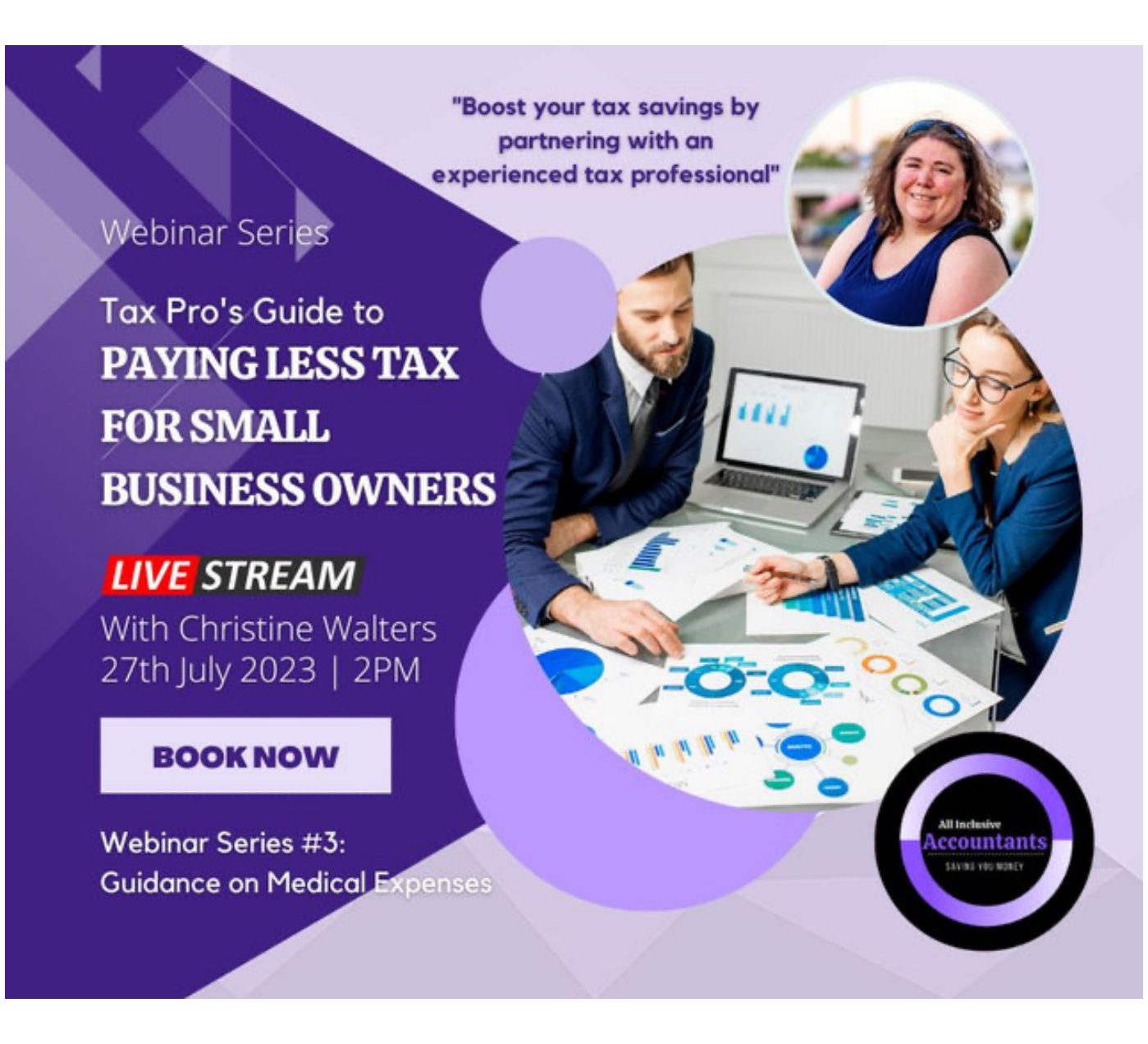
My
Christine's Competitve Edge
Bits & Bytes about taxes and financial literacy.
All Inclusive
Accountants
SAVING YOU MONEY

What's Inside:

- FREE WEBINAR SERIES #3 Guidance on Medical Expenses
- Small Business Bookkeeping 1 on 1!
- Competitive Edge Blog
- FREE Setup Quickbooks Course
- Did you know
- TFSA vs RRSP: Which to choose?
- Business-enhancing Tech Tools #2
- Google Reviews from Clients
- Income Tax Calculator

You can register for a **FREE** monthly webinar series below:
July 27th, 2023: #3 Guidance on Medical Expenses
August 31st, 2023: #4 GST Filing
September 28th, 2023: #5 Save Money on Benefits
Don't hesitate to share this webinar invitation with your friends and family.


