



Year-end tax tips

1. Pay yourself a bonus

You may wish to issue a bonus to yourself or family members who are employees, especially if your PC's income is over \$500,000. Consult with your accountant on whether it makes sense for that bonus to be come before or after December 31st.

2. Review your remuneration

It's a good time to evaluate what form of compensation makes sense for you. Instead of a bonus, maybe a dividend makes sense to yourself or a family member. Keep in mind that family members have to work at least 20 hours per week throughout the year for the practice. They don't necessarily have to work at the office but should be logging their hours worked for the business whether it be at home or in the office. If family members are working less than 20 hours per week, then consider a reasonable salary instead of a dividend.

3. Review your corporate structure

The last time you reviewed your corporate structure may have been when you setup it up 10 years ago. Tax rules and your own personal circumstances change over time; what made sense back then might not make sense today. Optimize your corporate structure is optimized for you and your family. This could mean adding a new shareholder (a child, parent or spouse) to multiply the capital gain exemption or claiming the capital gain exemption now so you don't lose it if governments make tax rule changes. Governments are also on holidays during this time, but budgets and tax changes are often announced early in the new year so take the opportunity now to lock in any tax savings.

4. Review your tax balances

CRA makes many tax balances available to you online. RRSP limits, TFSA limits, tax losses, tuition credits etc. are at your fingertips if you create an account with the CRA. Even if you don't fully understand what they are, take note of the balances and talk to your accountant about how they could affect your upcoming tax return.

5. Sell losers

If you have investments that are in loss position, you may wish to sell them before December 24 to allow time for the sale to settle before December 31. You can then use these losses against other capital gains during the year or in the previous 3 years. Don't buy these investments back for at least 30 days as that will nullify the loss.

6. Donate Winners

On the flipside, if you have investments with large gains and you were going to donate to your favourite charity, then you may wish to donate public company shares instead of cash. You will get a donation credit for the full value of the shares and you won't have to report the capital gain. This is better than selling the shares, having to report the capital gain and then donating cash from the sale of the shares.

7. Give to staff

Employees can receive up to two non-cash gifts totaling \$500 tax-free. The employees can't be family members and the gifts have to be non-cash/gift cards. The employees save taxes and you save on some payroll taxes.

8. Celebrate the holidays

Most meals and entertainment expenses are only 50% tax deductible. However up to 6 staff meals and parties are 100% tax deductible in a given year as long as all staff are invited and the cost per person is under \$100. Make sure you note the staff meals to your accountant so that you get the full tax deduction instead of just 50%.

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