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

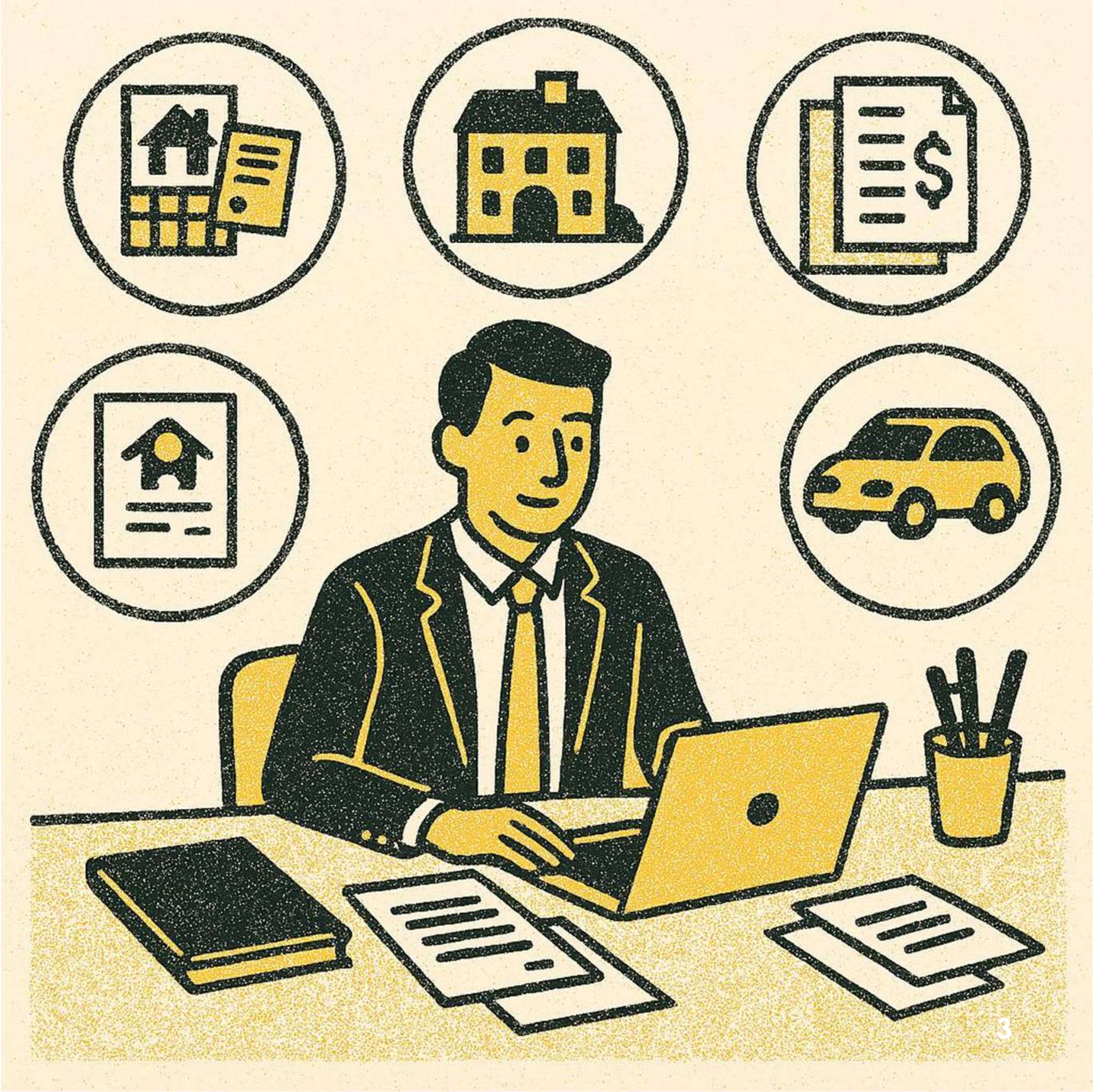
Marketing, brokerage fees, taxes, licensing, education, tech tools, transportation, admin support.

