



## *This Month:*

- ◆ Contribute to Your RRSP
- ◆ Paytrak Payroll Services
- ◆ Eligible Deductions & Credits
- ◆ \$750,000 Capital Gains Deduction
- ◆ Use Capital Losses
- ◆ Other Tax Planning Issues

## SPECIAL TAX EDITION

*2009 is almost upon us as the old year draws to a close. It is time once again to take advantage of the many personal and business tax-planning opportunities that are still available. This edition of the SmallBiz Builder provides numerous ways to save on taxes for the year 2008 and beyond. From all of us at Padgett Business Services, we wish you a happy new year.*

## CONTRIBUTE TO YOUR RRSP

The most popular tax tool available to taxpayers is investing in a registered retirement saving plan (RRSP). Contributions to RRSP's are tax-deductible and the income earned within the plan grows tax-deferred until retirement. You can claim a contribution of up to 18% of 2007 earned income to a maximum of \$20,000. Earned income is defined as income from employment, from business, net rental income from real estate, CPP disability pension, certain types of royalty, and spousal or child support payments that are included in your income. The contribution limit may be subject to the year 2007 pension adjustment reversals. Pension adjustments reflect, in most cases, your employer's contributions to a pension plan or actuarial commitments to such plans in the year 2007. The age limit for contributing to an RRSP is 71. The age limit for converting an RRSP to an annuity or RRIF is also 71. Don't over-contribute.

## Preparing the payroll. As a business owner, aren't there better things to do?



### We're sure you can think of something.

Avoid the hassle of payroll preparation and gain some peace of mind. PayTrak Payroll Services provides an economical, simple solution to address your payroll needs. Ask your local Padgett Business Services office for more information or call our payroll processing centre toll free at (877) 316-2999.

### Special Promotion:

We are offering **new payroll clients** a special deal. For any business subscribing to our payroll services prior to January 2009, we will waive the processing fee for one month. You get more time on your hands and get to save a few dollars too!

*Also, for any of our **existing payroll clients** that refer a new client to us, we will waive the payroll-processing fee for one month as a show of our appreciation for your support. Just tell your referral to mention your name or give us the contact information and we will follow up.*



Visit Us at [www.paytrak.ca](http://www.paytrak.ca)  
Toll Free (877) 316-2999

### ELIGIBLE DEDUCTIONS & CREDITS

If you pay the following expenses by December 31, 2008 they will be eligible for the deductions of credits:

- Childcare expenses
- Deductible support payments
- Charitable donations
- Union and professional dues
- Moving expenses
- Political donations
- Accounting fees
- Medical expenses
- Investment counsel fees
- Interest paid on loans used to purchase investments
- Tuition fees
- Safety deposit box fees

### USE CAPITAL LOSSES

You can use your 2008 capital losses to reduce your current year's income taxes by applying such losses against your 2008 capital gains. You must however be careful of the superficial loss rules preventing you from claiming a capital loss on an identical asset that you reacquired 30 days before or after the sale date.

If capital gains were realized in the years 2005 to 2007 and net capital losses were incurred in 2008 then you can carry these losses back against previous years' capital gains. You can carry the unused 2008 losses forward to future capital gains.

The last 2008 transaction date effective for publicly traded securities is December 24, 2008.

### \$750,000 CAPITAL GAINS DEDUCTION

You can make use of the lifetime \$750,000 capital gains deduction if you dispose of shares in a qualified small business corporation, a qualified farm property, or a qualified fishing property. If you have already claimed the \$100,000 personal capital gain exemption (ended in 1994) then this reduces the available lifetime capital gains to \$650,000. You must also verify whether you have claimed allowable business investment losses (ABIL) in prior years or have cumulative net investment losses (CNIL) as of December 31, 2008, as these items will also affect the amount of exemption that can be claimed.

### OTHER TAX PLANNING ISSUES

- Consider a Registered Education Savings Plan (RESP) for your children.
- Review your December income tax installment.
- Repay outstanding shareholder loans and pay interest on employee loans.
- Contribute to your spouse's or common-law partner's RRSP to the extent of your RRSP deduction limit for 2008. This doubles the amount a couple can withdraw for the Home Buyer's Plan.
- Claim your personal tax credits.
- Keep your transit passes.
- Pay reasonable salaries to family members.
- Convert non-deductible debt to deductible interest.
- Review your will every five years.
- Split pension income with spouse.



Consult your Padgett Business Services representative to obtain additional tax planning ideas.

PADGETT BUSINESS SERVICES

WHERE YOUR SUCCESS TAKES ROOT



Padgett Business Services is dedicated to meeting the tax, government compliance, profit & financial reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business planning concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.