CPABC

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JULY/AUGUST 2023

Life in BC

Immigration driving growth as housing crisis persists



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Co-founder and co-brand manager, Brew Your Bucha and The Cocktail Box Co.



Photo by Bobo Zhao Photography

CPABC INFOCUS

July/August 2023, Vol. 11, No. 4

CPABC in Focus is the flagship magazine of BC's chartered professional accountants.

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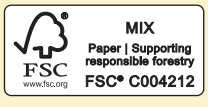
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Welcoming New Faces to the Profession



Chris Gimpel, CPA, CA
CPABC Chair

I'd like to begin my first column by saying that I'm honoured and excited to have been elected chair following the 2023 annual general meeting on June 21. That day, CPABC also welcomed one new director,* and I cannot overstate the importance of having skilled volunteers on our board. On behalf of my fellow directors, I'd like to thank everyone who put their names forward for nomination this year.

I'm also delighted to share that all three of our public representatives—Ken Leung, Bijan Pourkarimi, and Grace Wong—were reappointed to our board. These public representatives work with the other board members to ensure that the public in British Columbia is protected, and we are grateful for their contributions.

As I write this, your board is gearing up for its annual retreat. Each year, the retreat provides an excellent opportunity for the new directors to get acclimatized and for your board and members of CPABC's senior leadership team to discuss the strategic priorities for the coming year.

One of our top priorities will be helping individuals who are newly arrived to Canada see the value of the CPA program and profession. Given that newcomers with international credentials, education, and experience have unique needs, your board is seeking to understand how best to attract these individuals and support them on their CPA journeys. To that end, our discussion at the retreat will focus on the potential barriers immigrants face—including from an equity, diversity, and inclusion perspective—and how we can create more opportunities for them to succeed.

Looking forward, I'm eager to collaborate with the rest of your board and help guide the organization, and I welcome the opportunity to engage with more members in my new role as chair. In closing, I'd like to thank my predecessor, Sheila Nelson, CPA, CA, MBA, for her excellent leadership over the past year and for setting such a fine example. ■

**Elections to the CPABC Board of Directors took place as this issue was being printed. We will highlight the successful candidate in the September/October 2023 issue of the magazine.*

Taking Stock of Important Economic Issues



Lori Mathison, FCPA, FCGA, LLB
CPABC President & CEO

First off, I'd like to welcome Chris to his new role as chair. I'm looking forward to our continued collaboration over the coming year, including our strategy sessions at the upcoming board retreat.

As Chris mentions above, international recruitment will be a major topic of discussion at this year's retreat. It's also an important priority for the provincial government, as BC is expected to welcome an influx of international immigrants over the next few years. These trends are reflected in the findings of CPABC's latest *BC Check-Up: Live* report and survey. The report looks at population growth and housing affordability within the province, and you can find more details in this issue's cover story on pages 14-21.

To examine these and other pertinent issues affecting the province through a more regional lens, CPABC will be holding two economic roundtables this summer—one in Kelowna and one in Victoria. I'd like to take this opportunity to thank all of the members who will be participating in these events. Your input is critical to our work.

Also coming this summer is our *BC Check-Up: Work* survey. We'll be asking members how they think the economy is faring, how they rate the municipal, provincial, and federal governments' efforts to create a good environment for business and investment, and whether they're starting to see a shift in their post-pandemic work environments. I encourage you to share your thoughts by participating in this survey.

Before signing off, I'd like to note that CPABC recently published its annual regulatory report, *Upholding the Highest Standards* (previously the *Regulatory Report to the Public*). The report explains how CPABC protects the public and provides an update on the profession's regulatory activities and on member compliance, and you can find highlights from the report on pages 26-27. ■

SPONSORSHIPS

Odlum Brown Forum Pitch Finale: Celebrating and Supporting Women Entrepreneurs



Each year, the Odlum Brown Forum Pitch Finale gala raises funds to provide women entrepreneurs with access to capital while also supporting them through mentorship and education. CPABC was proud to be a patron sponsor of this year's event at the Fairmont Hotel Vancouver on April 27. Approximately 1,600 people attended in person and more guests joined in the festivities online. The gala was hosted by Sonia Mangat, an entertainment reporter for CTV Vancouver and Bell Media, and featured dinner, dancing, a live auction, and an entrepreneur showcase with exhibitors from 34 women-led businesses across Canada.

As in previous years, the festivities centred on the pitch competition. Following a video message from Prime Minister Justin Trudeau, who wished good luck to all of the competitors, each of the finalists took the stage to deliver their best business pitch for a chance to earn audience votes and a cash prize.

The finalists for 2023 were Carlyn Loncaric, founder and CEO of VodaSafe Inc., which develops handheld sonar devices and other search and rescue products; Mehwish Panjwani and Kelly Thomson, co-founders of Quil, which provides reusable, returnable, waste-free packaging to ecommerce brands; and Mehrsa Raeiszadeh, co-founder and COO of MintList, an AI-powered online marketplace for buying and selling cars.

While Loncaric ended up garnering the most votes from the audience and taking home the cash prize, none of the finalists walked away empty-handed. As a new feature of this year's competition, each finalist received a prize package to help fund their business vision.









Clockwise from top left: 2023 Pitch Finale finalists Mehwish Panjwani, Kelly Thomson, Carlyn Loncaric, and Mehrsa Raeiszadeh; a peek inside the entrepreneur showcase; gala host Sonia Mangat gets the event going; finalists Thomson and Panjwani join moderators Leah Nguyen (centre) and Bobbie Racette (right) on stage; auctioneer Harry Santa-Olalla gets the crowd bidding. Photos by Fuoco Photography.

CPA PRE-APPROVED PROGRAM NEWS

FNFMB Becomes First Indigenous Organization Approved to Deliver CPA Pre-Approved Program in BC

CPABC is pleased to announce that the First Nations Financial Management Board (FNFMB) has been approved to deliver the CPA pre-approved program to support the training of future CPAs. The FNFMB is the first BC Indigenous organization to achieve this distinction, which was announced in June following months of collaboration.

"This announcement marks an important milestone for the CPA profession," says Lori Mathison, FCPA, FCGA, LLB, president and CEO of CPABC. "As part of our Indigenous engagement efforts, CPABC has been undertaking various activities to connect with Indigenous youth and students and communicate the value of pursuing careers in business and finance. Through our partnership with the FNFMB, we hope to see more Indigenous students pursue the CPA designation."



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The FNFMB is a First Nations-led not-for-profit organization that supports First Nations in developing sound financial and administrative governance practices. By becoming a deliverer of the CPA pre-approved program in BC, the FNFMB will support future CPAs as well—providing them with supervision, guidance, on-the-job training and instruction on ethical issues, and progress reviews. In return, the FNFMB will see gains in efficiency, certainty, and oversight that will help the organization continue to support the economic and community development of First Nations.

About CPA training

Future CPAs can gain experience through the pre-approved program route (PPR), the experience verification route (EVR), or a combination of both. The PPR is not restricted to accounting firms and is available to employers of any size, in any industry. In BC, the requirements to qualify as a PPR office include having a CPA in the organization who is committed to providing senior-level ownership of the training program and offering structured training positions that enable future CPAs to achieve the required practical experience in the technical and enabling competencies within 30 months of employment. Learn more at **bccpa.ca/employer-resource-centre**.

About FMB

For more information about the First Nations Financial Management Board, including its free services for First Nations, visit **fnfmb.com**.

RESOURCES FOR EMPLOYERS AND JOB SEEKERS

CPABC's Hybrid Career Week Event Offers Networking and Educational Opportunities for Job Seekers



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CPABC Career Week is an all-in-one hybrid recruitment event featuring career workshops, employer information sessions, and numerous networking opportunities with hiring managers, HR professionals, and recruitment experts.

The latest event was held in two parts. First, attendees participated in two days of virtual workshops, information sessions, and speed interviews on April 25 and 26. Then, on May 5, they were invited to attend an in-person career expo at Vancouver Convention Centre East. More than 500 participants and 40 organizations gathered virtually and in person to network and engage with their peers on important career topics.

The online portion of the event included a variety of virtual presentations, including nine career workshops:

- *Active Career Connect and Engagement Project* – presented by S.U.C.C.E.S.S.
- *Application and Employment Success* – presented by CPABC
- *Career Development in the Hybrid Business Environment* – presented by Robert Half
- *Global Training Loan Program 2.0* – presented by ISS of BC
- *How to Successfully Navigate the Job Search Process* – presented by Strive Recruitment
- *Immigration Pathways* – presented by Kashfi Immigration Consulting
- *Interview Best Practices* – presented by Aston Carter
- *Settlement and Employment Services for Newcomers* – presented by MOSAIC
- *Top Notch Resumés* – presented by CPABC

Job seekers also had the chance to put these skills to practice and engage with hiring managers and recruitment professionals one-on-one through the Hopin virtual events platform. More than 300 virtual speed networking sessions took place during the event.

The following week, over 200 participants attended the in-person career expo on May 5, where 30 exhibitors showcased the exciting career opportunities in business, accounting, and finance available within their organizations.

Visit **bccpa.ca/news-events/upcoming-events** to stay up date on upcoming career events.

CPABC thanks everyone who participated in this event, including the following:

- Aston Carter
- BC Public Service
- BDO
- BMO Nesbitt Burns
- Canada Revenue Agency
- Clearline CPA
- Clio
- Crowe MacKay LLP
- D&H Group LLP
- Davidson & Company LLP
- DMCL
- Entreflow Consulting Group
- Ernst & Young
- Fiscal Talent
- Galloway Botteselle & Co.
- Grant Thornton LLP
- Hays
- Hub International
- Invictus Accounting Group LLP
- ISS of BC
- Kashfi Immigration Consulting
- KPMG
- Lawson & Coleman CPA
- Lions Digital Solutions
- LLT LLP
- Manning Elliott LLP
- MNP
- MOSAIC
- Office of the Auditor General of BC
- Purtzki Johansen & Associates
- RHN CPA
- Robert Half
- Rolfe Benson LLP
- RSM Canada
- Smythe
- Strive Recruitment
- S.U.C.C.E.S.S.
- Treewalk
- Western Forest Products
- ZN Advisory Services Inc.

RECRUITMENT EVENTS

2023 CPABC COIN Competition Celebrates Top 25 Students



Photo by J Chan Photography

On April 22, 173 students from 39 high schools across BC took part in CPABC's annual COIN Competition, which was hosted on the virtual platform ChatterHigh. Students demonstrated their knowledge on a one-hour, 40-question multiple-choice exam that focused on introductory accounting, financial literacy, and business concepts. It was an extremely close competition as there were six different ties including a seven-way tie. The time-based tiebreaker bonus question was needed to determine the final rankings.

As per tradition, the top performers on the exam were invited to attend an awards celebration where they received cash prizes, trophies, medals, and certificates. The top 25 competitors this year also enjoyed bowling and a luncheon at Revs Entertainment in Burnaby.

Prizes were also awarded to three schools in the following categories:

- **Top student:** Belmont Secondary, Langford;
- **Most student competitors (overall):** Lord Byng Secondary, Vancouver; and
- **Most student competitors (in the top 25):** Prince of Wales Secondary, Vancouver.

CPABC thanks all of the students who participated in the 2023 competition, as well as their teachers and parents for supporting CPABC's COIN Competition and the accounting profession. We hope to see you at other CPABC competitions and recruitment events in the future!

PLACE	NAME	SCHOOL	CITY
1	Eidan	Belmont Secondary	Langford
2	John	Fraser Heights Secondary	Surrey
3	Hailey	Killarney Secondary	Vancouver
4	Kayam	Mulgrave School	West Vancouver
5	Isabel	Meadowridge School	Maple Ridge
6	Ben	Gleneagle Secondary	Coquitlam
7	Bond	Burnaby South Secondary	Burnaby
8	Selima	Burnaby North Secondary	Burnaby
9	Elaine	Grandview Heights Secondary	Surrey
10	Jaclyn	Prince of Wales Secondary	Vancouver
11	Benjamin	Burnaby South Secondary	Burnaby
12	Ben	Rockridge Secondary	West Vancouver
13	Ayaan	Prince of Wales Secondary	Vancouver
14	Ailee (Ying Yi)	Sentinel Secondary	West Vancouver
15	Bruce	McMath Secondary	Richmond
16	Brandon	Lord Byng Secondary	Vancouver
17	Joey	Killarney Secondary	Vancouver
18	Lindsay	Argyle Secondary	North Vancouver
19	Andy (Zhongyu)	Prince of Wales Secondary	Vancouver
20	Renie	Moscrop Secondary	Burnaby
21	Io	Moscrop Secondary	Burnaby
22	Gurdit	Rutland Senior Secondary	Kelowna
23	Bao	Prince of Wales Secondary	Vancouver
24	Ecardinal	Prince of Wales Secondary	Vancouver
25	Draco	Sentinel Secondary	West Vancouver

VOLUNTEER OPPORTUNITIES

Share Your CPA Story by Volunteering at CPABC's Recruitment Events

CPABC's student recruitment team is always looking for keen CPA members and candidates to join our volunteer roster. Sharing your time and experience with prospective students is a great way to stay engaged with the profession and help shape the next generation of CPAs. Here are a few current opportunities:

Become a CPA Ambassador

Volunteer opportunities for member and candidate ambassadors include attending networking events, representing CPABC at career fairs, speaking about your CPA career path at high school information sessions, and being a panellist or keynote speaker at gala dinners and other events. Visit **bccpa.ca/ambassador** to learn more and sign up.

Be a guest speaker for high school presentations

If you want to share your CPA story but are not interested in joining the Ambassador Program—not a problem! The student recruitment team visits high schools throughout the school year to give presentations about the CPA profession, and we're always looking for enthusiastic volunteers to join us at these sessions.

We're also looking for guest speakers to join us at our presentations to high school students involved in programs run by Junior Achievement British Columbia and YELL. For most of these presentations, we're seeking members and candidates who are either entrepreneurs or have experience working with or for entrepreneurs. However, some of these guest speaker opportunities are open to all members and candidates who are interested in sharing their insights.

