



SecuraEdge Financials

Finance 101 for Canadian Realtors

Agenda

What is a P&L statement.

Aware vs not aware realtor scenario

When to incorporate

Dividends vs salary

Common tax deductions and tips

Set 2026 Financial budget

Personal P&L for Real Estate Agents

1) Why a P&L matters

Clarifies where income originates and how costs reduce take-home profit.

2) Typical expense buckets

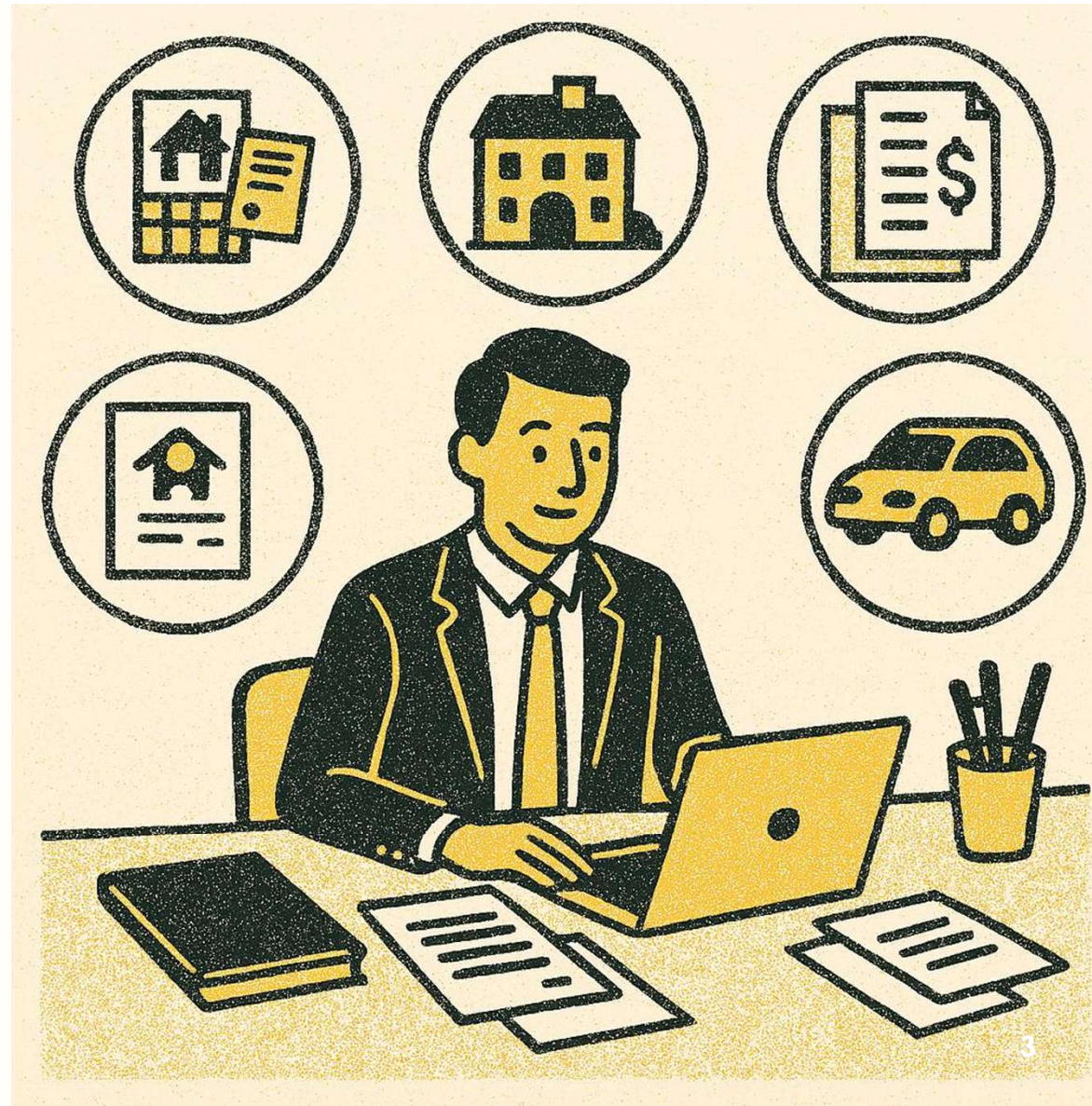
Marketing, brokerage fees, taxes, licensing, education, tech tools, transportation, admin support.

