

Oct. 2009 Alberta REIN™ Presentation

Does it save or cost?
Incorporate or not? Easy Answer – It depends.

FAQ

- How do I avoid paying tax legally?
- Answer---simple----
- Magic Pill

\$10K rental income

- Corp Tax \$ 4,467
- Refundable tax \$ 2,667
- Net tax \$1,800
- Cash available for distribution \$8,200

Refund-Div \$8,300

- | • Income | • Tax |
|-----------------|--------------|
| • \$ 50,000 | • \$1,574 |
| • \$ 75,000 | • \$1,730 |
| • \$100,000 | • \$1,988 |

Combined taxes

- | • Income | • Tax |
|-----------------|--------------|
| • \$ 50,000 | • \$ 3,374 |
| • \$ 75,000 | • \$ 3,530 |
| • \$100,000 | • \$ 3,788 |

Corp Vs Personal

Emp Income	Corp	Personal	Savings
\$ 50,000	\$ 3,374	\$ 3,200	\$ 174
\$ 75,000	\$ 3,530	\$ 3,342	\$ 188
\$100,00	\$ 3,788	\$ 3,600	\$ 188

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\$100K Capital Gain

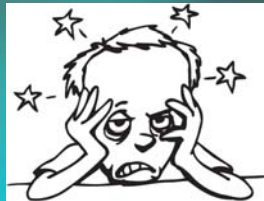
Emp Income	Corp	Personal	Savings
\$ 50,000	\$17,685	\$16,742	\$ 943
\$ 75,000	\$18,702	\$17,742	\$ 960
\$100,00	\$19,711	\$18,712	\$ 999

Refinancing

- Down pmt \$100K
- Refi-extra cash \$250
- \$100 repayment tax free
- \$150K = shareholders loan debit balance-not allowed

Clearing debit balance

- Dividend-RDTOH issues
- Management fee
 - -GST, CPP & Reasonableness
- Salary
 - Reasonableness
 - CPP Issues
 - T-Slips
- Interco loans-debt parking rules
- Magic pill?



Other Considerations

- Losses
- Capital Dividends
- Paperwork
 - Corp tax return
 - T Slips
 - Personal Tax return

Should you ever incorporate?

- Yes- and that is part 2 next month!

Questions?

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