For more information on being a guest speaker, email the student recruitment team at **recruitment@bccpa.ca** with the subject line "Guest Speaker Opportunities."



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YOUR COMMUNICATIONS

Members: Customize the Emails You Receive from CPABC



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Did you know that you can customize the types of emails you receive from CPABC? You can select the following communication preferences for email:

- *eNews*
- Professional Development (including free PD)
- Chapter Communications
- CPABC Surveys
- Engagement Activities (including volunteer opportunities and member consultations)
- All Other (including commercial electronic communications that do not fall into any of the preferences listed above)

Note that members *cannot* opt out of the *regulatory* communications CPABC is professionally and/or legally required to send out, such as the notice of the annual general meeting and notices for continuing professional development reporting and member dues renewal.

All members are asked to confirm their communication preferences as part of the annual online CPABC dues renewal process. To update your communication preferences at any other time of the year, sign into **services.bccpa.ca**, choose the Profile tab, and then select the "Communication preference" option.

If you find that you aren't receiving emails related to the categories you've selected, it's possibly because, at some point, you chose to opt out of all non-regulatory email using the global unsubscribe link that appears at the bottom of all CPABC emails. Clicking on the global unsubscribe link will override both your past and new email communication preference selections. If stopping all non-regulatory email was not, or is no longer, your intention, email CPABC's member records department at **memberrecords@bccpa.ca** using the subject line "Communication preferences update" for assistance.

MEMBER RECOGNITION

Deadline for Nominations Is Drawing Near

Is there a peer you'd like to see recognized?

Are you inspired by a CPA who's making exemplary contributions to the business community, the accounting profession, and charitable organizations? If so, we encourage you to highlight their positive impact by nominating them for CPABC's Member Recognition Program in one of the following categories:

- Early Achievement;
- Distinguished Service;
- Honorary CPA;
- Fellowship; and
- Lifetime Achievement.

All nominations for the 2023 program must be received by CPABC by 4:00 p.m. on Monday, September 18, 2023. More information about the different awards and the nomination process can be found on our website at **bccpa.ca/member-services/recognition-program**.



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- Connect to employers and mentors

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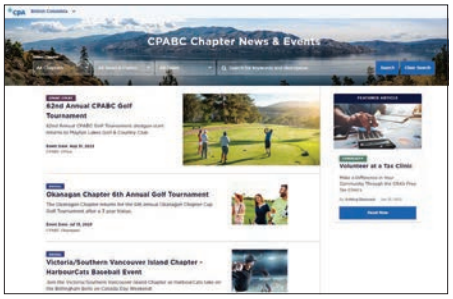
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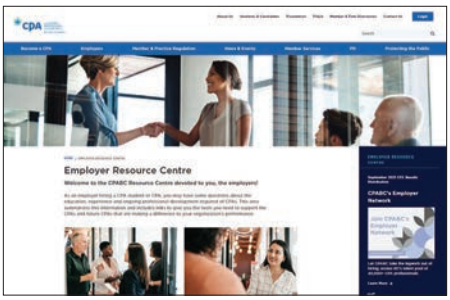
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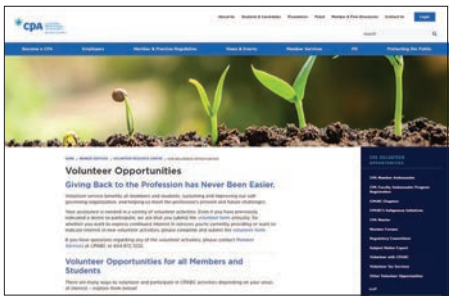
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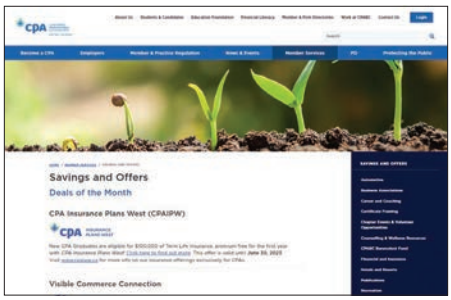
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Volunteer Resource Centre



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Savings and Offers



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The Benevolent Fund of the
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provides short-term financial assistance
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Visit **bccpa.ca/benefits** and
select “CPABC Benevolent Fund” for details.

CPA CHARTERED PROFESSIONAL ACCOUNTANTS' BENEVOLENT FUND OF BRITISH COLUMBIA

Life in BC

Immigration Driving Growth As Housing Crisis Persists

By Aaron Aerts



FotografiaBasica/iStock/Getty Images

CPABC recently launched its *BC Check-Up: Live* report, the second in its triannual series on investing, living, and working in British Columbia. This latest iteration focuses on BC's strong population growth and ongoing housing supply and affordability challenges.

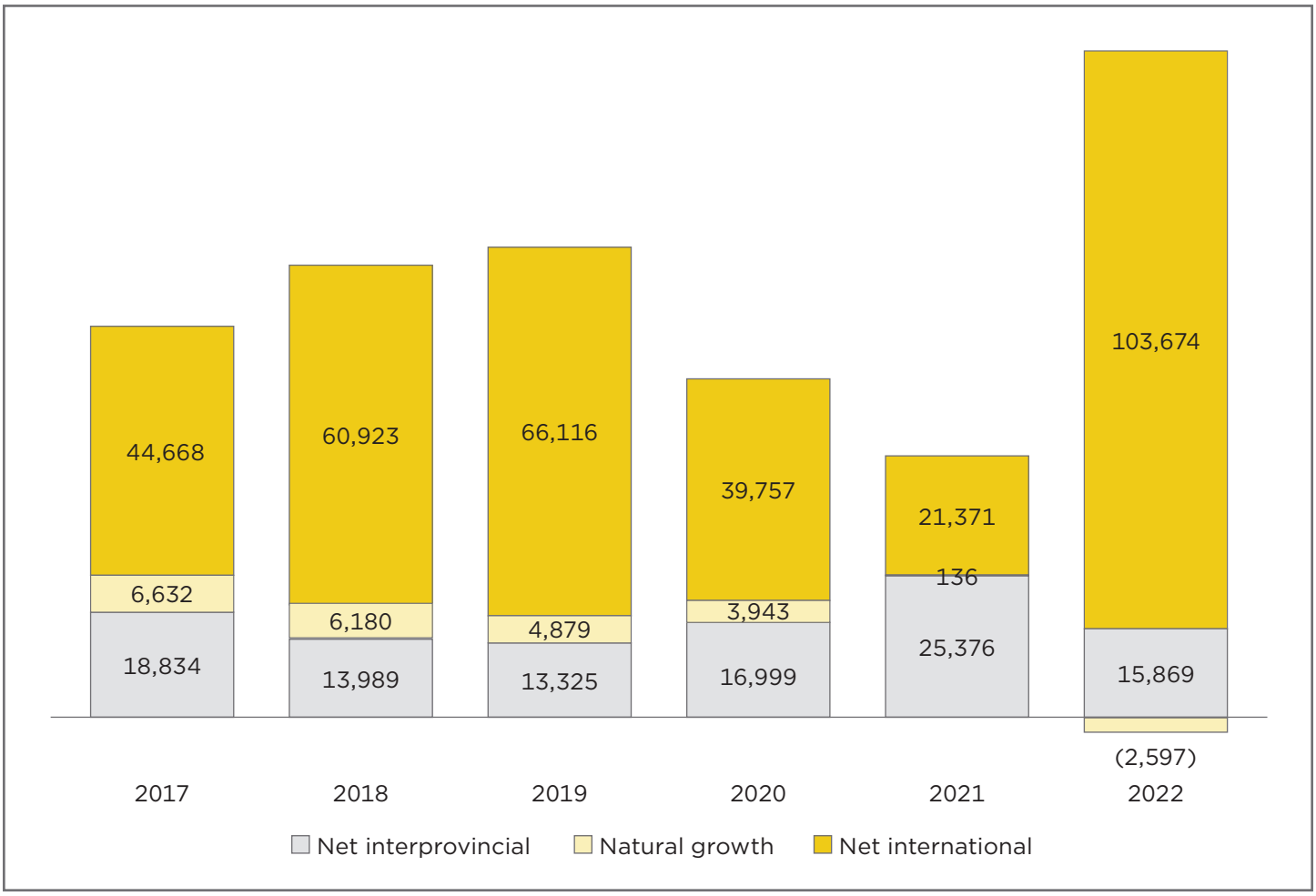
BC's population growth rate surged

As of July 1, 2022, BC's total population count was 5.32 million, representing a 16.5% increase from July 1, 2012—the equivalent of more than 750,000 new British Columbians. By comparison, BC's average annual population growth between 2012 and 2019 was approximately 74,000, and between 2020 and 2021—during the height of the COVID-19 pandemic—it slowed to an annual average of approximately 53,800.

The slump experienced during the COVID-19 pandemic was largely due to the restrictions placed on international migration. Not surprisingly, as international migration resumed, BC started to see a corresponding recovery in its population growth.[1] In fact, the province's population increased by 116,949 new residents between July 1, 2021, and July 1, 2022 (a record high) and international migration accounted for almost 89% of this surge (see Figure 1). The 103,674 new residents from other countries was a number well above the average annual net inflow of 46,500 international migrants between 2017 and 2021.

[1] To read more about the population slowdown during the COVID-19 pandemic, see "The High Cost of Living in British Columbia" in the July/August 2022 issue of *CPABC in Focus* (14-24).

Figure 1: Population Growth in BC by Type, 2017-2022



Source: Statistics Canada, Table 17-10-0140-01.

The growth in international immigration is not just due to the lifting of travel restrictions; it's also due to the federal government's objective of welcoming a growing number of international immigrants. As noted in the November/December 2022 issue of this magazine, the government set a target of accepting 1.33 million new residents from other countries between 2022 and 2024.[2] Toward that end, Canada welcomed a record number of 405,000 international immigrants in 2022, and it's likely that this number will soon be surpassed. In fact, the federal government's new immigration plan aims to accept 1.45 million international immigrants between 2023 and 2025, with target goals of 465,000 new residents in 2023 and 500,000 in 2025.[3] Because BC is a primary destination for many new Canadians, the province's population growth rate is expected to continue accelerating over the coming years.

Of course, BC is also a primary destination for residents from other Canadian provinces, and in 2022, interprovincial migration accounted for a net gain of 15,869 new residents.

Want to read the full report? Go to bccheckup.com.

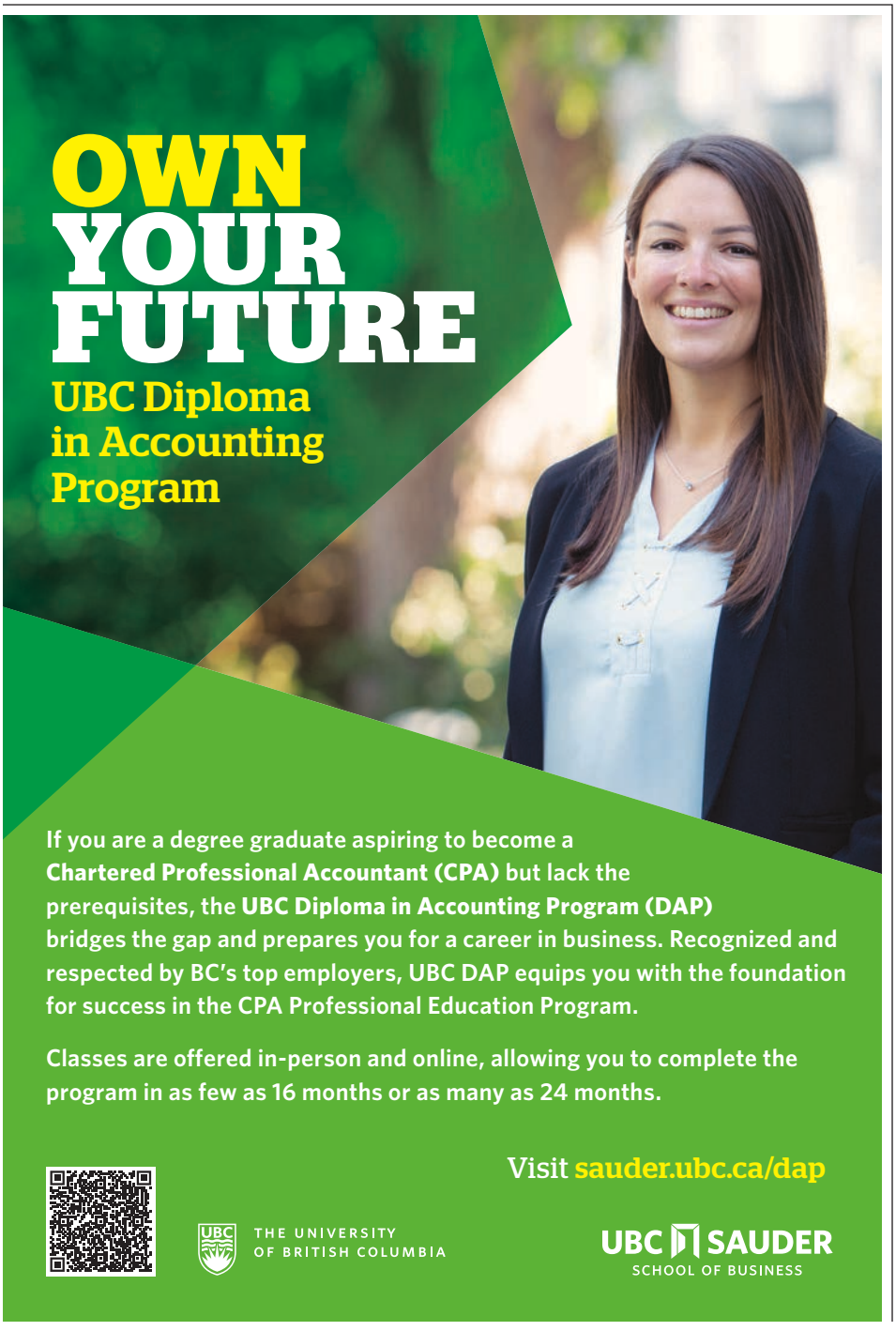
[2] Aaron Aerts, "Work in BC," *CPABC in Focus*, November/December 2022 (22).

