



**Regulations on new business activities are expected to be published soon.**

**Information on the IBA Specialist program has been published.**

**Read more about the Specialist program here.**

**The IFC BC thanks sponsors of the IFC BC's Golf Tournament:**

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- **Nerds Corps Entertainment**
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**and all who donated prizes**

## The IFC BC Welcomes Vancouver Bullion & Currency Exchange

by Kevin Ma, VP Sales, VBCE

Vancouver Bullion and Currency Exchange (VBCE) entered the foreign exchange business in 1989 with the opening of its first branch in Vancouver. Currently with its head office on West Pender Street, VBCE has two other branches (Granville / West Broadway and No. 3 Rd. / Westminster Hwy in Richmond) and will soon announce the opening of its 4th location in Whiterock. VBCE services large corporations, small and medium sized businesses, and retail clients with their foreign exchange needs.

VBCE has built its Vancouver business by offering excellent exchange rates to individuals as well as to its business clients. "Commercial banks, even full-service banks, are not in the business of exchanging currencies," says Kevin Ma, VP of Sales, of VBCE. "Foreign exchange is a service that most banks offer, but it is a secondary service and therefore is limited in scope. At VBCE, foreign exchange is our primary business. Unlike a bank where a teller may assist a client with a foreign exchange transaction only occasionally, we deal exclusively in foreign exchange processing in excess of a thousand transactions daily. Our competitive rates reflect not only the higher volume of business we do, but also the fact that we believe in offering our customers value and convenience."

Corporate clients have direct access to VBCE traders who provide instant foreign exchange quotes and arrange settlement of spot and forward transactions. VBCE traders maintain long-established working relationships offering foreign exchange market expertise and a premier

level of service. "It's VBCE's reliable service and consistently competitive rates that keep clients coming back year after year. Many of our clients originally had past dealings with their financial institution or with the competition but switched over to VBCE and continue to use our services." Corporate accountants and financial advisers refer business to VBCE knowing that they will be dealt with in an honest, efficient, and professional manner. Whether the business imports candy from Europe and requires a EUR100,000 forward contract to hedge future payables for the next 6 months, or is a car dealership needing to purchase and wire transfer USD50,000 to an auto auction tomorrow, VBCE has a foreign exchange solution available for everyone.

VBCE expects to expand further as costs are reduced under the *International Business Activity Act* (IBAA). As income earned on foreign exchange qualifies for favourable tax treatment under the IBAA, VBCE will benefit from increased cash flow that can be reinvested in the business. "The provincial tax refund we receive on income earned on our foreign exchange business will lower our overall costs," says Kevin Ma. "This will allow us to expand our business further to capitalize on the opportunities that British Columbia offers to business. This comes at an important time in our business as VBCE plans to expand to new locations..."

*For more information about Vancouver Bullion and Currency Exchange, please visit their website at [www.vbce.ca](http://www.vbce.ca)*

## Tax Incentives For Employees through the International Business Activity (IBA) Program

*In Budget 2010, the province expanded both the types of international businesses as well as the types of specialists eligible for the program.*

Companies registered in the program can offer a benefit to their employees through the IB Specialist program. (An eligible corporation must register itself, and any employee specialists it employs, under the *International Business Activity Act* (IBAA) to qualify.)

Following the recent changes in the IBAA, the employee tax incentive program now has four categories of Specialists. Common to all Specialists is the refund of personal provincial tax at 100% for Years 1 and 2; 75% for Year 3; 50% for Year

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## Tax Incentives For Employees through the IBA Program, continued.

4; and 25% for Year 5. At a marginal tax rate of 43.7%, this represents a savings of 14.7% in Years 1 and 2, 11% in Year 3, 7.35% in Year 4, and 3.7% in Year 5.

Specialists are now required to meet minimum compensation requirements. IB Specialists must have at least \$100,000 in remuneration annually. An Executive Specialist must have \$250,000 remuneration annually. Remuneration includes salaries, wages, commissions, and other remuneration, but does not include any amount described in section 7 (employee stock options) of the *Income Tax Act* (Canada).

One important change to note is that while employees working on patent-related activities are excluded from registering as IB Specialists, they are eligible to register as Executive Specialists. Effective March 3, 2010, a registered corporation may apply to register an employee as an IB specialist as one of the following:

### A. International Business Specialists

#### 1. International Financial Activity (IFA) Specialist

The IFA Specialist (IBAA, section 13) applies to companies carrying on an international financial business for activities other than the 'new activities' or those added after 2004: administrative support, back-up office services, patent activities, film distribution, and the new business activities adopted in the March Budget 2010—digital media, clean technology, and carbon credit trading and certification. An IFA specialist is an individual who was first registered under the *International Financial Activity Act* before March 4, 2010. An individual who has not completed their five year term as an IFA specialist may be eligible to be an IB specialist for the remainder of their five year term, provided they meet all of the other requirements.

#### Requirements:

- The individual has entered into a written employment contract with the corporation that requires the individual to devote at least 70% of the individual's working time to performing international financial activities
- The employee was a non-resident of Canada immediately before entering into the written employment contract with the corporation, or previously an IB Specialist;

#### 2. Administrative Support Specialists

The Administrative Support Specialist (IBAA, section 13.1) is an employee of a registered corporation carrying on an international financial business that includes the activities referred to in sections 2(2)(r) and (s) of the IBAA: administrative support services directly related to a financial activity of a non-resident financial business; and providing back-up office services, equipment and premises to continue the business of a non-resident in the event their primary equipment or premises become temporarily unavailable

#### Requirements:

- The individual was a non-resident of Canada immediately before entering into the written employment contract with the corporation, or previously registered as an IB specialist.
- There is no requirement for administrative support or back-up

office services specialists to devote a certain percent of their time to the international financial business of the corporation although a maximum of 4 specialists per company or group of related companies is allowed.

- The individual must enter into the written employment contract on or after March 3, 2010.
- The individual, and any person related to the individual, must deal at arm's length with the registered corporation.

### C. Designated International Business Specialists

A designated IB Specialist (IBAA, section 13.3) individual is a specialist in the type of business carried on by film or one of the international businesses introduced in 2010. At the time of this writing this includes Film Distribution, but the category will be broadened to include digital media, clean technology, and carbon credit certification and trading.

#### Requirements:

- The individual has entered into a written employment contract with the corporation that requires the individual to devote at least 70% of the individual's working time to performing activities in which the individual is a specialist for the corporation's designated international business;
- The individual was a non-resident immediately before entering into the written employment contract with the corporation, or previously registered as an IB specialist;

### D. Executive Specialists

A corporation that carries on an international business and that is a registered corporation or a corporation that has applied for registration may apply to register an employee as an Executive Specialist (IBAA, section 13.2).

#### Requirements:

- The individual is a member of the executive management of the corporation;
- The individual has entered into a written employment contract with the corporation that requires the individual to work for the corporation in relation to the international business of the corporation;
- The individual was a non-resident immediately before entering into the written employment contract with the corporation, or previously registered as an IB specialist;
- The individual must enter into the written employment contract on or after March 3, 2010.
- There is no requirement for executive specialists to devote a certain percent of their time to the international business of the corporation, although a corporation may only apply to register a maximum of 2 executive specialists for the corporation, including all affiliated corporations.



*The IBA program is administered by the Ministry of Finance. See the website ([www.sbr.gov.bc.ca/business/Income\\_Taxes/International\\_Business\\_Activity/iba.htm](http://www.sbr.gov.bc.ca/business/Income_Taxes/International_Business_Activity/iba.htm)) of the Ministry of Finance for more information about the IB Specialist program and the IBA program requirements.*