3) Cost ratio rule of thumb

Agents often spend **30%–50%** of gross commissions on expenses.

4) Example impact on profit

Gross revenue of **\$200,000** could net only **\$60,000** if costs aren't managed.



What makes up a P&L



Gross Commissions

Total earnings before any deductions; the starting point for agent income.



Operational Expenses

Business expenses like staging, advertising etc to run the business



Taxes

Federal, state, and local taxes deducted from earnings.



Net Take-Home Profit

The actual amount retained by the agent, typically 30%–40% of gross commissions.

The True Take-Home—Revenue Vs. Profit



Infographic: The True Take-Home—Revenue Vs. Profit



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Lets look at Agent A

\$
\$400K

in GCI



60 deals
per year



Agent A



\$400K

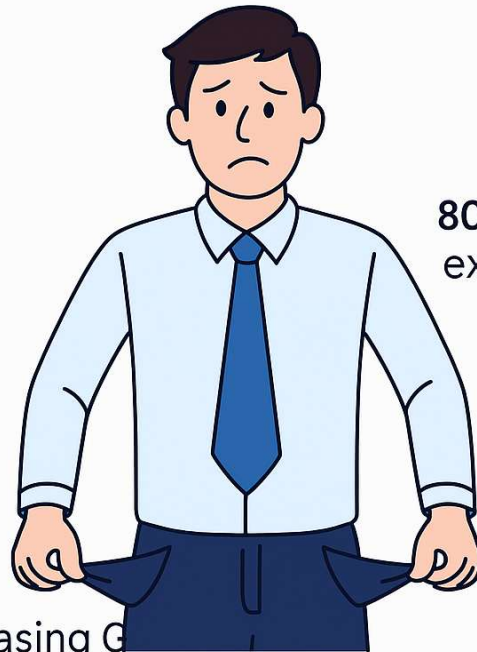
in GCI



60 deals
per year



Chasing G
Industry celebrates



80% spent due to
expense leakage



Always broke



\$80K
profit



Agent A during Tax season



Agent B

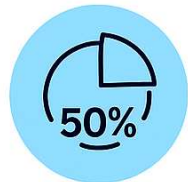


\$300K

in GCI



40 deals
per year



50%



Looks at P&L
regularly



Keeps **150 K**
in pocket
and invests

Lets look at Agent B



in GCI



40 deals
per year



Looks at P&L
regularly



Keeps **150 K**
in pocket
and invests

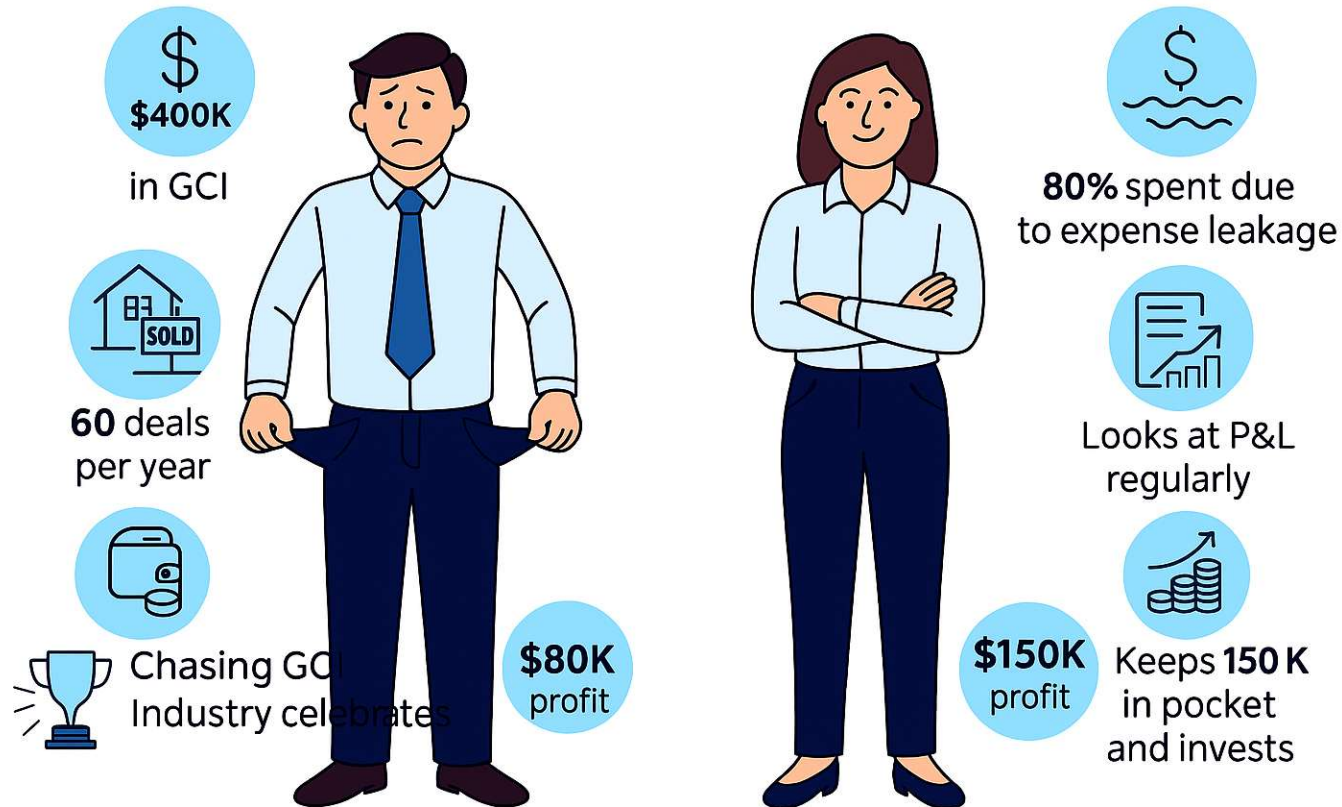




Agent B during Tax season



Agent A vs. Agent B



Key insight: Expense management and operational efficiency drive profitability more than gross commissions.



From Busy but Broke to Profitable Peace

01

Track Expenses

Implement rigorous tracking to monitor spend and uncover savings opportunities.

02

Set Financial Goals

Define clear, measurable targets to guide decisions and growth priorities.

03

Prioritize High-Margin Listings

Focus on offerings with the strongest profit potential to lift income.

04

Review P&L Regularly

Analyze profit and loss to assess performance and adjust operations.

When to incorporate?

There Is *No Universal Income Threshold*

✓ If your business regularly generates surplus income of \$30,000+ per year (after personal living needs), incorporation becomes worthwhile.

Corporate Tax Deferral Only Helps When You Don't Withdraw All Your Income