[3] Geoff Nixon, "Canada's Plan for More Immigrants Aims to Boost Workforce, but Experts Say They'll Need Support," *CBC News*, November 6, 2022.

International migration offset lows in natural growth

The surge in BC's population growth rate in 2022 is considered key to our economic recovery, as the provincial government—like its federal counterpart—sees international immigration as a way to offset the impacts of an aging population.[4]

It's important to note that natural growth (births minus mortalities) was negative in 2022—the first time in BC's history—as a result of BC's aging demographics and declining fertility rates. Between 2012 and 2022, the average age in BC increased from 41.0 to 42.8; the percentage of BC residents aged 65 or older increased from 15.7% to 19.9% (nearing one in five); and the percentage of British Columbians aged 24 or younger dropped by 2.6 percentage points to 25.3%.



By contrast, a significant majority of the international immigrants who arrived in BC last year were younger than the provincial average. In fact, of the 103,674 new British Columbians who arrived from other countries in 2022, approximately 88% were 39 or younger, and 53.9% were 24 or younger (see Figure 2).

Considering the province's aging demographics, new and younger British Columbians are needed not only to fill existing job vacancies but also to fill new vacancies that materialize as older residents reach retirement age. This influx will also help to support our aging population and increase the province's diversity.

There were only 0.30 new completed housing units per new residents in 2022, the second-lowest ratio in BC since 1996.

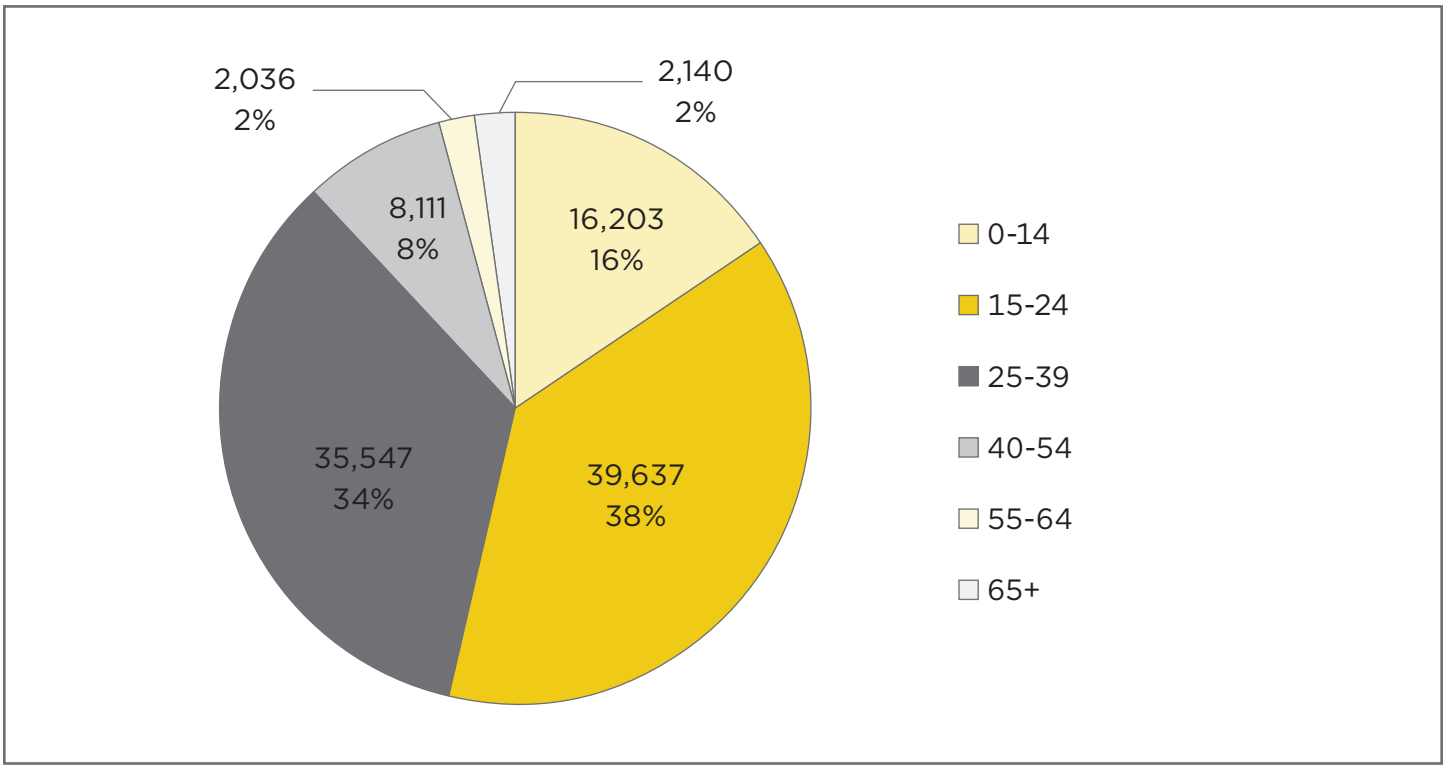
Housing completion slowed

With population growth comes an increase in housing demand, but BC's housing supply did not keep pace in 2022—in fact, the number of completed housing units declined. Compared to the 39,163 housing units completed in 2021, only 34,892 housing units were completed last year (see Figure 3). This meant that there were only 0.30 new completed housing units per new resident in 2022, the second-lowest ratio in BC since 1996 (0.23).

Additionally, many of the housing units constructed in recent years have been smaller ones, like condos and townhouses, which house fewer residents per unit. In 2022, for example, approximately 77% of the units constructed were attached units—up from 67% in 2017.

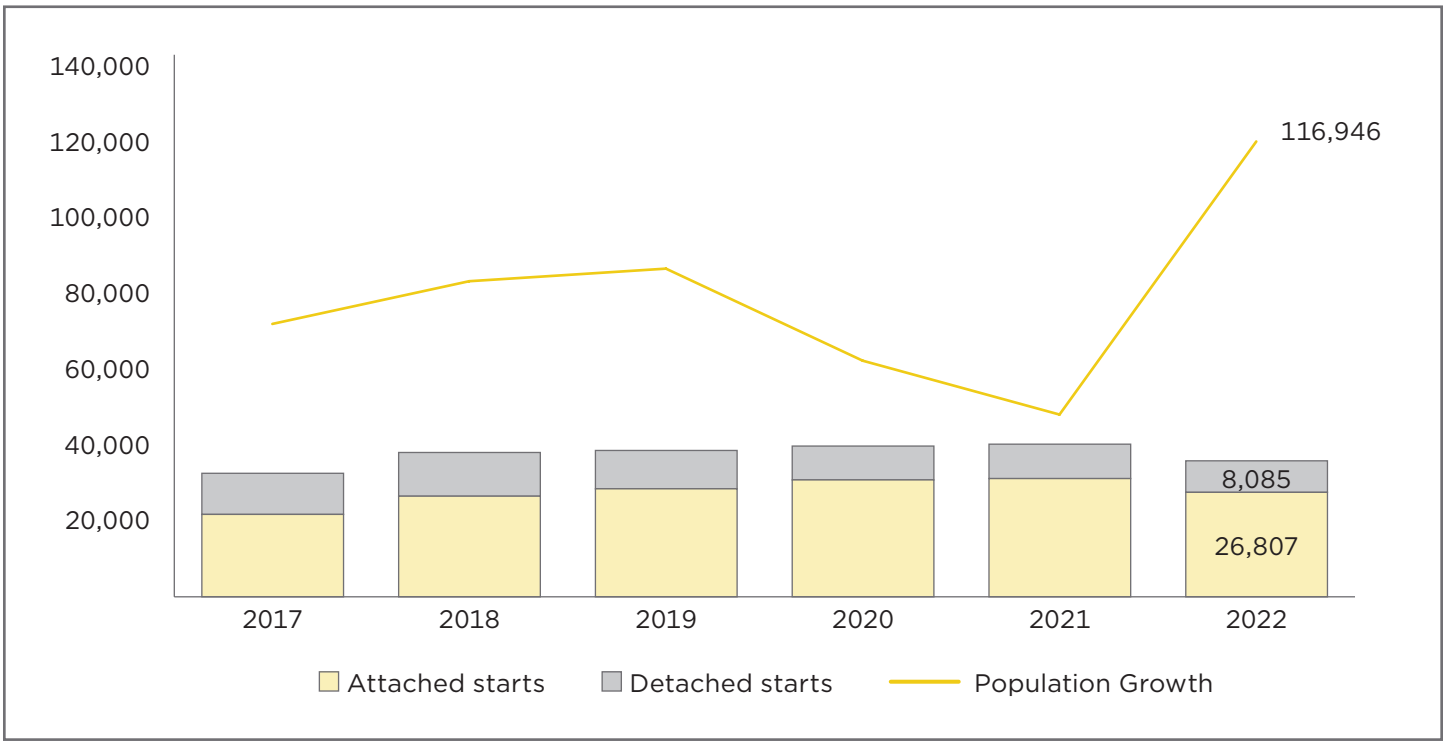
[4] Government of Canada, "An Immigration Plan to Grow the Economy," news release, November 1, 2022.

Figure 2: Net International Migration in BC by Age Category, Number, and % of Total, 2022



Source: Statistics Canada, Table 17-10-0140-01.

Figure 3: Population Growth versus Housing Units Completed, 2017-2022



Sources: Statistics Canada, Table 17-10-0140-01 and Canada Mortgage and Housing Corporation, *Housing Market Data*. ***Note:*** Data refers only to housing units completed in municipalities with populations of 10,000 or more.

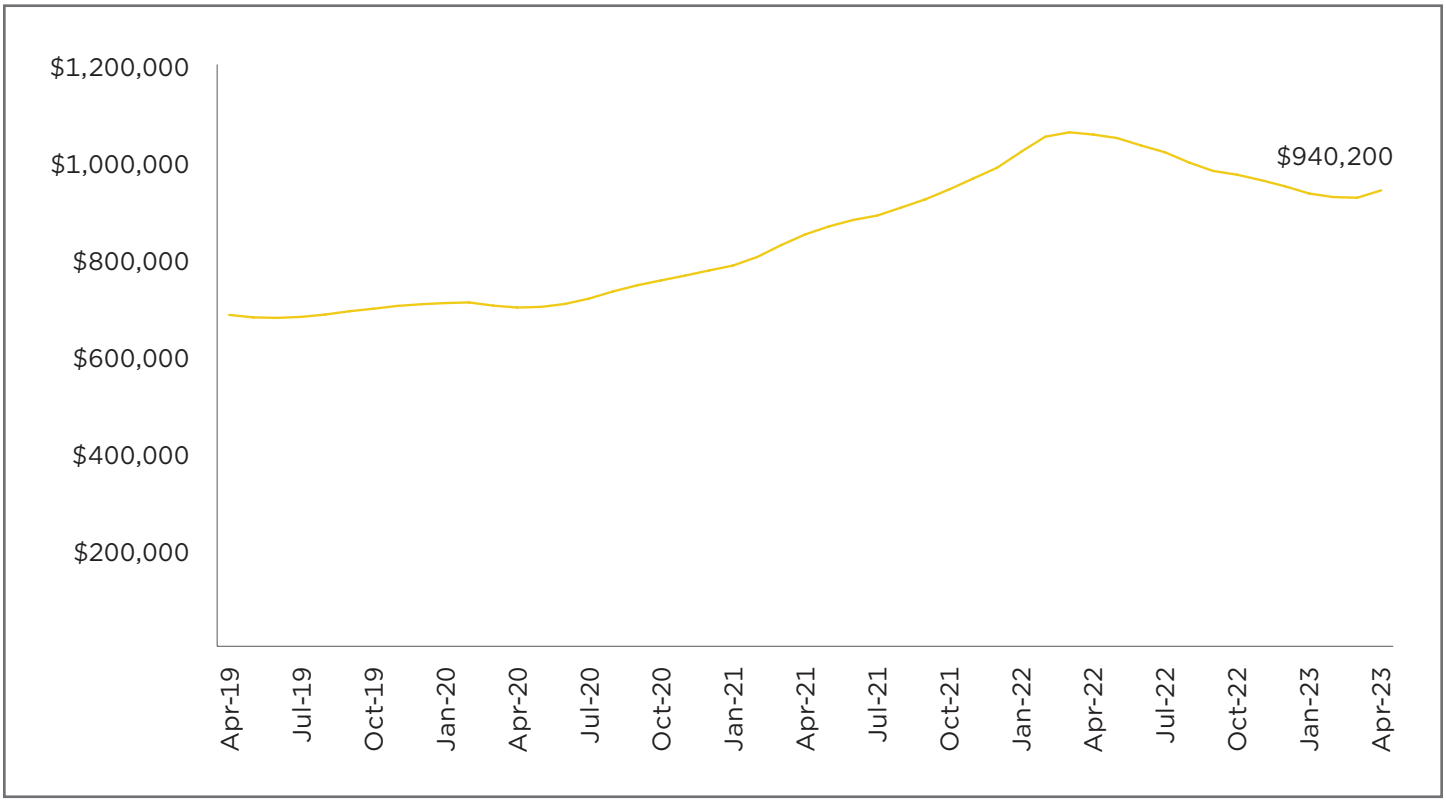
Home ownership remained unaffordable for many

While housing prices weakened slightly over the past year, the gap between demand and supply growth continued to limit housing affordability in the province. A 2022 study conducted by the Canada Mortgage and Housing Corporation found that without a sustained increase in housing supply in BC, housing will remain unaffordable for many residents.[5]

Compounding these challenges, the inflation rate reached a 40-year high in 2022, which prompted the Bank of Canada to dramatically increase its key interest rate (between March 2022 and May 2023, the rate increased from 0.25% to 4.5%).[6] Over the past year, this weakened homebuyers' purchasing power and reduced demand, causing housing prices to fall (see Figure 4). As a result, the benchmark housing price in BC in April 2023 was $940,200, down 10.9% from April 2022.

However, this April 2023 benchmark housing price was still 37.6% higher than the price in April 2019, indicating that the recent drop has done little to offset the dramatic price hikes seen in 2020 and 2021.

