



255 Duncan Mill Road
Suite 402, North York,
Ontario M3B 3H9
Phone: (416) 510-8888
Fax: (416) 510-2699
Email: dcy@dcy.ca

Top Fifteen Year End Tax Planning Items

by David Chong Yen (December 2004)

1. Buy equipment, computers, and software or renovate your office before the end of your fiscal year. Ensure that your supplier invoices you and installs or delivers the above items before the end of your fiscal year. Computers purchased after March 22, 2004 will result in a higher tax deduction.
2. Remember that 6 meals are 100% deductible provided you invite all your staff to these meals. Given the festive season is fast approaching, this deduction will be useful for office parties.
3. Accrue/pay bonuses to staff including family members who are your staff. Amount paid must be reasonable given the services provided.
4. With the festive season fast approaching, the \$500 (including taxes) gift and \$500 (including taxes) award permitted by CRA should be useful.
The employer may give and receive tax deductions for up to 2 non-cash gifts per year per employee for special occasions including Christmas, Birthday, Hanukah etc. The employee will receive these gifts tax-free.
In addition, the employer may give 2 non-cash awards per year and receive deductions for such awards. These awards are in recognition of service rendered, for example:
The employee of the month, long service award or suggestion award. The employee will receive these awards tax-free.
5. Pay for and attend continuing education courses.
6. Defer placing implants into your patients' mouth until next fiscal year. This will shift income from this year into next year.
7. If you have loaned money to your spouse, ensure that interest on this loan is paid on or before January 30, 2005, to avoid any negative tax implications.
8. Your 2004 RRSP contribution must be made on or before March 1, 2005 to qualify for a 2004 deduction. The maximum contribution for 2004 is \$15,500. Please review your 2003 Notice of Assessment for your own limit.
9. If you have realized capital gains in the current year or past three years, you should consider triggering any unrealized capital losses before the end of the year to recoup or offset some of the taxes paid or payable.
10. To receive certain 2004 tax benefits, you must ensure that these are paid prior to December 31, 2004. For example, medical expenses, child care expenses and donations.
11. Review your financial statements to determine if a technical, hygiene and/or professional corporation would save you taxes.
12. If you are employed by a professional corporation i.e. you have incorporated your dental practice, your health club membership dues may be tax deductible provided conditions outlined in a February 26, 2004 technical interpretation bulletin have been fulfilled.
13. Maximize RESP's (Registered Education Savings Plan). The government gives \$400 for each \$2,000 annual contribution made in respect of each child. This will help defray the cost of post secondary education for your children.
14. Maximize your interest deductions by rearranging or restructuring your borrowing needs. (see our publication: [How To Deduct Your Home and/or Cottage Mortgage Interest](#)).
15. If you move during the year to start a new job or business or to attend full time post secondary

school, certain moving expenses may be deductible in your personal tax return.