It makes financial sense for most Canadian realtors to incorporate when they consistently have \$30,000+ in annual surplus income *after* personal needs—often occurring once net income exceeds roughly \$120K–\$150K+.



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

The age-old debate: Salaries vs Dividends

GETTING PAID CHOOSING HOW TO PAY YOURSELF

Every year small business owners need to decide whether to pay themselves a dividend or a wage - it's one of the most important tax planning decisions. Let us guide you through it.



DIVIDENDS
VS.
WAGES

"OWNER"

VS.

"EMPLOYEE"

Not a tax deduction

The corporation will likely owe income tax. Think of dividends as more of a distribution of profit.

You pay some, the corporation pays some

Owners of the corporation still need to expect to owe tax personally.

Taxed lower

Dividends are taxed lower than wages at the personal level to reflect that the corporation has already paid a portion of the taxes.

CPP and EI not included

No Canada Pension Plan (CPP) or Employment Insurance (EI) is payable on dividends.

Simple reporting

You add up your draws during the year and file a T5 slip by February 28.

Tax deduction to the business

Wages are a tax deduction to the business, meaning the business will not be taxed on the amount of the wage.

Taxed personally

Wages are taxed personally at the applicable personal tax brackets.

Pay into Canada Pension Plan

For CPP, 10.5% must be paid on wages between \$3.5k and \$59.7k with the maximum owing being \$5.8k. Half is paid by the employee and half is paid by the employer.

Get on monthly payroll

Get set up on monthly remittances and have your corporation pay your income tax and CPP for you. Owners are exempt from EI.

"Earned income" increases your RRSP limit

Wages are "earned income" which increases your RRSP contribution limit. RRSP contributions can be used to reduce your personal tax.

N



Advantages of Paying Salaries

1

Taxes are withheld and paid to the CRA throughout the year, meaning that less tax and/or installments are payable by the shareholder personally in April of the following year, generally making their tax burden easier to deal with.