Figure 4: BC Home Benchmark Price, April 2019 to April 2023



Source: Canadian Real Estate Association, *Composite Benchmark Home Price Index*. Seasonally adjusted.

All of BC's largest regions saw prices decline over the past year but stay well above 2019 levels.

Consider Vancouver Island, for example (see Table 1 on facing page). Although the region saw the second-largest decrease in housing prices between April 2022 and April 2023 (-12.1%), it saw the second-largest increase between April 2019 and April 2023 (+43.8%). All of BC's largest regions saw similar results, with prices declining over the past year but staying well above 2019 levels. (Notably, despite the fact that its housing prices grew at a slower rate than those in other regions over the past three years, the Lower Mainland still had the highest prices—and by a considerable margin.)

[5] Canada Mortgage and Housing Corporation, *Canada's Housing Supply Shortages: Estimating What Is Needed to Solve Canada's Housing Affordability Crisis by 2030*, June 2022.

[6] To read more about BC's inflation and interest rates, see "Investing in BC," *CPABC in Focus*, March/April 2023 (14-22).

Table 1: BC Home Benchmark Price by Region, April 2023

	Vancouver Island	Lower Mainland	Victoria	Interior BC	Fraser Valley
Benchmark price, April 2023	$663,000	$1,077,300	$855,400	$660,500	$962,600
% change since April 2022	-12.1%	-10.8%	-10.5%	-9.4%	-16.9%
% change since April 2019	43.8%	29.6%	32.7%	44.9%	40.4%

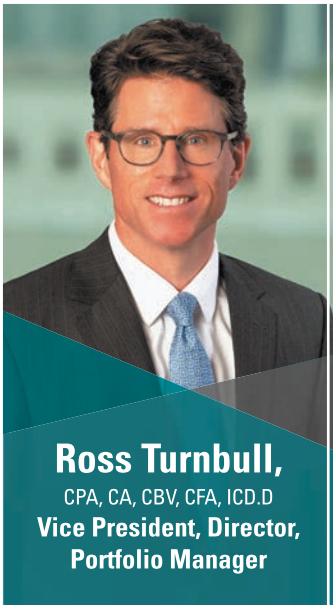
Source: Canadian Real Estate Association, *Composite Benchmark Home Price Index*. Seasonally adjusted.

The downturn in housing prices is not expected to continue. Housing prices across the country have already started to rebound as a result of both renewed demand and a 20-year low in the housing supply available on the market in April 2023.[7] And despite the high interest rate environment, experts predict that we may already have reached the low point for housing prices. For instance, RBC Economics recently suggested that the bottom of the housing downturn in Canada likely occurred in the spring of 2023.[8]

> Experts predict that we may already have reached the low point for housing prices.

[7] Rachelle Younglai, "Canadian Housing Market Rebounds in April with Supply at 20-Year Low," *The Globe and Mail*, May 15, 2023.

[8] Robert Hogue, "Canada's Housing Markets Heat up This Spring," *RBC Economics*, May 5, 2023.

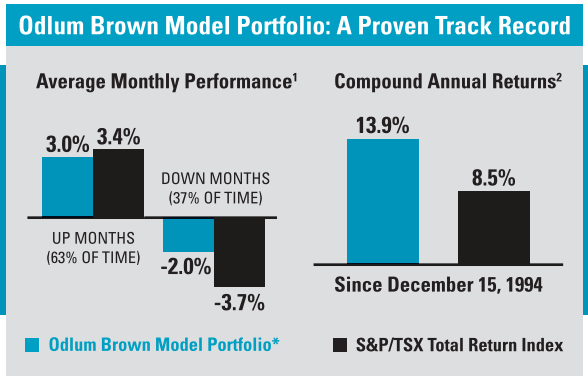


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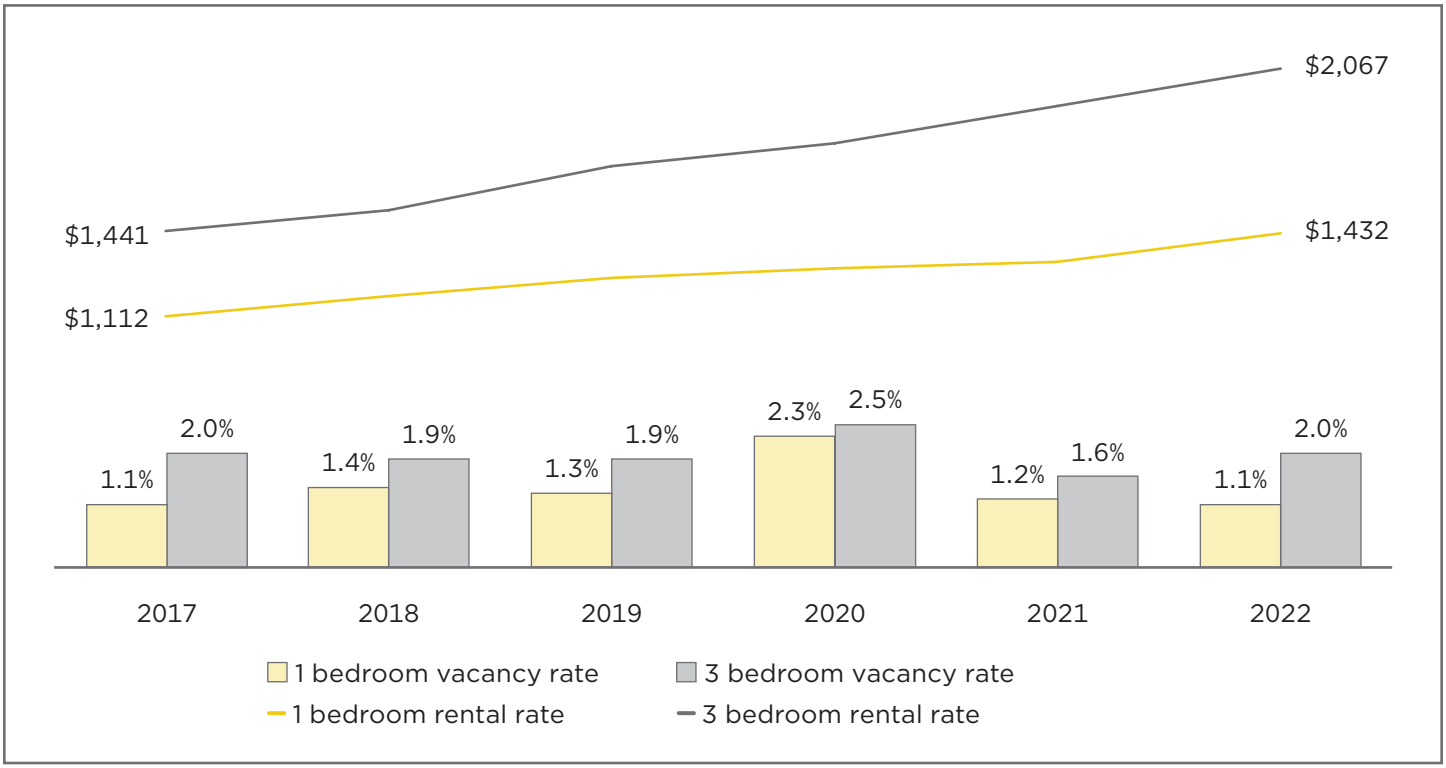
¹Performance measured mid-month from December 1994 - May 2023. ²As of May 15, 2023. *The Odlum Brown Model Portfolio is an all-equity portfolio that was established by the Odlum Brown Equity Research Department on December 15, 1994 with a hypothetical investment of $250,000. It showcases how we believe individual security recommendations may be used within the context of a client portfolio. The Model also provides a basis with which to measure the quality of our advice and the effectiveness of our disciplined investment strategy. Trades are made using the closing price on the day a change is announced. Performance figures do not include any allowance for fees. Past performance is not indicative of future performance.

Rental rates continued to soar

The low availability and high cost of rental units across the province also demonstrated the extent of the housing affordability challenge for British Columbians in 2022. Even though the province capped rent increases at 1.5% for existing tenants in 2022, affordability continued to erode. The average rent for units with three bedrooms or more was $2,067 a month in 2022, up 7.5% from 2021, while the average rent for one-bedroom units was $1,432, up 8.3% (see Figure 5). Compared to 2017, the average monthly rental rate for units with three or more bedrooms was $626 higher in 2022; for one-bedroom units, the increase over this same period was $320.

Compounding BC's affordability challenge is the fact that housing price escalation has eclipsed income growth. As of 2021 (the latest data available), the median after-tax income for families in BC was $97,800, a gain of 0.4% from 2020; for single individuals, the median after-tax income in 2021 was $39,200, an increase of 3.4% from the previous year. Overall, the median after-tax income in BC grew by 5.2% between 2017 and 2021, considerably lower than the corresponding growth in the average benchmark prices for housing (16.3%) and rentals (19.9%).[9]

Figure 5: BC Rental and Vacancy Rates, 2017-2022



Source: Canada Mortgage and Housing Corporation, *Rental Market Survey Data Tables*.

Top policy priorities

As described, several factors are converging to create an untenable living situation for many who want to live in British Columbia. If left unchecked, soaring housing prices will discourage immigrants from choosing BC as their destination of choice. These same prices will also displace current residents, particularly if income growth fails to keep pace.

Therefore, a multi-faceted approach is needed to effectively tackle the housing crisis and ensure the province's ongoing attractiveness to international immigrants, Canadians in other provinces, and existing residents. Policies that improve the region's productivity and long-term economic outlook, with a primary goal of boosting the income of British Columbians, must be prioritized. ■



At the time of this writing, Aaron Aerts was the economist for CPABC. He has since moved on to pursue new opportunities, and we wish him well!

[9] Housing data: Canadian Real Estate Association, *Composite Benchmark Home Price Index* (seasonally adjusted). Rental data: Canada Mortgage and Housing Corporation, *Rental Market Survey Data Tables*.

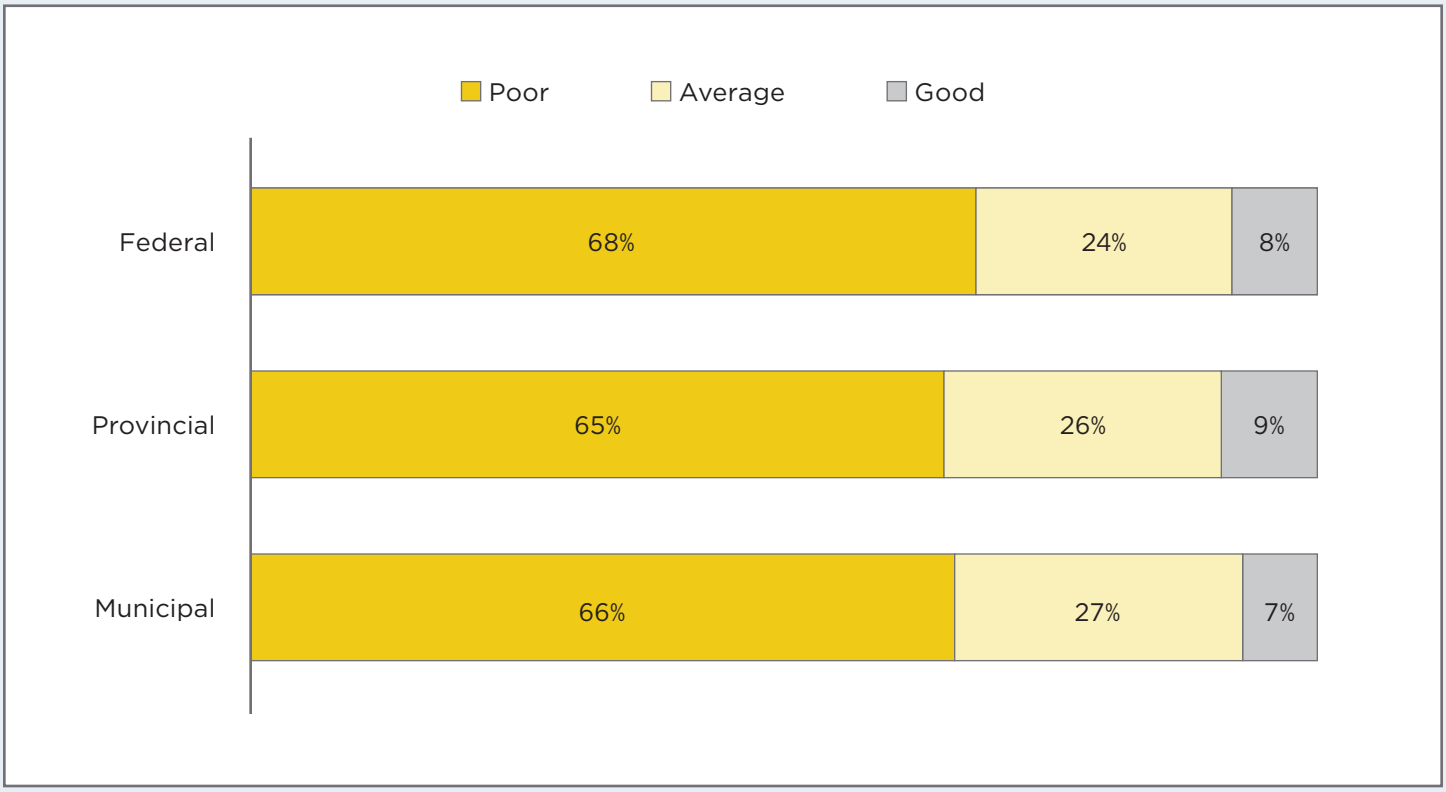
CPABC Survey Highlights Need to Tackle Housing Affordability

According to the results of CPABC's 2023 *BC Check-Up: Live* survey,* a majority of CPAs expect housing affordability in BC to worsen over the coming year. Despite the high interest rate environment and the recent weakening of housing prices in BC, 53% of survey respondents said they expect housing affordability to be worse in 2023 than in 2022. Only 10% said they expect housing affordability to improve, while the balance (36%) said they expect it to stay the same.

