

Tax Planning

Ayat Tadjalli



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Tax Planning



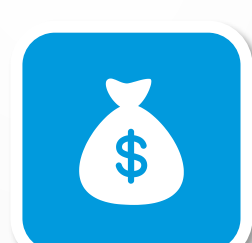
Estate Planning



Insurance Planning



Investment Planning



Retirement Planning



What is Tax Planning?

Using various tax exemptions, deductions and benefits to minimize tax liability.

There are various income tax planning techniques and strategies such as income splitting and Registered Plan contributions



Use checklists

Be organized

Moving Expenses

Home Buyers' Amount
Charitable Donations

Union Dues

Childcare expenses



Employment Insurance
Premium and premium
paid to private insurance
companies

Medical Expenses



Know your deductions and credits

Employment Deductions and Credits

Volunteer Firefighters' amount
Search and Rescue Volunteers' Amount

Eligible Educator School Supply Tax credit

Canadian Forces Personnel and Police deductions



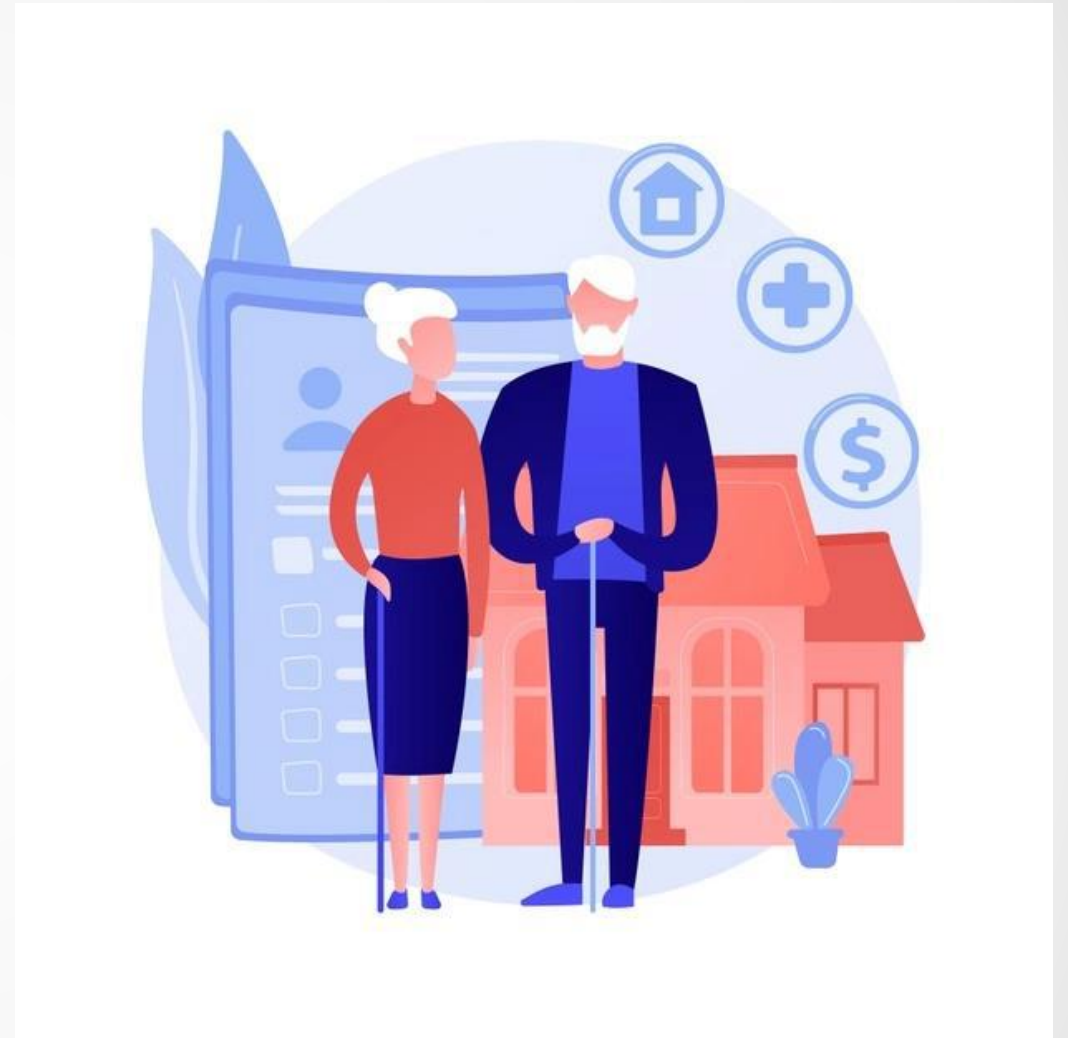
Work-From-Home Travel Expenses
Office rent
Supplies
Motor Vehicle Expenses

Tradespersons and Apprentice Vehicle Mechanics
Forestry Workers
Musicians
Artists
Long-Haul Truckers



Registered Accounts

Registered Retirement Saving Plan (RRSP)
Registered disability savings plan (RDSP)
Registered education savings plan (RESP)
Registered pension plan (RPP)
Registered retirement income fund (RRIF)
Specified pension plan (SPP)
Tax Free Saving Account (TFSA)



RRSP: Registered Retirement Saving Plan

Set up through a financial institution such as a bank, credit union, trust or insurance company

18% of the taxpayer's prior year (**maximum of \$27,830**)



RRSP: Where to find your contribution limit

RRSP/PRPP deduction limit statement

For more information about the details listed below or how employer contributions to a PRPP or group RRSP will affect your contribution room for the year, go to canada.ca/rrsp or refer to Guide T4040, RRSPs and Other Registered Plans for Retirement.