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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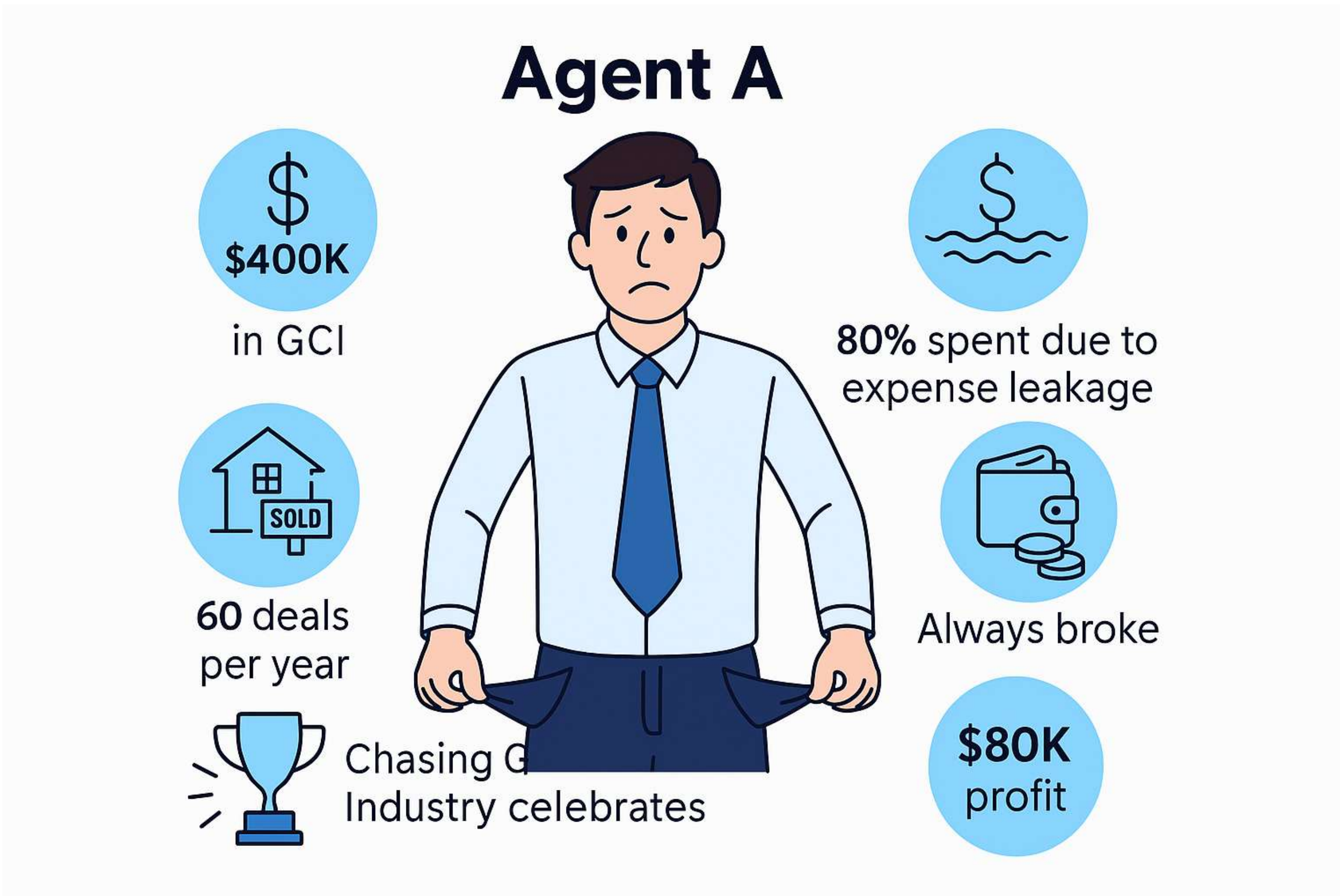
Lets look at Agent A