These high housing prices are perceived as a significant challenge for businesses, impeding their ability to attract and retain talent. Respondents ranked high housing prices as the second-biggest barrier to business success after the labour shortage. Notably, high housing prices have been identified as a major challenge for businesses in BC since the *BC Check-Up* survey series first posed the question in 2019.

The majority of respondents also said that all levels of government could be doing more to address affordability issues in the province (see below). These survey results underscore the need to prioritize efforts to attract more workers to the province while at the same time making housing more affordable.

Rating on Government Performance on Improving Affordability in British Columbia



Source: CPABC *BC Check-Up* survey, n = 714. Conducted from March 31 to April 28, 2023.



** CPABC commissioned Leger to conduct a web-based survey of CPA members across BC to solicit their thoughts on the province's current and future economic situation and on their current workplace environment. A total of 714 surveys were completed between March 31 and April 28, 2023, which represents an overall response rate of 11%.*

Bohdan Kotoshchuk/iStock/Getty Images



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Staying Ahead in BC's Tech Sector

Three CPAs share their experiences of working in tech in the Okanagan

By Leah Giesbrecht

Amid the ongoing labour shortage and housing affordability challenges described in this issue's cover story, BC's tech sector remains one of the bedrocks of the provincial economy and a critical source of job opportunities, creativity, and innovation.

Recognizing that BC's tech accelerators are key to supporting the advancement of this sector, CPABC recently interviewed three CPAs who lead companies that are members of Accelerate Okanagan, a tech accelerator in Kelowna: Jodi Cochrane, CPA, CMA, CFO of GreenStep Solutions Inc., which provides sustainability software, certifications, and consulting services to organizations; Allison Francis, CPA, CA, senior vice-president of finance and business operations at mobile game studio Hyper Hippo; and Jason Hodges, CPA, CMA, CFO of Pela, which manufactures and sells compostable phone cases and smart waste kitchen composters.

All three know what it's like to turn innovation into success. GreenStep has been recognized as a top-performing B Corp and named to B Lab's Best for the World list; Hyper Hippo is the creator of numerous award-winning games, some of which have been downloaded over 80 million times; and Pela has seen its products featured by Forbes, CNN, and Martha Stewart.

We asked these CPAs how Accelerate Okanagan (AO) has contributed to their companies' success, how their companies are managing BC's current economic challenges, and how they're adapting to the hybrid workspace.

The original version of this article, "Staying Ahead in Tech: Catching Up with CPAs at Accelerate Okanagan," was published in CPABC's online Newsroom on April 4, 2023, as a companion piece to a *Coffee Chats with CPABC* podcast. Facing page: photo of Jodi Cochrane by Michael Hintringer Photography; photo of Allison Francis by Daniel Jones Photography; photo of Jason Hodges provided by the member.



Jodi Cochrane



Allison Francis



Jason Hodges

How has AO helped shape your business?

Jodi Cochrane: GreenStep's CEO has gained insightful advice from mentors that she has worked with at Accelerate Okanagan. They really have been instrumental in helping GreenStep navigate many situations on our way to growth, as it can be a bumpy road when you're first starting out. Overall, I'd say that tech accelerators play a great role in helping to cultivate the entrepreneurial ecosystem in the Okanagan.

Jason Hodges: One of the main benefits for Pela has been using AO's site for recruitment. We've had a lot of networking and "collisions" within that space for our team. In general, I think the biggest value that accelerators have is getting new businesses to collide with professionals they might not have in their contact list. Having a list of contacts for a small entrepreneur is so important, because you can really shorten the learning curve on a lot of things just by having conversations with people who've been there before.

Allison Francis: Sometimes being an entrepreneur, or founder—or one of the first employees as you are starting up a new enterprise—is mentally taxing. It can be very draining, and it can be a lonely process. So having an accelerator like AO that is a place of community where there are other people going through similar challenges, you have someone to commiserate with or ask for advice. From a practical standpoint, it's fantastic to have that coaching, the expertise, and the advisory connections.

> "Tech accelerators play a great role in helping to cultivate the entrepreneurial ecosystem in the Okanagan."

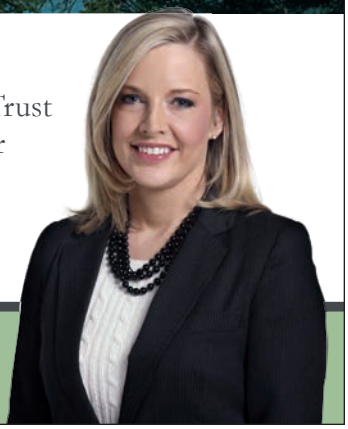
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What key changes or opportunities are you seeing for the Okanagan business environment and beyond?

Allison: Pre-pandemic, it was a challenge to relocate talent to the Okanagan, even with all the wonderful things that the area has going for it, because there are fewer game studios. With the emergence of a more distributed workforce, people can now work from anywhere. So the recruiting challenge has shifted a little bit. The Okanagan and BC in general are very expensive, so it's difficult to attract people, and I really see that affect some of the startups and some of the smaller businesses that are struggling to find creative generalist talent and might not always be able to afford top-tier salaries. We're also competing against US talent. To counter that, all of the new students who will be coming in with UBC's new downtown campus are going to add a lot of vibrancy to our community.

Jodi: The virtual workforce has definitely changed the way we do business in the Okanagan and in BC. We have a lot of employees now who work in the Lower Mainland. Our talent pool has increased all of a sudden, and working with clients across the country is much easier. The second shift in business that I've seen is BC really leading the charge on ESG standards, sustainability, and climate change, which correlates a lot with GreenStep's products and services. We are definitely seeing way more demand for these certifications and all of our basic sustainability strategies and life-cycle analysis. Previously, our clients were people who had a real passion for sustainability. Now, people need a sustainability plan no matter who they are in business. It's more of a must-have now.

Jason: Innovation, technology, and knowledge-based industries continue to play a greater and greater role in BC's economy, and the sector is really expanding in tertiary markets. With the hybrid workforce, that's only going to continue, including in the Okanagan.

How has hybrid work affected your company?

Jodi: It really changed our employee composition. Before COVID, we were 90% local people working in office. There was a bit of flexibility, with maybe 10% of staff working remotely. Post-COVID, we're a lot more hybrid. We've been able to keep a smaller office, and our local staff are rotating between working from home and working in the office. About 40% of our staff is purely remote, and they don't live locally.

> "Our recruitment efforts have benefited from hybrid work."

Allison: Our company made the commitment at the beginning of the pandemic to be a completely distributed team. We have given up dedicated physical office spaces that we previously had in Kelowna and Vancouver, and 100% of our team members work from home. We have team members in Kelowna, the Okanagan, Vancouver, across the Prairies, and in Ontario, Quebec, Atlantic Canada, and the US. That comes with challenges, with the different time zones, but being fully distributed has also freed us up to fill talent gaps faster. We really do see the benefits and employees wanting to have the flexibility to work from home.

Jason: Interestingly for us, we've always had a bit of a hybrid workforce. Our business originally came from Ontario and Saskatoon before relocating to Kelowna, but not everybody relocated. And then we also had some remote teams—some of our customer support teams are in the Philippines and we have a sourcing and engineering team in Hong Kong as well. Our recruitment efforts have benefited from hybrid work. While Kelowna's got a surprisingly deep talent pool, now that we've changed the way we work entirely, it's easy for us to find the best possible person for each role. We have employees in Canada who are as far away as Newfoundland.

Has your organization's culture been impacted by this shift?

Jodi: We have to connect on virtual platforms, so we do things like daily huddles on Google Meet, weekly one-on-ones with direct reports, and monthly team meetings to try to keep everybody on the same page. But working remotely has also provided a lot of flexibility, and it's a way to retain people because that's what people want. It's a great benefit for them.

Allison: We feel that culture isn't built in an office or about social activities, but it does take intentionality to build. We are experimenting with how best to do that in a distributed setting. One of the things we've learned is to really embrace micro-cultures among teams. And we had to intentionally get better at communication, asynchronous updates, documentation, and being cognizant of time zones and folks' availability. We also recognize that not all team members always want to work from home. And there are certain members of our teams who really vibe off of social interactions and want that for their collaboration time, and so finding flexible workspaces and meeting spaces has been really important for us for those ad hoc conversations when people do want to come together.

Jason: If you're in a different time zone or an entirely different geographic location, how do you get to know your co-workers? We've implemented a couple of formal things—one of which is called Donut. It's a software app that everybody registers for, and it throws together names to connect and get together for what we call a "virtual donut." I think the most important part is making sure everybody is focused around a common purpose—something that we all believe in and are working towards together. If we have that common purpose and a united vision for the company we want to be, it's not as difficult as you would think to stay engaged with each other.

"To watch the process of something evolving from a little spark of an idea is really incredible."



simoncarter/E+/Getty Images

Given the ongoing labour shortage, how are you attracting workers?

Jason: Communicating our company's purpose. People want to have a reason to go to work that isn't just *grind out a day and get paid again next week*. It's a differentiator to some of our competition for people to know that, "Hey, what we're doing on a daily basis is helping to change the world." Being extremely thorough in the recruitment process is also super important for us. We have a five-stage recruitment process. Our opinion is that if you put the effort into the recruitment process, the likelihood that a person's going to stick around is much, much higher.

Jodi: People want to work at GreenStep because they're passionate about the same things we're passionate about. We craft our job descriptions very carefully to get applicants who are passionate about sustainability. After that process, it's our purpose. It's our core values. We assess the people coming through the door—do they align with those things? And do they fit our three virtues—are they humble, hungry, and smart?

Allison: I don't think there are tricks or shortcuts in recruitment. The only way to begin a new relationship is by authentically representing yourself to a potential candidate. So the best thing you can do is to invest in a strong talent acquisition function and really pay attention to the candidate experience.

Finally, could you tell us about something new you're working on?

Jason: I'm focused on bringing a new product to market right now: a countertop composter that basically turns food scraps into soil overnight. It's a nascent category that we're working in, so it's exciting to be bringing something to market that involves creating a whole new logistics flow margin stack and marketing initiative.

Allison: Working in a game studio, which is a highly creative environment, I get to have my fingers in different things every day. I get the most excited about new projects, and we're currently working on two new games. To watch the process of something evolving from a little spark of an idea is really incredible.

Jodi: GreenStep has seen a ton of growth in the last couple of years because our industry has changed so much. Sustainability and climate change are really top of mind for most businesses now. With that, my role has transitioned to full-time, as we're prepping for all this growth that we see coming our way. Proactively guiding GreenStep from a small one-person show into a larger business model is really exciting. ■

Leah Giesbrecht is a communications specialist with CPABC.

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Upholding the Highest Standards: Regulatory

Upholding the Highest Standards, CPABC's regulatory report to the public, outlines the initiatives and resources implemented by the organization to ensure that BC CPAs adhere to professional and ethical standards as part of our commitment to protecting the public. Here is a snapshot of this year's report. To view the full report, visit **bccpa.ca/protecting-the-public**.

CPABC member count:



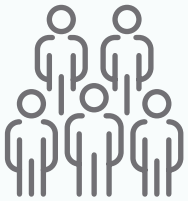
2023: **39,300**
2022: **38,730**
2021: **37,999**
2020: **37,317**
2019: **36,652**

Student number count:



2023: **6,224**
2022: **6,088**
2021: **6,198**
2020: **5,777**
2019: **5,381**

Licensed practitioner count:



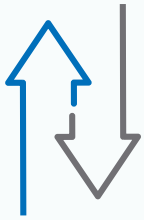
2023: **4,351**
2022: **4,274**
2021: **4,126**
2020: **4,081**
2019: **4,008**

Registered office count:



2023: **2,869**
2022: **2,856**
2021: **2,800**
2020: **2,753**
2019: **2,730**

New members admitted



During the fiscal year, **1,368** new members were admitted into the profession, and **798** members left the profession.

Graduation rates



Over the past five years, an average of **857** BC students graduated annually from the CPA or legacy programs.

Regulation of public practice



The majority of practitioners work in small businesses, where **98%** of firms are owned by fewer than five professional accountants.

Practice reviews

Sanctions may be imposed in cases where there are more serious issues. There were **1,001** practice reviews conducted this past year. This number includes **41** re-inspections that were undertaken in situations where standards had not been met.

Members in industry



In BC, **many** members in industry work in small or medium-sized businesses where they are often the only designated accountant.

Pass rate for practice reviews:



88%* 2022-2023

93% 2021-2022

95% 2020-2021

*The pass rate has declined due to substantial changes in the Compilation Engagement Standard.

Report to the Public for Fiscal Year 2022/2023

Continuing Professional Development (CPD) self-reporting and CPABC verification

Action is taken against members who do not comply with the requirements. This action can result in suspension or cancellation of membership.

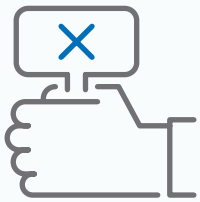


Members who did not comply with the CPD verification process risked being referred to the CPABC investigation and discipline processes.



Cancelled memberships due to non-compliance with CPD:

2023: **58**
2022: **50**
2021: **41**
2020: **32**
2019: **64**



During the year ended March 31, 2022:

- **179** members had their memberships suspended for CPD non-compliance.
- **58** of these suspended members had their memberships cancelled.

Investigation & discipline process

CPABC investigated complaints received about members, firms, and students. Where breaches of the bylaws or rules were found, the resolutions typically included a reprimand and remedial education to protect the public from a repeat of the misconduct. In rare instances, there was a suspension or cancellation of membership.



- **146*** total active complaints in 2020-2021
- **25** under review
- **69** complaints dismissed/not accepted
- **52** investigations authorized

*Active complaints include new complaints and complaints carried over from the previous year.

