

Year End Tax Planning Tips!

Towards the end of the year our office begins to gear up for another tax season! It is time to prepare and review the year past, I have put together a list of year-end tax planning tips to help you out with your upcoming taxes.

Families: Review medical expenses, start to gather up all those receipts, make your claims to your insurance company and make any additional appointments to top up those purchases if needed. Make sure you are gathering up the necessary day-care and child fitness receipts.

Political Contributions and donations: Make these donations prior to year-end. So many times I see people donate at the checkout \$2, \$3, \$5 at a time and those can add up! It's better to make lump sum donations so that you can obtain a tax deduction receipt. Start to gather these receipts for the year.

Payroll Bonus: Christmas bonus's are great, but make sure you ask your payroll department to annualize the taxes on bonus payments to avoid a marginal tax rate spike.

Businesses: Purchasing assets prior to year-end helps to maximize capital cost deductions. Just make sure you have the cash flow available. If you are behind with business bookkeeping a great strategy is to get on top of this in January as that is when most bookkeepers have a little time and can also help you plan out RRSP purchases to minimize your taxable income exposure. Don't bring your shoe-box in March or April!

Seniors: Plan your RRSP or RRIF withdrawals and make sure your investment advisor understands the effect of clawbacks of benefits with the potential extra income.