"Boost your tax savings by partnering with an experienced tax professional"
Webinar Series
Tax Pro's Guide to
PAYING LESS TAX FOR SMALL BUSINESS OWNERS
LIVE STREAM
With Christine Walters
27th July 2023 | 2PM
BOOK NOW
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Guidance on Medical Expenses
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Upcoming webinars in August & September:

"Boost your tax savings by partnering with an experienced tax professional"
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LIVE STREAM
With Christine Walters
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Webinar Series #4:
GST Filing

"Boost your tax savings by partnering with an experienced tax professional"
Webinar Series
Tax Pro's Guide to
PAYING LESS TAX FOR SMALL BUSINESS OWNERS
LIVE STREAM
With Christine Walters
28th September 2023 | 2PM
BOOK NOW
Webinar Series #5:
Save Money on Benefits with a
Private Health Services Plan

Learn how small business owners can PAY LESS TAX by joining me LIVE online on Thursday, July 27th 2023 @ 2pm MST!

In our Third webinar, We'll discover together:

- Discuss guidance on Medical Expenses
- Educate you about the impact of life events on taxes
- Tax professionals can help you claim tax deductions you may have overlooked, driving down your tax bill

Let's take action together to dramatically lower your tax bill!

Register & save your seat today!

Learn More

Small Business Bookkeeping 1 on 1!

Become more Successful

Small business owners usually get bogged down with trying to figure out their bookkeeping. Here are some tips that will increase your ability and knowledge to operate your business to become more successful.

Tips to Bookkeeping

- Ensure that business and personal banking are kept separate.
- Differentiate personal expenses from business expenses.
- Select the right accounting software for your business.
- Maintain a thorough business documentation system.
- Maintain a cash payment record.
- Understand what monthly bookkeeping reports mean.
- Keep your sales invoices up to date.
- When bookkeeping becomes too complicated, consider outsourcing it.
- Ensure that your business is keeping track of its bookkeeping.
- On-time payment is essential for your employees.
- Make sure new systems are not bombarded upon employees.
- Get a small budget logo designed for your business.

Maintaining Financial Records

It is essential that your small business maintains its financial records and can have a positive impact on its growth and success.

The backbone of your financial and accounting systems is your accounting and financial systems, which can include a range of tasks ranging from basic data entry to working with a certified public accountant.

CHRISTINE'S
COMPETITVE EDGE BLOG
GST
TAX
TAXES
Discover interesting articles about small business and taxes on our website.

🐷**Boost your Business!**🐷

Find out what's new and interesting about small businesses and taxes every week by following our blog!

Developing Financial Strategies Together to Achieve Financial Success!

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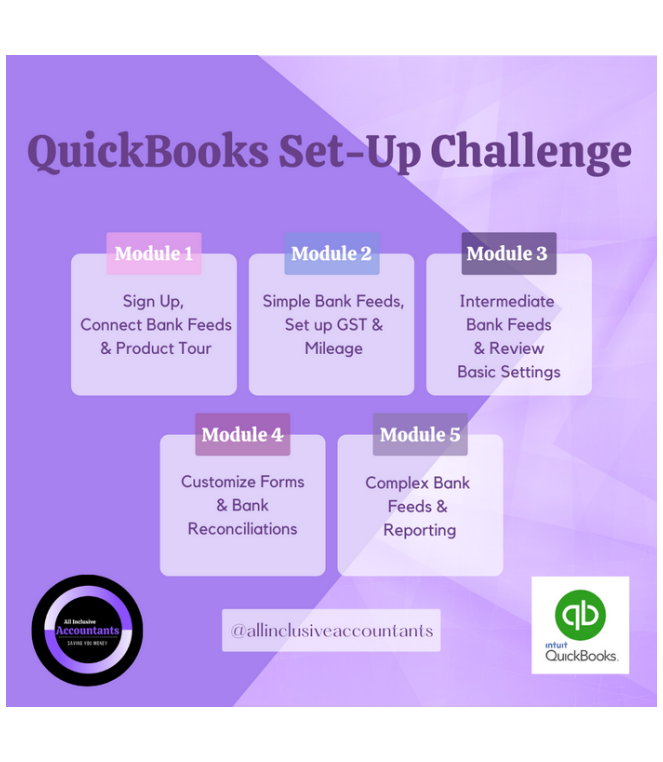
⚡**Efficiency is Everything!**⚡