New complaints received:

2023: **121**
2022: **103**
2021: **128**
2020: **103**
2019: **119**



Investigations closed:

2023: **57**
2022: **45**
2021: **60**
2020: **53**
2019: **47**

- **7** no grounds
- **14** not pursued
- **23** resolutions – D&R*
- **13** referred to the Disciplinary Committee

*Determination and Recommendation Agreement

Complaints dismissed/ not accepted:

2023: **69**
2022: **54**
2021: **63**
2020: **44**
2019: **50**

Disciplinary Committee activities:

2 resolution agreements
12 outcomes pending
7 disciplinary panel decision

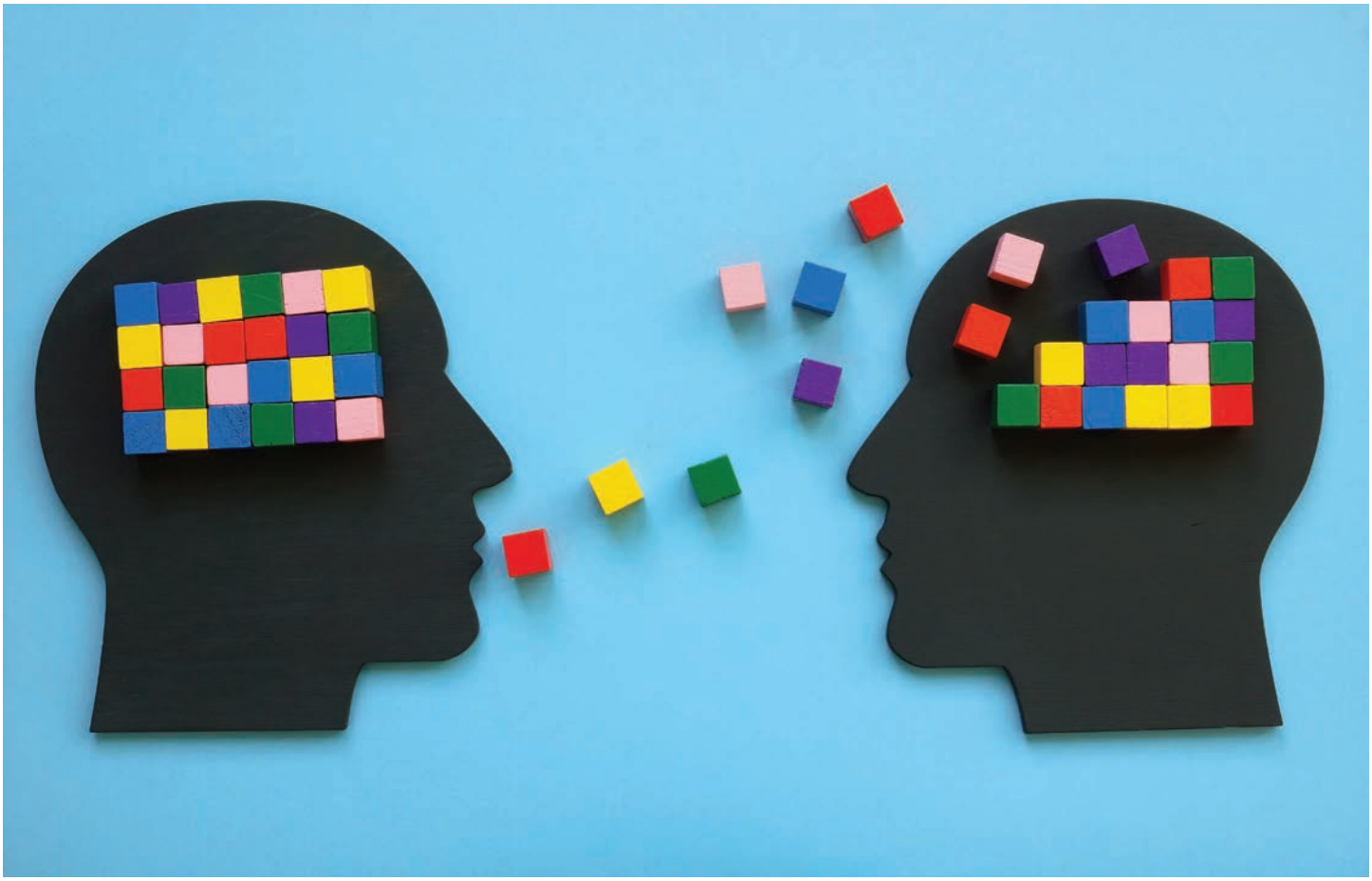
Total disciplinary cases resolved:

2023: **26**
2022: **19**
2021: **11**
2020: **12**
2019: **15**



Avoiding the Perils of Misinformation and Disinformation

From CPABC's Professional Conduct Department



Here and on page 3; designer491/iStock/Getty Images

This article builds on concepts explored in the March/April 2023 issue of *CPABC in Focus*[1] and draws from CPA Canada's February 2022 discussion paper *Identifying and Mitigating Bias and Mis- and Disinformation*.[2]

Objectivity is one of the fundamental ethical principles of the CPA profession, and adhering to this principle requires registrants[3] to be vigilant about—and refute—misinformation and disinformation.

In its discussion paper, *Identifying and Mitigating Bias and Mis- and Disinformation*, CPA Canada recommends that professional accountants use a layered approach to ensure that they meet their professional obligations of objectivity, integrity, professional competence, and due care when reviewing and preparing financial information.

1 "How Bias Can Affect Decision-Making," *CPABC in Focus*, March/April 2023 (28-31).

2 *Identifying and Mitigating Bias and Mis- and Disinformation* is the third in a four-part series by CPA Canada on ethical leadership. This series is part of the Foresight initiative and can be accessed at **cpacanada.ca/en/foresight-initiative/trust-and-ethics/identifying-mitigating-bias-mis-disinformation**.

3 "Registrants," as used in the *CPABC Code of Professional Conduct*, refers to members, students (candidates in the CPA Professional Education Program), and registered firms. The CPA Code does not apply to students enrolled in the CPA preparatory courses; however, these students are expected to exhibit ethical behaviour.

CPA Canada recommends that professional accountants take a layered approach to meeting ethical standards.

Misinformation, disinformation, and the pertinent rules

Before delving into this topic, it's important to note that although misinformation and disinformation both pertain to false and unreliable information, they differ in terms of *intent*. Misinformation is generally considered unintentional, whereas disinformation involves deliberate deception.[4,5]

Regardless of this distinction, however, both are dangerous, and there are three rules in the *CPABC Code of Professional Conduct* (CPA Code) that apply to the handling of such information:

- **Rule 202.2 (Objectivity)** – "A registrant shall not allow their professional or business judgment to be compromised by bias, conflict of interest or the undue influence of others."
- **Rule 203 (Professional competence)** – "A member shall sustain professional competence by keeping informed of, and complying with, developments in professional standards in all functions in which the member provides professional services or is relied upon because of the member's calling."
- **Rule 205 (False or misleading documents and oral representations)** – "A registrant shall not:
  a) Sign or associate with any letter, report, statement, representation or financial statement which the registrant knows, or should know, is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility; nor
  b) Make or associate with any oral report, statement or representation which the registrant knows, or should know, is false or misleading."

The guidance summarized

As noted earlier, CPA Canada recommends that professional accountants adopt a layered approach when it comes to staying onside of their ethical obligations. Here's a summary of the guidance:

Producing accurate and objective work

To maintain public confidence in the profession, it is imperative that professional accountants ensure the accuracy and objectivity of their work. This means:

- Using appropriate standards of practice when gathering and evaluating evidence and information;
- Exercising due care, professional skepticism, and curiosity when scrutinizing assertions and evidence;
- Considering the contextual factors of any given situation and ensuring that the information provided is relevant and suitable for the circumstances; and
- Communicating to stakeholders, when necessary, the limitations inherent in the work product, such as lack of certainty associated with financial estimates and predictions.

[4] Purdue University, Libraries and School of Information Studies, "What Is Misinformation/Disinformation?" **lib.purdue.edu**, accessed May 24, 2023.

[5] *Identifying and Mitigating Bias and Mis- and Disinformation.*



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Failing to acknowledge and mitigate confirmation bias as a potential risk could undermine even the most diligent of fact-checking efforts.



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Ensuring that information is reliable

Per Rule 205, professional accountants must diligently evaluate the reliability of the evidence they use in preparing, presenting, and sharing information. They can accomplish this by:

- Staying informed of professional advancements and news;
- Seeking diverse perspectives and avoiding "echo chambers";
- Researching and evaluating the credibility and qualifications of the individuals and organizations responsible for producing the information;
- Referring to the original source whenever possible; and
- Fact-checking and cross-checking information.

Rigorous fact-checking is a fundamental weapon in the battle against misinformation and disinformation, but it can be difficult to know where to look given the sheer volume of source material available in the age of the Internet. As a start, there are several government and academic databases of financial information available to help us fact-check many financial assertions, including:

- **Statistics Canada –** Canada's national statistical agency gathers information on a wide array of topics (**statcan.gc.ca**);
- **SEDAR –** The System for Electronic Document Analysis and Retrieval is the database of Canadian public company disclosure maintained by Canada's securities regulators (**sedar.com**);
- **EDGAR –** The Electronic Data Gathering, Analysis, and Retrieval system is the database of American public company information maintained by the United States Securities and Exchange Commission (**sec.gov/edgar/search-and-access**);
- **Private-sector investment services –** Morningstar, Bloomberg, and Dun & Bradstreet are three examples; and
- **US statistics agencies –** Some of the better-known agencies include the Bureau of Economic Analysis and the Bureau of Labor Statistics.

Identifying bias

Note, however, that fact-checking alone may not be enough to ensure the reliability of information. As discussed in the March/April 2023 issue of *CPABC in Focus*, various forms of bias can hinder objectivity and accuracy.[6]

It is, therefore, vital to consider the potential for biases when sourcing information—this includes identifying the funding sources behind any conducted research. It also means considering the context in which information is being shared. When drawing information from a media source, for example, is the information being presented as news, commentary, or opinion? Discernment is warranted, as content presented as opinion will likely lack impartiality and instead aim to bolster the author's perspective.

At the same time, we must remain self-aware and consider the impact of our own biases when sourcing information—otherwise we risk accepting inaccurate information as truth simply because it aligns with our own existing beliefs or hypotheses. Failing to acknowledge and mitigate this kind of confirmation bias as a potential risk could undermine even the most diligent of fact-checking efforts.

In its discussion paper, CPA Canada provides four tips to help us ensure our objectivity:

- Avoiding "motivated reasoning," where we justify a position because we simply want it to be true;
- Practising humility by recognizing the limits of our knowledge and expertise;
- Looking for blind spots and testing assumptions, rather than defending set positions; and
- Avoiding overconfidence in estimations and recognizing the potential for error.

[6] "How Bias Can Affect Decision-Making."

Do you need guidance?

The guidance in the CPA Code is designed to help you understand how the rules should be applied. CPABC's professional standards advisors are also here to help. You can consult them for confidential guidance to ensure that you stay compliant with the CPA Code and the *CPABC Bylaws* when navigating difficult situations. Contact our advisors by email at **professionaladvisory@bccpa.ca**.

At the organizational level, leaders can also help combat confirmation bias (and other forms of bias) by building teams of individuals with diverse backgrounds and different perspectives. Where possible, they can also ensure that two or more analysts address and verify each key data set.[7]

Final thoughts

In the World Economic Forum's 2022-2023 *Global Risks Perception Survey* report, "misinformation and disinformation" ranks sixteenth on a list of 32 global risks ordered in terms of severity over a two-year period.[8] Over a 10-year period, it jumps to #11. While the World Economic Forum categorizes misinformation and disinformation as a societal risk rather than an economic one, the potential ramifications of false information stretch into every aspect of modern life. As professional accountants, we have an ethical obligation to protect the public, and that means watching out for and proactively countering misinformation and disinformation in all that we do. ■

[7] As recommended by Pawel Rzeszucinski in "Overcoming Confirmation Bias: An Obstacle Between You and the Insight from Your Data," **forbes.com**, January 19, 2022.

[8] World Economic Forum, *The Global Risks Report 2023* (18th edition), 2023.



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Lawrence Bell is a senior tax manager with the people advisory services group – global mobility and rewards practice of Ernst & Young LLP in Vancouver.

Business Travel to the US: The Implications for Employer Payroll and Employee Tax

By Lawrence Bell, CPA, CA



M-Production/iStock/Getty Images

With many of the pandemic restrictions now behind us, Canadians are once again travelling to the United States for work. To the extent that they have workdays in the US, these individuals may be subject to US federal, state, and local tax, because the US, like Canada, taxes non-residents on their employment income, business income, and property income sourced from the particular jurisdiction. Only those whose employment-related income is excluded by treaty are exempt.

As I discussed in the November/December 2015 issue of *CPABC in Focus* magazine,[1] the "Dependent Personal Services" article in Canada's income tax treaties can provide relief from tax in a foreign jurisdiction. The *Canada–United States Convention with Respect to Taxes on Income and on Capital* provides such an exemption from US federal tax for employment income where the conditions of the treaty[2]—including the "borne by" condition—are satisfied.

[1] Lawrence Bell, CPA, CA, "Dependent Personal Services – Myths and Realities," *CPABC in Focus*, November/December 2015 (42-43).

"Even though employment income resulting from business travel may be exempt from US federal tax by virtue of a tax treaty, employers may still have withholding and reporting obligations for US payroll..."

One area of caution, however, is where a Canadian employer with a US parent shareholder is a Canadian Unlimited Liability Corporation (ULC)—a disregarded entity for US tax purposes—as this may restrict the availability of the treaty exemption for employment income.[3] For Canadian corporate law purposes, ULCs are only allowed in the provinces of Alberta, British Columbia, and Nova Scotia, and while they are treated as corporations for Canadian tax purposes, ULCs are treated as flow-through entities for US tax purposes.

Consequently, a ULC's expenses are claimed as deductions in the US tax return of the US shareholder, and the employee remuneration could be viewed as being "borne by ***a*** permanent establishment in the US." This is because the treaty article does not require the Canadian company employer to have a permanent establishment in the US—rather, it stipulates that the employee remuneration cannot be borne by (allowable as a deduction by) *any* permanent establishment in the US.

Additionally, even though employment income resulting from business travel may be exempt from US federal tax by virtue of a tax treaty, employers may still have withholding and reporting obligations for US payroll, which will require them to apply for an Employer Identification Number (EIN).