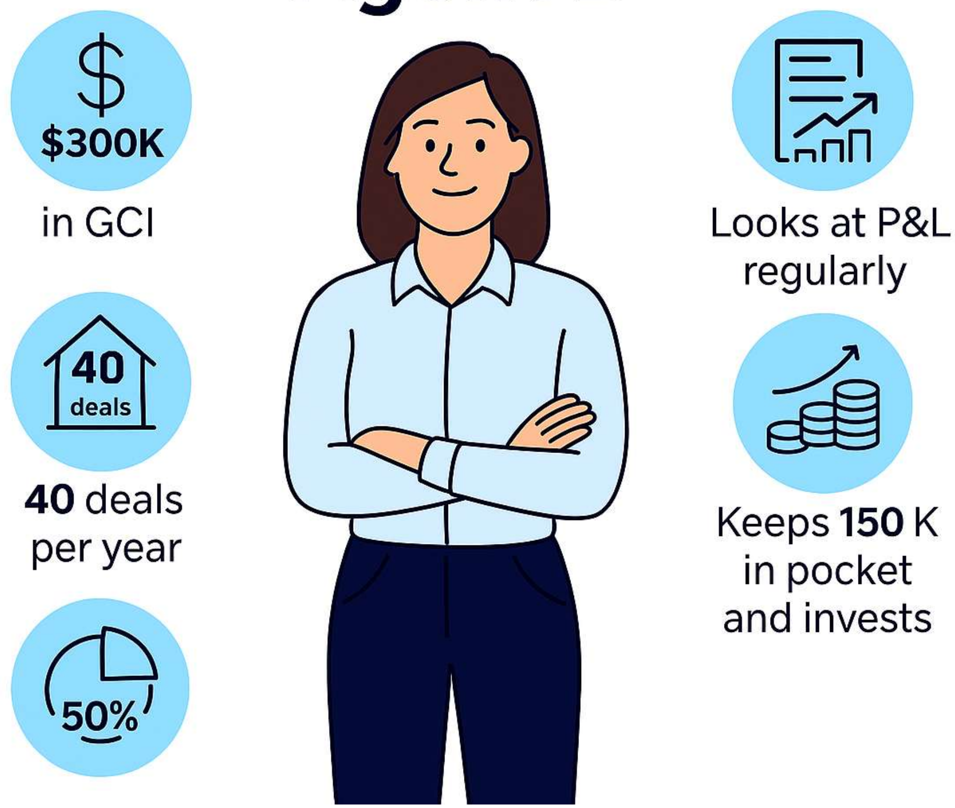
$400K
in GCI

60 deals
per year


Agent A
$400K
in GCI
60 deals
per year
SOLD
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
40 deals
per year
50%
Looks at P&L
regularly
Keeps 150 K
in pocket
and invests

