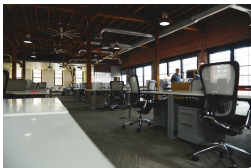




August 2019

Over Contributions

If you contribute to TFSA more than your contribution limit in a given year then you have to pay 1% per month tax (on the excess amount) and it will continue until excess contribution is withdrawn or it will be eliminated if excess contribution is fully absorbed by new contribution room. CRA tracks annual TFSA contribution room as part of individual tax assessment. If you earn any income/gain on over contribution, then you may be subject to a special tax equal to the fair market value of additional income/gains. Don't forget to fill out T1 OVP (Individual Tax Return RRSP, PRPP and SPP Excess Contribution) form.



Company Incorporation Expenses

You can deduct company incorporation expenses up to \$3,000 per incorporation. The deduction is allowed to a corporation incorporated after 2016. Incorporation expenses over \$3,000 should be capitalized under class 14.1
For example, if incorporation expense is \$4,200; you can write off \$3,000 as deduction under line 418 of schedule 1 of corporate tax return and the balance of \$1,200 should be capitalized under class 14.1



Foreign Broadcasting Expenses (non-Canadian Advertising Expenses)

Foreign advertising expenses are deductible if majority of customers are overseas and a company is trying to attract new foreign customers. However, there is a special rule that allow CRA to deny advertising expenses deduction if a company is using foreign radio, non-Canadian newspaper, and/or television broadcasting primarily for Canadian market. Additionally, 50% of advertising expenses will be denied, if a company advertises in periodicals which have less than 80% Canadian content. Non – deductible foreign advertising expenses will be added back to corporate income for tax purposes. We would recommend having conversation with a CPA before

committing any foreign advertising to avoid any surprises.

Please contact us in case of any question related to tax and accounting matters.

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