Furthermore, state and local taxes may still apply as state and local governments are generally not party to the income tax treaties and are not required to provide a similar exemption. Given the number of states in the US and the varying rules in each of these jurisdictions, a detailed discussion of every state's requirements is beyond the scope of this article.

When employment income is *not* treaty exempt

In accordance with US domestic tax law,[4] every employer that pays wages is required to deduct and withhold income tax. However, even where the employment income is not treaty exempt, remuneration for employment services is deemed not to be income from sources within the US and is excluded from mandatory withholding[5] where:

a) The non-resident employee is temporarily present in the US for a period (or periods) not exceeding a total of 90 days during the taxable year;
b) Compensation from US sources does not exceed US$3,000 in total; and
c) The non-resident employee is employed by a foreign employer that is not engaged in a trade or business within the US.

If these tests are not satisfied, the mandatory withholding exceptions will not apply, and the employer will be required to withhold income tax and remit the tax withholdings to the Internal Revenue Service (IRS) on a periodic basis, and report the income and the tax withholdings for the year on a *Form W-2, Wage and Tax Statement*.

To facilitate the withholding and reporting of income tax in the US, the non-resident employee will be required to obtain either a Social Security number (SSN) or an Individual Taxpayer Identification Number (ITIN). The non-resident employee will also be required to file a US tax return—specifically, *Form 1040-NR, U.S. Nonresident Alien Income Tax Return*—to calculate the applicable taxes that may then be claimed as a foreign tax credit on their home country's tax return.

[2] See Article XV:2 of the *Canada-United States Convention with Respect to Taxes on Income and on Capital.*

[3] *Code of Federal Regulations* (CFR), Title 26, Chapter I, Subchapter F, Part 301, Definitions, §301.7701-2(b)(8)(ii)(A).

[4] *Internal Revenue Code* (IRC) §3402(a)(1).

[5] IRC §861(a)(3) and IRC §864(b)(1).

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When employment income *is* treaty exempt

Where it is determined that employment income is treaty exempt, there are two alternatives available, both of which require the non-resident employee to obtain either an SSN or an ITIN.

The first option is for each non-resident employee to apply for a waiver on an annual basis by completing *Form 8233, Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual*. The completed Form 8233 is provided to the employer's payroll agent who, in turn, signs and forwards the form to the IRS within five business days. The payroll agent must then wait 10 days to determine if the form is accepted by the IRS. If the form is rejected, the payroll agent must withhold and remit US tax at a 30% treaty rate.

At the end of the year, in lieu of completing *Form W-2, Wage and Tax Statement*, the employer will have to report the income (including the applicable treaty exemption codes) and the tax withholding (if any) on *Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding*. Any additional wages paid to the non-resident employee over and above the income tax treaty amounts must be reported on Form W-2.

The second option available to employers of non-resident employees is to deduct and withhold income tax on a periodic basis based on the IRS's prescribed withholding tables. Employers who choose this option will need to report the end-of-year income and tax withholding amounts on Form W-2.

For both of these options, the non-resident employee is required to file a US tax return (Form 1040-NR) in order to obtain the tax treaty exemption and a refund of any tax that may have been withheld during the year. Failure to file a US tax return claiming the treaty exemption may result in a denial of the exemption, which would result in a US tax liability. (Non-resident employees are *not* required to file Form 8233 with their US tax returns.)

Social Security contributions

In addition to income tax considerations, social security issues need to be addressed. In the US, Social Security and Medicare taxes are collectively known as the *Federal Insurance Contributions Act* (FICA) tax. FICA tax withholding is required on all compensation in respect of services performed in the US. Under US domestic law, there is no minimum threshold or exemption for non-resident employees; therefore, non-resident employees who work in the US—even for short periods of time—are subject to the FICA tax.

However, Canadians who work temporarily in the US may be exempt from FICA tax contributions as a result of the Canada-US Social Security Totalization Agreement. One of the primary objectives of this agreement is to eliminate situations in which employees who are temporarily sent to work in the US might have to contribute to its Social Security program for the same work that would be covered by the Canada Pension Plan (CPP). Note, however, that the exemption provided under this agreement only applies if the period of work in the US is not expected to exceed 60 months. Intermittent work periods of short duration are viewed as separate periods of work.

In order to contribute only to the CPP and remain exempt from the US Social Security program, the employee must obtain a certificate of CPP coverage from the Canada Revenue Agency. However, according to the US Social Security Administration,[6] a certificate of coverage is only required if the non-resident employee will be working in the other country for more than 183 days or the other country requests one.[7]

A lot to consider

As business travel ramps up once again, there are many tax implications to consider—whether you're a Canadian employee who works temporarily in the United States or the employer of one. ■

Applying for an IRS Employer Identification Number (EIN)

You can apply for an EIN online, by phone, or by completing *Form SS-4, Application for Employer Identification Number.* Visit **irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein** for details.

Applying for an IRS Individual Taxpayer Identification Number (ITIN)

- Complete *Form W-7, Application for IRS Individual Taxpayer Identification Number* and provide the required documentation, which includes proof of identity, such as a passport. If you're unable to submit original documents, you may submit certified copies from the issuing agencies; note that each document must be certified as an exact copy of the original and stamped with the official seal of the issuing agency.
- Generally, if you're applying for an ITIN, you must include a US federal tax return with your application. There are certain exceptions, however—for example, you will be exempt if you submit *Form 8233, Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual*, or if you are subject to US tax withholding on your employment income.

[6] Social Security Administration, *Agreement Between the United States and Canada*, Publication No. 05-10198, **socialsecurity.gov**, August 2017.

[7] In the context of this article, "the other country" is the United States.

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PD EXPERTS

Why Power Query Is a Game-Changer

By Ken Puls, FCPA, FCMA



Ken Puls is an expert on self-service business intelligence using Microsoft tools. He is the founder of Excelguru Consulting Inc. and Skillwave.Training and an internationally respected speaker, trainer, author, blogger, and community leader who has received the prestigious Microsoft MVP Award every year since 2006. As a recurring instructor for CPABC's PD Program, he helps CPAs get the most out of Microsoft Excel and Power BI.

On a sunny day in May, I was talking to a new client about training their team to build financial planning and analysis solutions in Excel. "How much are you using Power Query today?" I asked. The phone went silent… they'd never heard of it. Realizing that my client was missing this vital piece of the modern Excel technology stack, I pivoted the conversation to training in Excel fundamentals instead of advanced concepts.

Now don't get me wrong—we can still build great models in Excel using fundamental concepts. But the truth is that my new client's team wasn't ready for advanced Excel training.

If you're already using Power Query, you're likely nodding your head in agreement. But if you, like my client, have never heard of this term, I have a simple message for you: Power Query is ***the*** most important tool you need to master in Excel today. As I promise every student who takes my "End to Manual Effort" course, Power Query will change your life.

Here are the top six things you should know about Power Query:

1. It's easy to use—and learn

Power Query has a simple and intuitive interface that makes it easy to import and clean your data. With just a few clicks, you can transform your data into a format that is easy to analyze and visualize. And you'll be able to create effective solutions after just a single day of training on the fundamentals.

2. It's flexible

Power Query is a versatile tool that can import data from a wide range of data sources and formats. Whether you're working with Excel spreadsheets, CSV files, text files, PDFs, or databases, Power Query can extract and transform the data into a format that's easy to work with. Do you need to merge data from multiple sources? Create calculated columns? Filter data based on specific criteria and/or stack the outputs into a single tall table? No problem. Power Query has you covered.

3. It saves you time—twice

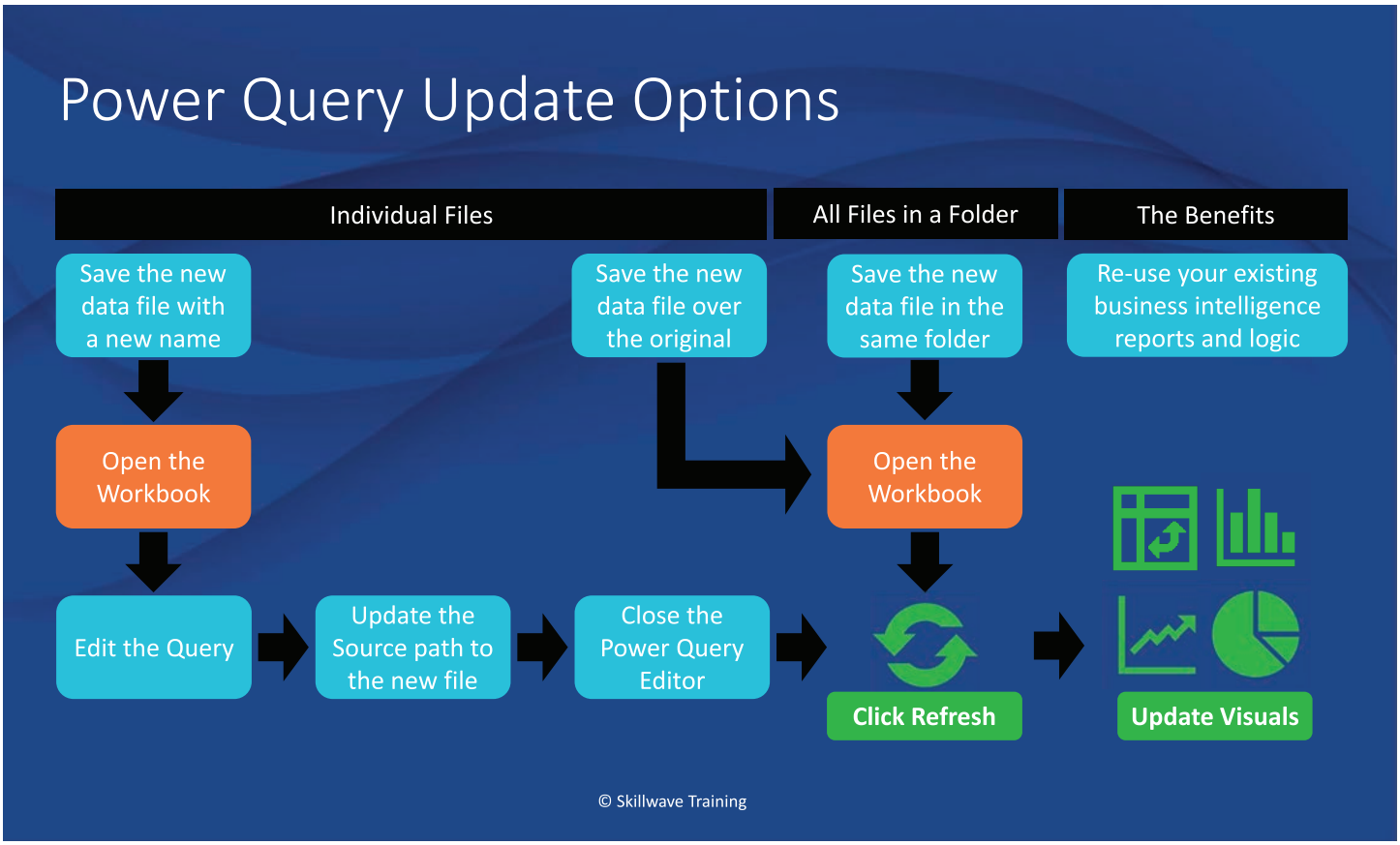
Data preparation is time-consuming, often accounting for 60% to 80% of the time spent on any given analysis task. Power Query's interface makes it easy to clean your data much more quickly than traditional Excel methods, and it has another massive benefit: A one-click refresh capability that will apply the same steps to your updated data source—which means no programming or extra work for you. This will save you hours of work and allow you to focus on what you were hired to do: interpreting the data (rather than cleaning it).

4. It lives in the Excel software you already own

Power Query was first released in 2014 as a free add-in for Microsoft Excel 2010 and 2013. Since 2016, Power Query has been built into every Windows version of Excel, including Office 365. Recently, Microsoft has also started bringing Power Query to the Office 365 release of the Mac version of Excel.

5. It provides quality assurance

One of the major drawbacks of classic Excel data cleanup is that it enables users to manipulate the original data source without leaving a record of the changes. Power Query changes this by using a read-only approach to get data and by recording every step of the cleansing and reshaping process. Not only do you end up with clean tabular data at the end of this process, but you also receive a fully auditable trail of every change made along the way—again, with no extra effort from you.



6. It lives in more than just Excel

In addition to acting as a dedicated "data studio" in Excel, Power Query is integrated in many of the products in the Microsoft Power Platform, including other powerful tools such as Power BI and Power Apps. This means that you aren't learning a skill you'll only be able to apply to one software package—you're learning a skill that's portable to multiple products.

Save yourself time and manual effort

As an accountant who lives and breathes Excel, I cannot imagine doing my work today without Power Query. Every time I see someone copy and paste data into last month's Excel workbook or update the source range of a PivotTable, I can't help but think they're doing unnecessary work that could be automated by Power Query today. This is an indispensable tool that enables us to extract and transform data efficiently while saving us valuable time, improving data accuracy, and allowing us to reuse analyses we've already created.

In short, if there's one tool you need to master in Excel today, Power Query is it. ■

UPCOMING COURSES WITH THE AUTHOR:

- July 11 & 13 (multi-segment): VBA Fundamentals – from Zero to Hero (virtual)
- July 27: Getting Started with Excel Power Pivot (virtual)
- August 14: Rapid Dashboard Development with Power BI Desktop (in person)
- August 15: An End to Manual Effort in Excel: The Power Query Effect (in person)

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Stay informed about new rules, regulations, and best practices. Look for the CPA PRO courses currently offered in CPABC's spring/summer PD program.

NOTICE: New Quality Management Standards

The Canadian Standard on Quality Control (CSQC1) has been replaced by the Canadian Standard on Quality Management (CSQM1 and CSQM2) and related amendments to relevant assurance standards.

New standards on quality management were issued in May 2021:

- Canadian Standard on Quality Management (CSQM) 1: Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements
- CSQM 2: Engagement Quality Reviews (new standard)
- CAS 220 (revised): Quality Management for an Audit of Financial Statements

Firms that perform assurance engagements were required to implement the quality management systems by **December 15, 2022**. Non-assurance firms—*which include compilation engagement providers*—were given a one-year deferral to **December 15, 2023**.