Lets look at Agent B

in GCI

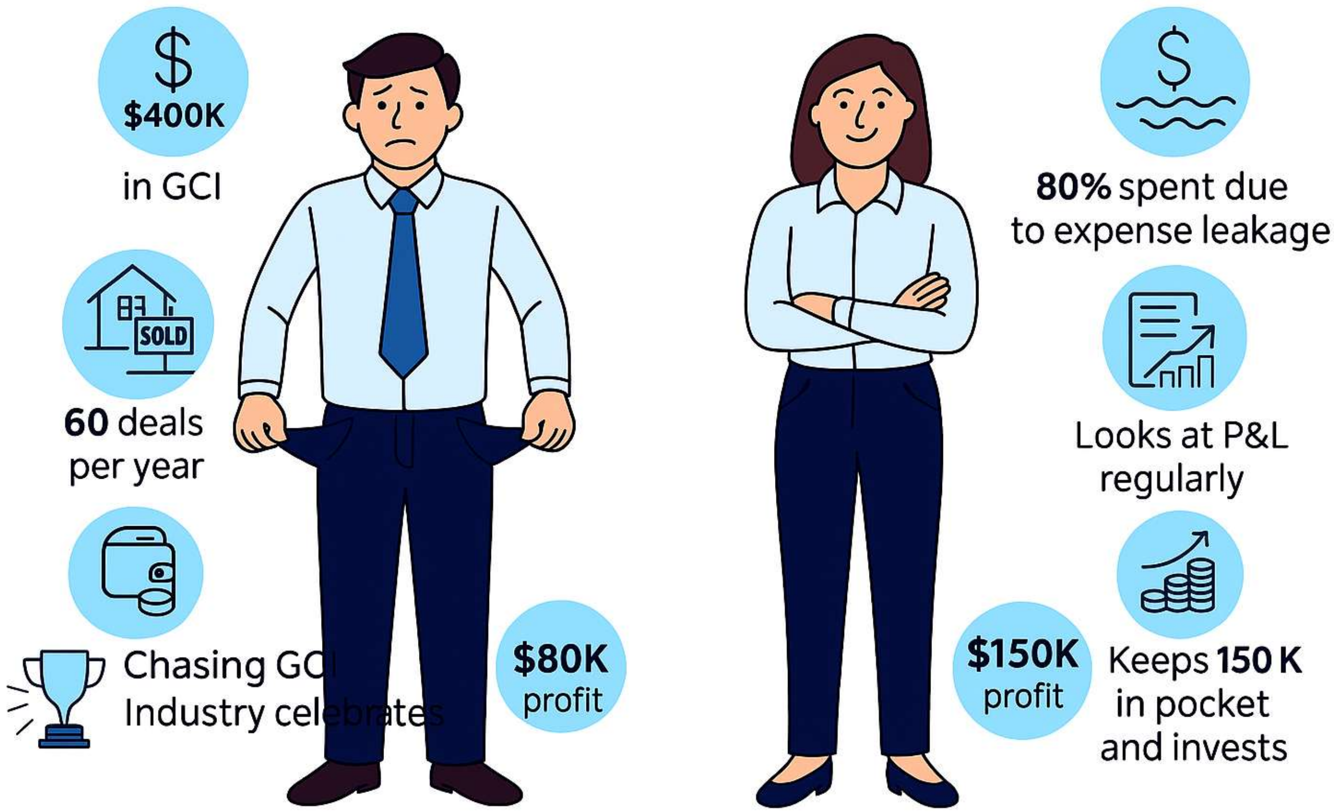
40 deals
per year

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*

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

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

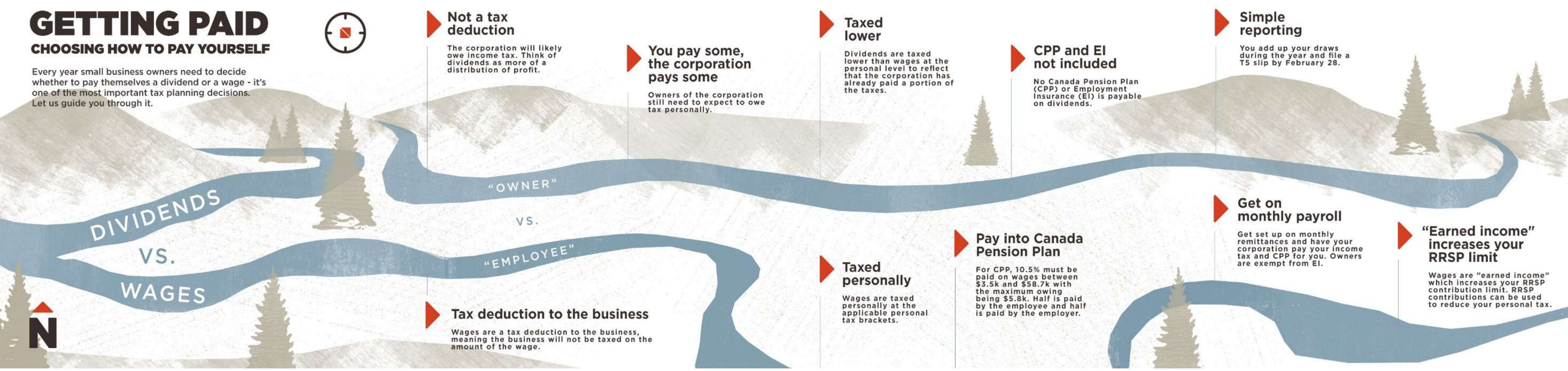
It makes financial sense for most Canadian realtors to incorporate when they consistently have $30,000+ in annual surplus income *after* personal needs—often occurring once net income exceeds roughly $120K–$150K+.

