

Beat the Taxman

If you're like most Canadians, taxes take a big bite out of your wallet every year. For many of us they're our single largest expense. But fortunately, there are a few ways to beat the taxman and keep more of your hard-earned money.

Here are a few strategies to lighten your tax bill:

- **Contribute to your RRSP.** Then claim the deduction at tax time. Your annual allowable contribution is 18% of your previous year's earned income (minus pension adjustments) to a maximum amount determined by the government. For your personal RRSP deduction limit, check the Notice of Assessment sent to you by the Canada Revenue Agency after you've filed your tax return.
- **Give to charity.** Charitable donations made by December 31st are eligible for this tax year. Instead of cash, you may be able to donate certain securities you own "in-kind", to avoid paying capital gains tax. Your charitable receipt will be based on the current market value on the donated securities. Talk to us about which securities qualify.
- **Consider tax-loss selling.** By selling non-registered assets that have dropped below their purchase value you can generate a capital loss and use it to offset any capitalized gains you've realized in either the three previous years, this year, or in the future. To claim the loss, your trade must be settled before the annual government-imposed deadline. Talk to a Credential Securities Inc. Investment Advisor for this year's settlement deadline.
- **Make RESP contributions.** Invest up to \$2,500 in a Registered Education Savings Plan (RESP) before December 31st and you'll qualify to receive a government-sponsored Canada Education Savings Grant of between 20-24% of your contribution (to a maximum of \$600).
- **Split your pension income.** Transfer up to 50% of qualifying pension earnings to a lower income earning spouse or common-law partner. The transferred money will be taxed at their lower income tax rate.

- **Pay your tax-deductible expenses.** To claim them for this tax year, pay tax deductible expenses like alimony, professional fees, union dues, eligible accounting/legal fees, and medical bills by December 31st.

For advice on how to take advantage of these tax savings strategies, and a few others, book a phone appointment, please email us: info@innovationwealth.ca or call 1.833.816.2010 for Credential Securities Investment Advisor. They're here to help.

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