Description	\$ Amount
RRSP/PRPP deduction limit for 2018	82,515
Minus: Employer's PRPP contributions for 2018	0
Minus: Allowable RRSP/PRPP contributions deducted for 2018	667
Plus: 18% of 2018 earned income, up to a maximum of \$26,500	19,679
Minus: 2018 pension adjustment	14,976
Minus: 2019 net past service pension adjustment	0
Plus: 2019 pension adjustment reversal	0
RRSP/PRPP deduction limit for 2019	86,551
Minus: Unused RRSP/PRPP contributions previously reported and available to deduct for 2019	0
Available contribution room for 2019	86,551

Note: If your available contribution room is a negative amount (shown in brackets), you have no contribution room available for 2019 and may have over contributed to your RRSP/PRPP. If this is the case, you may have to pay tax on any excess contributions.



TFSA: Tax Free Saving Account

Same as RRSP Set it up through a financial institution such as a bank, credit union, trust or insurance company

Contribution limit

The annual TFSA dollar limit for the years 2009 to 2012 was \$5,000.

The annual TFSA dollar limit for the years 2013 and 2014 was \$5,500.

The annual TFSA dollar limit for the year 2015 was \$10,000.

The annual TFSA dollar limit for the years 2016 to 2018 was \$5,500.

The annual TFSA dollar limit for the year 2019 and 2020 is \$6,000.



Registered education savings plan (RESP)

You can contribute after tax money

Contribution limit

Total \$50,000 for each child under 18

While there are currently no annual contribution limits, you can receive the Canada Education Savings Grant (CESG) **only** on the first \$2,500 in contributions per year, or up to the first \$5,000 in contributions, if sufficient carry forward room exists.



Annual Contribution limit required for basic CESG (annual limit) and annual maximum CESG

Period	Contribution required for basic CESG (maximum annual limit)	Annual maximum CESG
1998 to 2006	\$2,000 (\$4,000 with carry forward room)	\$800 (20% of \$4,000)
2007 or later	\$2,500 (\$5,000 with carry forward room)	\$1,000 (20% of \$5,000)

Maximum amount of Additional CESG by net family income of primary caregiver (2015 levels)

Net family income of primary caregiver (2016 levels)	Maximum amount of Additional CESG
\$45,282 or less	\$100 (20% of the first \$500 contributed)
More than \$45,282, but not more than \$90,563	\$50 (10% of the first \$500 contributed)
More than \$90,563	\$0



RRSP vs TFSA

RRSP

Current Tax bracket

Investment return



TFSA

Future Tax Bracket

Plan for Buying a House



Income Splitting

Income splitting is the transferring of income from a high-income family member to a lower-income family member to reduce the overall tax paid by the family

Attribution Rule



Strategies

Pension splitting

Spousal or common-law partner RRSPs

Higher income earner pays all expenses/Lower
Income invest

Loan to Spousal or partner

Loans/gift to adult children



Business owners' Tax Planning

The first and most important strategy is claiming all allowable deductions

HOW?



Business owners' Tax Planning

Know your business including general and special allowable deductions.

Be organized- Collect receipts for business-related activities

Take advantage of business-use-of-home expenses

- Utilities
- Cleaning materials
- House insurance
- Property taxes
- Mortgage interest



Business owners' Tax Planning

Put your family members to work

Incorporate Your Business



Incorporating your business- Pros&Cons

Pros

Cons

Limited Liabilities



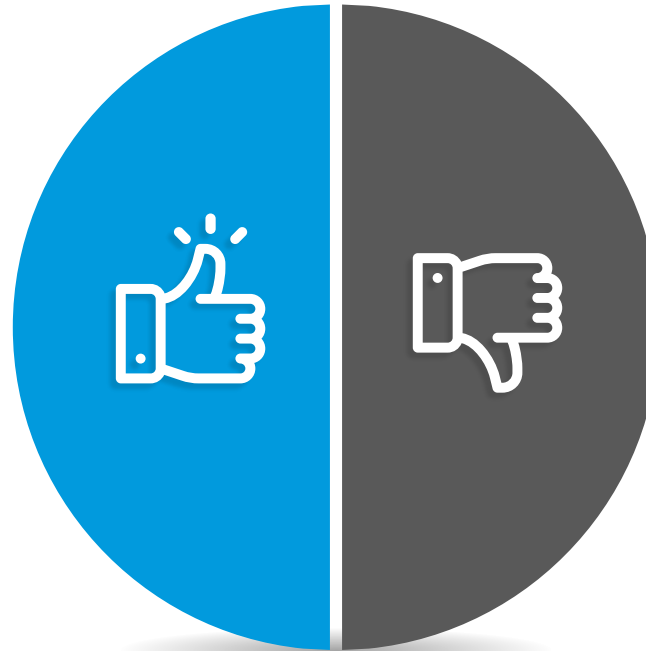
More efficient tax planning



Separate Legal Entity



Better Access to
Capital and Grants



Keeping your
corporation in good
standing



More complicated tax
and accounting



Tax obligations



Paperwork





Questions?

You may type your question in the Chat area or raise your hand to speak



KEEP CALM

We're here to help you with

Tax Filing
Accounting & Bookkeeping
Small Business Advisory



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THANK YOU