CPABC's PD Program has several quality management courses designed to help practitioners stay current with the new standards. Visit **pd.bccpa.ca** for up-to-date information on available courses, including on-demand options.

2023-2024 PD Passports – Get PD Hours for Less!

Gain a cost-saving advantage with the CPABC PD Passport program. Maximize your savings by applying passport credits to any combination of two-hour, half-day, or one- or two-day CPABC PD seminars. You can also use your passport for PD Nexus Days.

The 2023-2024 PD passports can be used for course dates between **September 1, 2023, and August 31, 2024**. *Note*: Early-bird pricing for our 2023-2024 PD passports expires on **September 15, 2023**.

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If you're a 2022-2023 PD Passport holder, be sure to use your credits as soon as possible, as the deadline is August 31, 2023. Don't let your credits go to waste! Check out our complete program at **pd.bccpa.ca** and email us at **pdreg@bccpa.ca** with any questions.

CPABC **Nexus Days**

Save the Dates: Upcoming Fall/Winter 2023 PD Nexus Days

PD Nexus Days are information-packed days designed to give members new information about current and relevant topics in multiple, bite-sized learning sessions throughout the day. Be sure to mark these upcoming Nexus Days in your calendar!

Estate Planning Insights

Hyatt Regency | October 12, 2023

Learn from renowned speakers who will discuss estate-planning concerns and provide up-to-date, cutting-edge estate-planning material.

Local Government Accounting & Auditing Workshop

Coast Coal Harbour Hotel | November 23-24, 2023

Presented in conjunction with the Government Finance Officers Association of BC, this year's workshop will once again provide a forum in which practitioners and auditors can discuss the auditing, reporting, and financing issues faced by local governments.

Business and Innovation Insights

Vancouver Convention Centre | December 13, 2023

Come join this full-day session filled with fresh concepts and learn how to steer your business through change while fostering an inventive culture.

Details will be available and registration will be open in fall 2023.

ANNOUNCEMENTS AND ACCOLADES

Kudos!



Ryan Cheung, CPA, CA, founder and managing partner of MCPA Services Inc., Chartered Professional Accountants, was recently appointed to the board of directors of Fuse Battery Metals in Coquitlam. Ryan will also serve on the audit committee.



Zara Kanji, CPA, CA, founder of Zara Kanji & Associates, Chartered Professional Accountants, was recently appointed to the board of directors of Plymouth Rock Technologies Inc. in Vancouver. Zara will also serve as chair of the audit committee.



Shelley Williams, CPA, CA, an independent board director, was recently appointed to the board of directors of Technical Safety BC in Vancouver. Shelley also serves as a board director for the Bank of Canada in Ottawa, and the Boston Pizza Royalties Income Fund in Richmond.

A changing of the guard at CPABC



Stella Lam, CPA, CA, has been promoted from vice-president of membership regulation and privacy officer at CPABC to executive vice-president of regulation and registrar. Stella has contributed her expertise to provincial and national initiatives since 2008.



Jamie Midgley, FCPA, FCA, has retired from his position as CPABC's executive vice-president of regulation and registrar. He led the regulatory teams of CPABC and its legacy organization (ICABC) from 2009 to 2023 and served on numerous provincial and national regulatory working groups during his tenure. Jamie played a critical role during the unification of the profession, which included leading the implementation of the CPA profession's regulatory framework in BC and Canada. For his contributions to the profession, Jamie was elected to Fellowship in 2013.



Jantarat/iStock/Getty Images

In Memoriam

We wish to send our condolences to the family, friends, and colleagues of **Philip S. Warden, CPA, CA**. Phil passed away on October 15, 2021, at the age of 76.

Phil began working for Rigsby, Lea, Barr & Co. directly after graduating from high school and earned his accounting designation in 1969. That same year, he became a partner with the firm.

After a 40-year career in public practice, Phil retired to focus more on his family, his wood lot and tree farm, and his philanthropy. He was a long-standing volunteer with the Quesnel Badminton Club, the Quesnel Community Foundation, the Quesnel Tennis Club, and the Rotary Club of Quesnel. For his contributions to Rotary, including as a past president, Phil was honoured with Paul Harris Fellowship awards in 2008 and 2015.

CHAPTER EVENTS

Members and Candidates Get Creative at Afternoon Painting Social



On May 20, the CPABC Burnaby/New Westminster Chapter held an afternoon "painting social" at the Palette Art Studio in Burnaby for approximately 30 CPABC members and candidates. The event gave participants a chance to tap into their creativity while networking with peers. Artist and studio owner Narges Aghahosseini was on hand to provide the painters with step-by-step guidance on painting ceramics and share some insights on the day-to-day running of a local art studio. A great time was had by all participants, each of whom came away from the event with newly explored skills and finished pieces of their own.

Burnaby/New Westminster Chapter members painting ceramics at Palette Art Studio.

Helping Hands

How a CPA's painting made its way across the globe thanks to the kindness of strangers

In the lead-up to the CPABC Burnaby/New Westminster Chapter's afternoon painting social (see above), we heard the inspiring story of a CPABC member whose painting lifted the spirits of a stranger overseas.

While watching news coverage of the invasion of Ukraine in early 2022, Trang Nguyen, CPA, CGA, was so moved by the resilience of the Ukrainian people that it inspired her to act. "I saw an image of a soldier and felt inspired by her bravery," she explains, "so I decided to paint her."

Trang first started painting in 2020 to cope with the stress of isolation during the pandemic. After completing the soldier's portrait, she was inspired to reach out: "I wanted to find her and give her my painting."

As luck would have it, while attending CPA Canada's The ONE Conference in Vancouver in September 2022, Trang met two people who would end up helping her on her quest: Tetyana Nozina (a member of CPA Ontario) and BC member Inesa Yali, CPA, CMA.

"After I learned that Tetyana and Inesa were Ukrainian, I told them about my painting," says Trang. "They agreed to help."



Tetyana and Inesa shared the story with their Ukrainian friends and relatives on Facebook. Through a collective effort, they were able to locate the soldier—named Violetta—and deliver the painting to her at the end of April 2023. In return, Trang received a short video message from the soldier, thanking her for her kindness.

Trang says she now has some thank-you notes of her own to send. "There are so many people—some I've already met and some I haven't yet—who quietly helped bring the painting halfway around the world to Violetta," she says. "I am so grateful and touched. When we connect and gather our strength, we can achieve many things. Thank you from the bottom of my heart."

CONVOCATION

Celebrating the Class of 2023!

On May 6, CPABC held two Convocation ceremonies at Vancouver Convention Centre West to celebrate the 754 individuals who passed the 2022 September Common Final Exam (CFE).

Local entertainer Stefano Giulianetti, who emceed CPABC's four Convocation ceremonies in September 2022, once again provided hosting duties. Giulianetti opened each ceremony by inviting Indigenous leader Carla George onstage to perform a traditional welcome for the graduates and their guests, after which representatives of CPABC and CPA Canada provided congratulatory remarks.

Sheila Nelson, CPA, CA, MBA, outgoing chair of the CPABC Board of Directors, reminded graduates that "the road ahead is full of opportunities for personal and professional growth and chances to make important contributions to your community." CPA Canada Board Chair Richard Olfert* commended the graduates for all of their hard work, noting that "the standard for admission to the profession is as rigorous as it has always been."

Class valedictorian Helen Liu spoke at both ceremonies. Liu was one of the 10 BC candidates who made the National CFE Honour Roll for the September 2022 writing of the CFE and had the added distinction of earning the Governor General's Gold Medal for the top score in Canada. During her valedictory address, Liu highlighted a few of the qualities that CPAs embody: resilience, versatility, and the ability to create synergy. She also encouraged her peers to seek out opportunities to learn from others, saying, "collaboration and mentorship empower us and allow us to grow professionally and personally."

As per tradition, graduates had the opportunity to take their much-anticipated walk across the stage, supported by their families, friends, and peers, and each ceremony concluded with an invitation to continue the celebration at a special reception.

CPABC extends its heartfelt congratulations to all of the graduates and wishes them well in the next stages of their career journeys!

**Richard Olfert is an FCPA, FCA, in Manitoba.*









1. Indigenous leader Carla George performs a traditional welcome. 2. Graduates gather backstage. 3. The procession gets underway. 4. Helen Liu delivers the valedictory address. 5. Grads take their seats at Vancouver Convention Centre West. 6. A happy graduate crosses the stage. 7 & 9-12. Grads celebrate with friends, family, and peers. 8. Special guests from CPABC and CPA Canada (l to r): Sandy Parcher, CPABC's executive office manager; outgoing CPABC Board Chair Sheila Nelson, CPA, CA, MBA; CPA Canada Board Chair Richard Olfert,* and CPABC President and CEO Lori Mathison, FCPA, FCGA, LLB. Photos by Kent Kallberg Studios. *Richard Olfert is an FCPA, FCA, in Manitoba.

A special note of thanks

CPABC would like to thank all of the sponsors who helped make the Convocation receptions a success, including gold sponsors KPMG LLP and MNP LLP, as well as CPA Insurance Plans West for once again sponsoring the Convocation videos.

Unable to attend the celebration?

Photo galleries and recordings of the two ceremonies are available online at **bccpa.ca/convocation**.


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SNAPSHOT:

Chris Yee, CPA, CA

The job: Co-founder and co-brand manager of Brew Your Bucha and The Cocktail Box Co. in Vancouver.

Business approach: Cautious optimism. “I don’t believe an entrepreneurial spirit is defined by just quitting your job and going for it. I think you can still be methodical about how you push yourself outside your comfort zone.”

Career milestone: Completing the sale of both companies to Moonshot Brands in 2021. Since then, Chris and his business partner Derek Saito have stayed on as brand managers. “It wasn’t an easy process, but we learned a lot along the way.”

Grassroots strategy: “We were able to grow organically by building a community of like-minded home brewers and cocktail enthusiasts.”

Mentorship style: Leading by example. “With an expanded team, I’m able to focus on honing my leadership skills. I also hope to inspire other CPAs to take a chance on themselves.”

A word of advice: “Not every idea will be a home run, but taking baby steps until the momentum builds up is the key to success.”

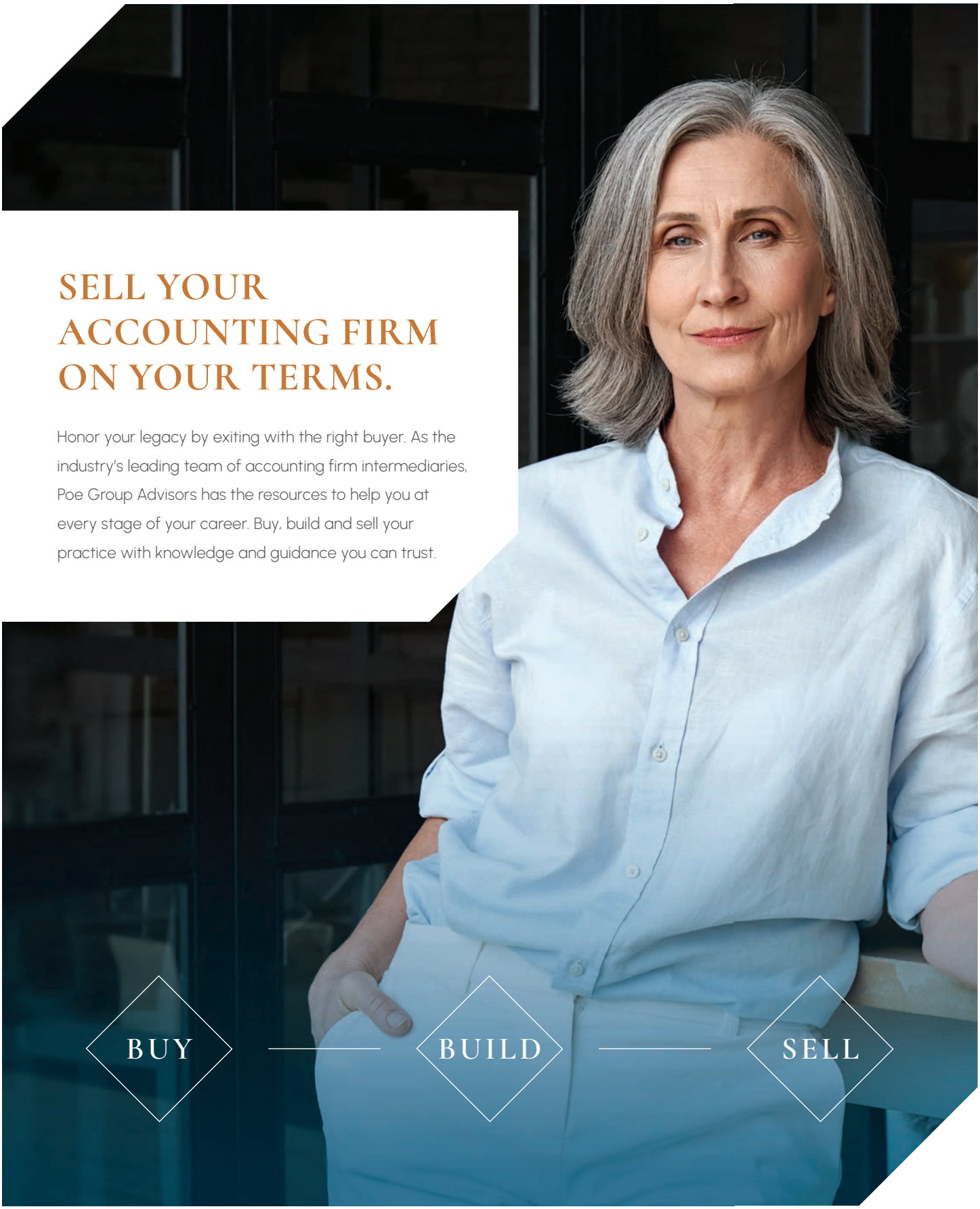
Favourite drink ingredient: Ginger. “It's refreshing, and it adds an extra kick to any summer beverage.”

Read more about Chris at **bccpa.ca/newsroom**.



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