	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



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**

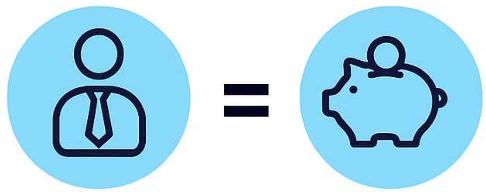
Advantages of Dividends

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

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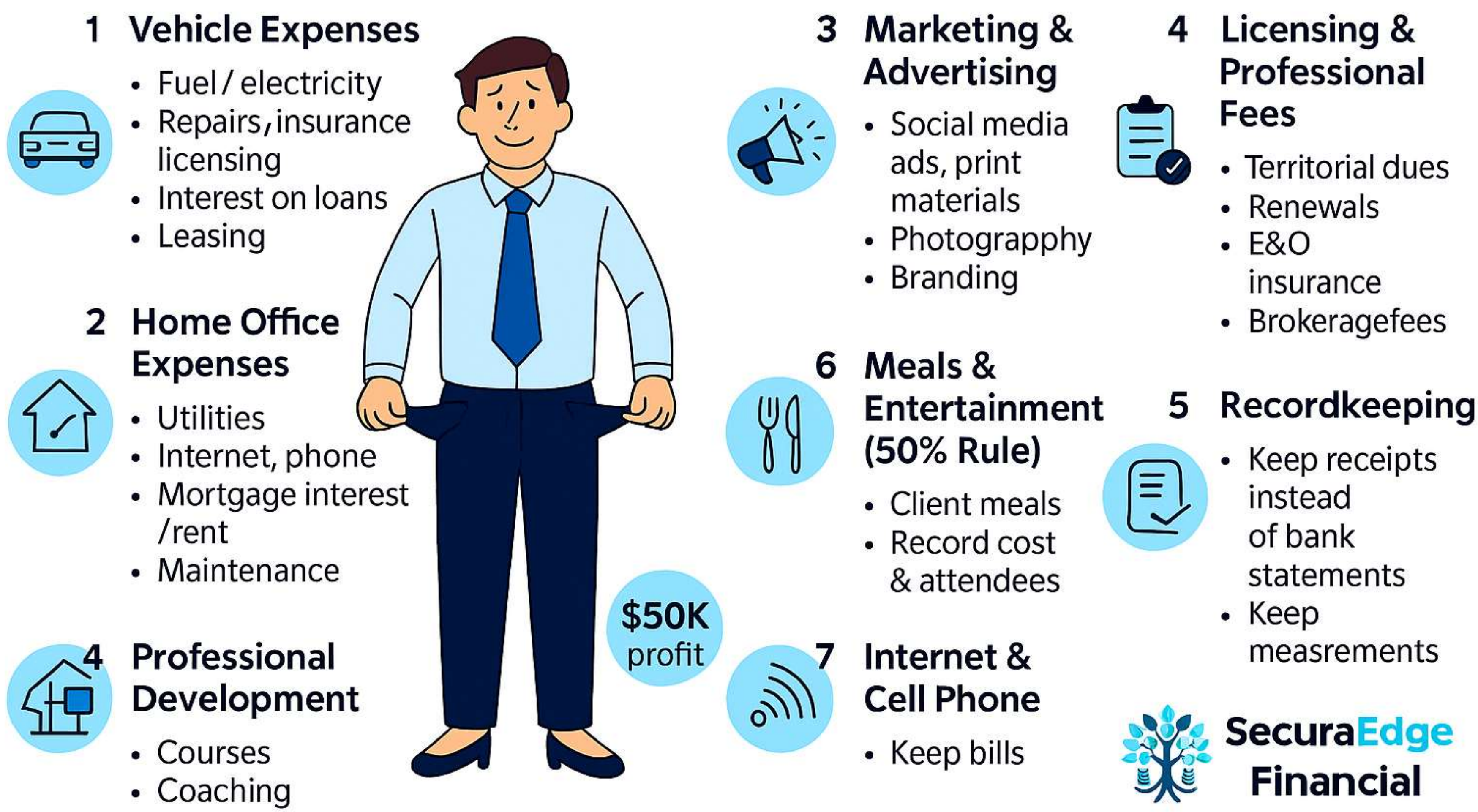
Common deductions



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 consistet patterns

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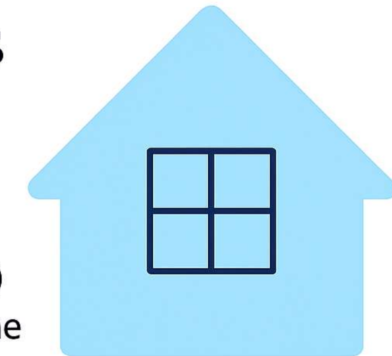
Home Office Expenses



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%**

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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

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Benchmark Model - Windows

https://drive.google.com/file/d/1Nl5Nqeafz-lqHi1eKDqYGIo5L6pk55Sy/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

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