



# SecuraEdge Financials – Skand Mittal

Monthly tax tasklist for realtors

# Routine tasks to avoid Penalties and Interest

## **Checklist for Corporate Tax obligations**

- Tax Instalments
- GST/HST installments
- Payroll installments

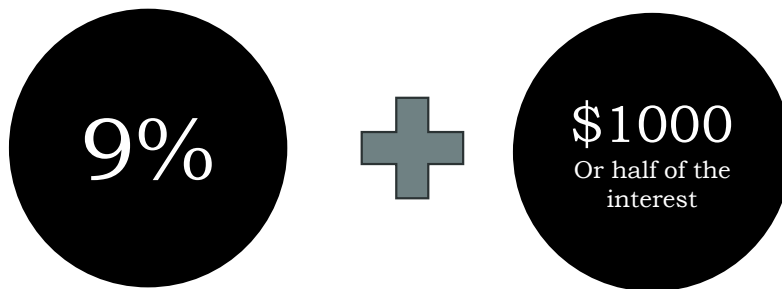
## **Checklist for Personal Tax obligations**

- Tax Instalments



# TAX installments

- Who needs to pay- Everyone making over \$3000 in profits annually
- When do I pay and why do I pay
- Monthly or quarterly
  - Quarterly if you made under \$500K and have no non-compliance history with CRA (negative audits etc)
  - I recommend monthly always as it is more manageable and CRA pays you interest on overpayments of 5%
  - Monthly last day of each month or last day of each quarter



# Why should I pay TAX installments

9%



\$1000  
Or half of the  
interest

- Assuming you owed \$35000 in taxes  
You would end up paying an extra \$3125 in  
interest and about \$1562 in penalties

\$4687

## Detailed CRA Interest Report

Date	Citation	Explanation		
04/30/2023		The interest calculation is initialized with the amount due of \$35,000.00.		
Date	Factor	Explanation	Amount	Total Interest
06-29-2023	0.01515290027	\$35,000.00 was compounded at 9% for 61 days.	\$530.35	\$530.35
09-29-2023	0.02294133082	\$35,530.35 was compounded at 9% for 92 days.	\$815.11	\$1,345.47
12-30-2023	0.02294133082	\$36,345.47 was compounded at 9% for 92 days.	\$833.81	\$2,179.28
03-30-2024	0.02517157821	\$37,179.28 was compounded at 10% for 91 days.	\$935.86	\$3,115.14
03-31-2024	0.00027322404	\$38,115.14 was compounded at 10% for 1 days.	\$10.41	\$3,125.55
To payoff the amount due from <b>04/30/2023</b> , which gathered interest until <b>04/01/2024</b> , the amount required to be paid is:		<a href="#">CRA Interest Rates Table</a>		
<b>\$38,125.55.</b>				

# GST/HST installments

- Who needs to pay- Everyone making over \$30000 in sales needs to collect GST/HST
- File annually if under \$1.5M sales
- Do I need to make installments for GST - **Yes** if you paid more than \$3K in GST last year
- When do I pay
  - Quarterly, based on last year or if you have higher sales base it off this year

## Why should I pay installments



9%

Assuming you owed \$12000 in GST. You would end up paying an extra \$1125 in interest +1000 penalties



\$2125



# Savings from paying installments

**GST/HST installments**

A diagram illustrating the calculation of savings from paying installments. It features three dark gray circles. The first circle on the left contains the text "\$2125". To its right is a large plus sign "+". The second circle in the middle contains the text "\$4687". To its right is an equals sign "=". The third circle on the right contains the text "\$6812".

$$\$2125 + \$4687 = \$6812$$

**Corporate tax installments**



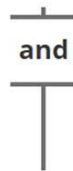
# Payroll taxes

## (only if you have payroll employees)

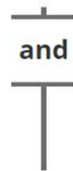
- Who needs to pay- Everyone with full-time employees collecting EI, taxes and CPP.
- File PD7A monthly and pay within 2 weeks of month close

### Remitting frequency, periods and due dates

Your remitting  
**frequency** is  
monthly



Your remitting  
**period** is the  
calendar month



Your remittance **due**  
**date** is the 15th day  
of the next month

## Penalties

- 3% if the amount is 1 to 3 days late
- 5% if it is 4 or 5 days late
- 7% if it is 6 or 7 days late
- 10% if it is more than 7 days late, or if no amount is remitted
- 20% if this is the second or subsequent time you are assessed this penalty in a calendar year



# What should I do regularly

## **Checklist for Corporate obligations**

- Tax Instalments every month preferably
- GST/HST installments every quarter
- Payroll installments 2 weeks after month end
- Keep a record of all receipts for at least 6 years to claim expenses.
- At the end of each year, make sure to issue T5 for dividends and file T4 for salaries by Feb of the following year.

## **Checklist for Personal Tax obligations**

- Tax Instalments quarterly



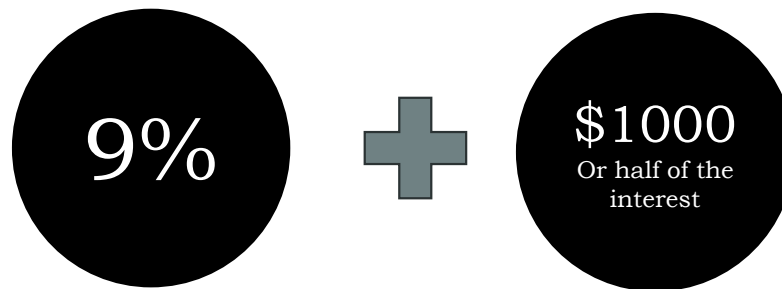
# How to avoid large tax bills

- Keep complete business records, you need receipts for deductions, Bank statements or credit card statements don't work.
- Hire a family member to split income
- Separate personal expenses from business expenses
- Deduct home office expenses
- Take advantage of CCA/depreciation on Auto/ furniture etc,- Write off 30% of your car value every year.
- Pay installments to avoid penalties and interests
- More leave income in the company once registered accounts are full to take advantage of tax deferral.



# Personal TAX installments

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Incorporate over \$100K and when you are saving any money

	Incorporated	Self-employed
<b>Revenue</b>	\$ 500,000	\$ 500,000
<b>Fixed expenses</b>	\$ 150,000	\$ 150,000
<b>Variable expenses</b>	\$ 109,000	\$ 109,000
<b>Net profit</b>	\$ 241,000	\$ 241,000
<b>Tax</b>	\$ 21,690	\$ 92,676
<b>Dividend</b>	\$ 80,000	
<b>Tax</b>	\$ 9,268	
<b>Total</b>	\$ 30,958	\$ 92,676
<b>Tax deferral</b>	\$ 61,718	

## Tax Deferral Benefit

Business income earned within a corporation is taxed at two levels – once at the corporate level and then again at the personal level when the income is distributed. By incorporating and earning business income within your corporation, you can defer personal taxation on the after-tax business income until the time you withdraw it from your corporation.



THANK YOU