneurs (serves 514, 450 and 819 area codes)
- Inno-centre (promotion and marketing of technology research)
- Portail Services Québec — Entreprises
- Programme Soutien au travail autonome — (Self-employment Support Measure) - if you currently receive employment insurance benefits
- Registraire des entreprises du Québec
- Ressources Entreprises (serves 418 area code)
- Revenu Québec — section on business startups
- Revenu Québec — section on self-employed workers
- SAJE — coach for contractors
Feel like you are better prepared to start up your own small business now? That is our sincerest hope because the life of a self-employed ICT worker is full of exciting experiences, both professional and personal.

This way of working will give you greater flexibility and more control over your future as a professional.

Of course, you will have to complete some major steps at the start if you want to build a solid foundation for your small business. This guide is a simple tool tailored to your reality, created in cooperation with a number of specialists who are at your service.

Taking a methodical approach will allow you to properly position your service offering, define a simplified way of working and effectively protect your company.

And don’t forget that the AQIII is your strongest ally on the road to becoming a self-employed worker. It is where you can meet other contractors who, like you, wanted a different way of working. The entire ecosystem the AQIII has built in the past close to 20 years is here to guide you and provide you with meeting and business services and opportunities designed just for you.
**Activity Report**

*Client: client's name*

*Consultant: your name*

**Mandate: System and Network Administration**

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<th>Description of Activity</th>
<th>No. Hours</th>
<th>Signature of Client Rep</th>
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Consultant's signature:
INVOICE

XYZ Informatique inc. Inv. XYZ-001
1 Place des Entrepreneurs
Montréal
H3B 2G2

Client: Client Company, attn: accountant
Date: June 30, 2011
Client no.: 7

Adress: 1 Main Street
City: Gatineau Province: QC
Tel.: (819) 222-2222 PO Box H1H 1H1
File: DOSS1

<table>
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<th>Rate</th>
<th>TOTAL</th>
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<tr>
<td>June 30/11</td>
<td>MANDATE01</td>
<td>Client: Name of unit or department, Consultant Jean Tremblay</td>
<td>160.00</td>
<td>85.00</td>
<td>$13,600.00</td>
</tr>
</tbody>
</table>

SUB-TOTAL $13,600.00
5% GST 0000000000RT0000 $680.00
8.5% TVQ 0000000000 $1,213.80
TOTAL $15,493.80

Accounts are payable upon receipt. Annual interest of X% will be charged on all accounts unpaid after a period of 30 days. Expenses incurred for your account and not charged will be billed at a later date.

XYZ Informatique Inc. 1 Place des Entrepreneurs, Montréal, Québec, Canada H3B 2G2 (514) 111-1111
The AQIII, Here to Serve

The Association québécoise des informaticiennes et informaticiens indépendants (AQIII) is growing and numbers more than 1,500 self-employed workers directly related to information and communication technology (ICT).

It is the only association dedicated entirely to self-employed ICT workers in Quebec and the growth of their businesses.

Many membership benefits

- Access to exclusive ICT mandate opportunities
- Visibility among clients (directory of members, monthly list of available members, etc.)
- Information, advice and representation related to self-employment and taxation
- Discounts at about 30 service providers

Information and membership: www.aqiii.org