2

Salaries build RRSP room, allowing you to contribute to an RRSP. Dividends do not.

3

Salaries require the payment of CPP by the company and employee, meaning that you will receive a government pension when you retire. Some may not view this as an advantage, but it depends on the individual situation.

4

Payment by salary provides access to certain deductions, such as for childcare expenses.

5

Salaries are 'safer' from CRA claims on unpaid corporate income tax



Advantages of Dividends

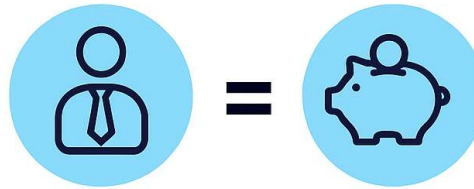
It's an easier-to-manage process. You just take cash out of your company, call it a dividend, and there is no requirement for the company to withhold or remit tax on these payments.

Dividends do not count as 'earned income' for certain programs, such as maternity leave. It is possible for a mother to receive dividend income without jeopardizing her access to these programs in many cases.

Business owners who pay themselves dividends will receive substantially more cash than salaries as they do not have to contribute to CPP.



Why Use a Combination of Salary and Dividends



- ✓ Builds RRSP contribution room
- ✓ Helps with CPP & financing eligibility
- ✓ More flexible cash flow
- ✓ Funds an HSA (health spending account)
- ✓ Allows shareholder loans



Common deductions

1 Vehicle Expenses



- Fuel / electricity
- Repairs, insurance licensing
- Interest on loans
- Leasing

2 Home Office Expenses



- Utilities
- Internet, phone
- Mortgage interest /rent
- Maintenance

4 Professional Development



- Courses
- Coaching



3 Marketing & Advertising



- Social media ads, print materials
- Photography
- Branding

6 Meals & Entertainment (50% Rule)



- Client meals
- Record cost & attendees

7 Internet & Cell Phone



- Keep bills

4 Licensing & Professional Fees



- Territorial dues
- Renewals
- E&O insurance
- Brokerage fees

5 Recordkeeping



- Keep receipts instead of bank statements
- Keep measurements



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Financial



Vehicle expenses and mileage log



73 cents per kilometer
for the first 5,000 km
67 cents per kilometer
beyond 5,000 km



If you drove 20,000 km for business, you can claim:

- \$7,300 for the first 10,000 km
- \$6,700 for the next 10,000 km

Total deduction: **\$14,000**

For incorporated businesses, this results in annual savings of \$1,750.



How the CRA Simplified Mileage Log Works

STEP 1

Keep a FULL logbook for one full year

- Date
- Destination
- Purpose
- KM driven
- Odometer readings



STEP 2

In future years, keep a 3-month "sample logbook"

(Sample % / Base year same period %) x Base vs %
= Annual business use

- Reduces paperwork
- CRA-accepted
- Ideal for consistent patterns



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Financial



Home Office Expenses

What You Can Deduct

- Utilities (hydro, heat, electricity)
- Internet & phone
- Mortgage interest or rent
- Maintenance

Key Rules

- Space must be exclusive to business use
- Example:
100 sq ft office
/1,000 sq ft home = **10%**



Key Rules

- Space must be exclusive to business use
- Calculate percentage of home used for business = **10%**

Example: 100 sq ft office
/1,000 sq ft home = **10%**

Are Meals 100% Deductible for Self-Employed Realtors?



No—meals are limited to a **50%** deduction.

Applies to self-employed and incorporated realtors

When meals can be deducted (50%)

- Client meetings
- Business-related events
- Traveling for work

✗ When meals cannot be deducted

- Personal meals
- No direct business purpose
- Cannot document who/why



Benchmark Model - Windows

<https://drive.google.com/file/d/1Nl5Nqeafz-lqHi1eKDqYGlo5L6pk55Sy/view?usp=drivesdk>



Benchmark Model – Mac Users

<https://docs.google.com/spreadsheets/d/1BYKxlzqGzirvMLzvGLN6xgwOPhLNbHQ4/edit?usp=sharing&ouid=109692599119350351760&rtpof=true&sd=true>





THANK YOU

Claiming Vehicle Expenses Without a Mileage Log



You need credible evidence of business-use.

Reconstruct your mileage using:

- ✓ Calendar appointments
- ✓ Email confirmations
- ✓ Client meeting records
- ✓ MLS showing history
- ✓ Navigation history
- ✓ Service records