Let's learn together with a
FREE
Quickbooks Set-Up Challenge

Navigating Challenges with Small Business Owners

Learn More


QuickBooks Set-Up Challenge
Module 1
Sign Up, Connect Bank Feeds & Product Tour
Module 2
Simple Bank Feeds, Set up GST & Mileage
Module 3
Intermediate Bank Feeds & Review Basic Settings
Module 4
Customize Forms & Bank Reconciliations
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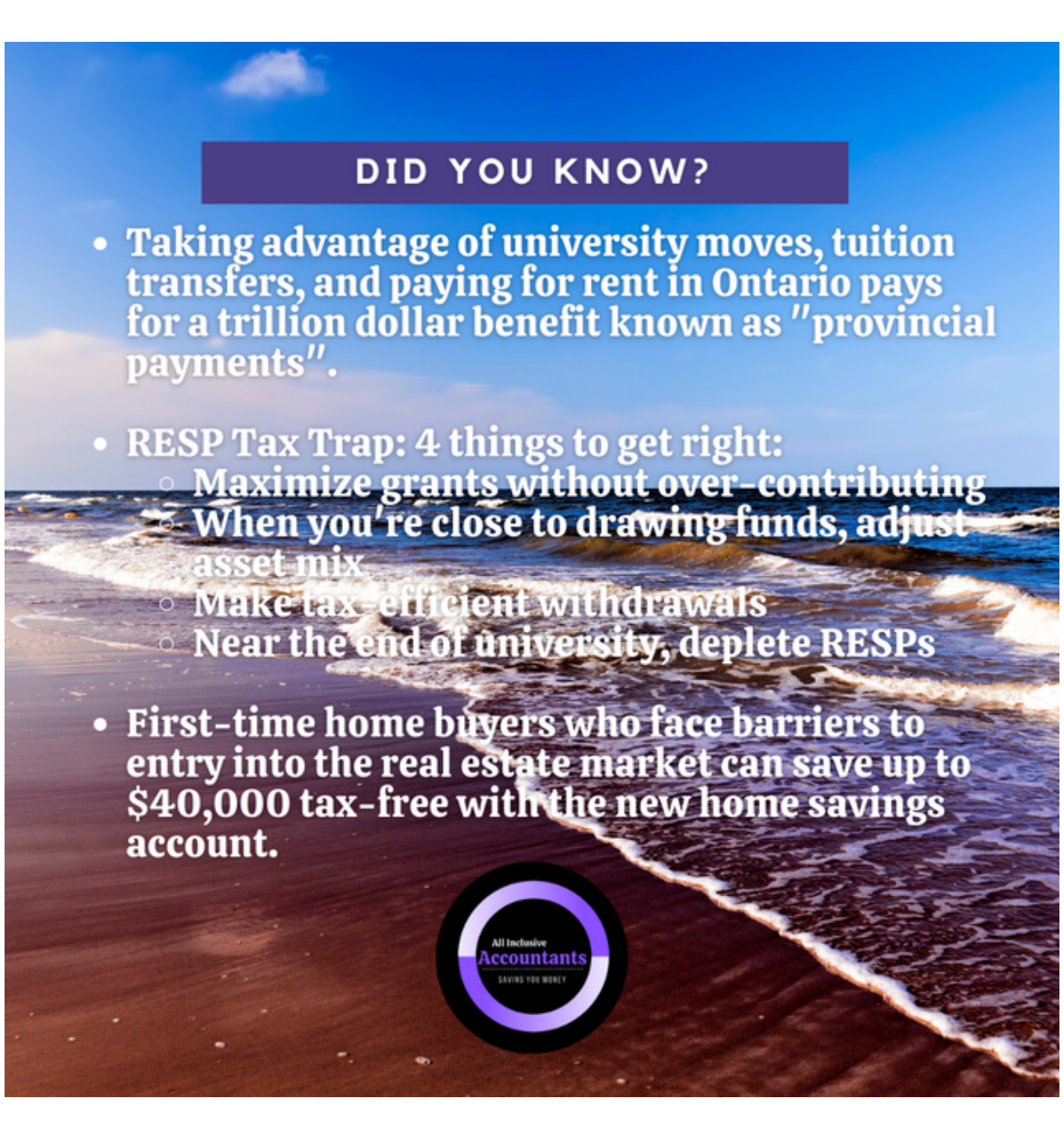
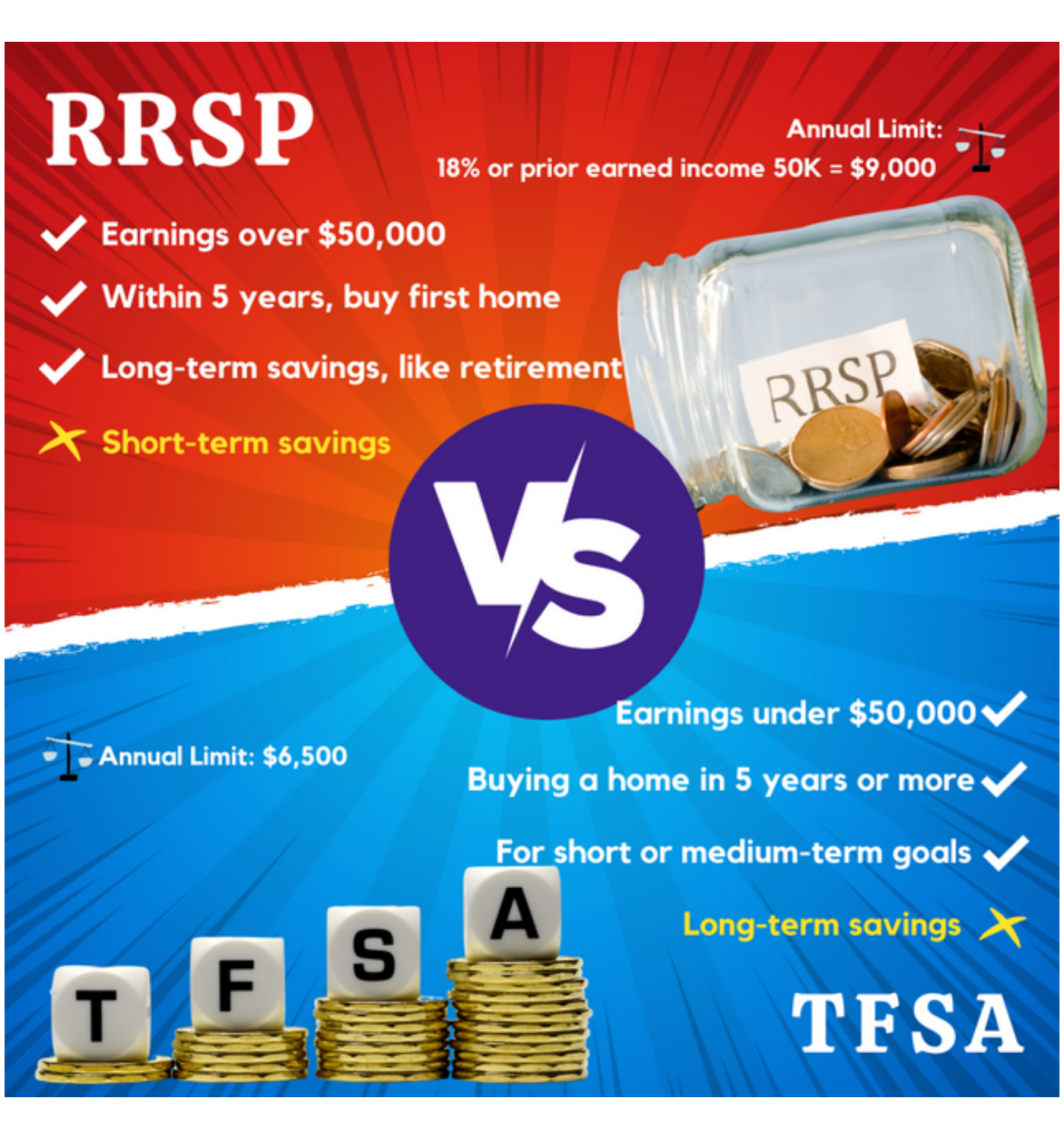


DID YOU KNOW?

- Taking advantage of university moves, tuition transfers, and paying for rent in Ontario pays for a trillion dollar benefit known as "provincial payments".
- RESP Tax Trap: 4 things to get right:
  - Maximize grants without over-contributing
  - When you're close to drawing funds, adjust asset mix
  - Make tax-efficient withdrawals
  - Near the end of university, deplete RESPs
- First-time home buyers who face barriers to entry into the real estate market can save up to $40,000 tax-free with the new home savings account.

TFSA vs RRSP: Which to choose?


RRSP
Annual Limit:
18% or prior earned income 50K = $9,000
Earnings over $50,000
Within 5 years, buy first home
Long-term savings, like retirement
Short-term savings
RRSP
VS
Annual Limit: $6,500
Earnings under $50,000
Buying a home in 5 years or more
For short or medium-term goals
Long-term savings
T F S A
TFSA

Many people wonder whether to invest in a registered retirement savings plan (RRSP) or a tax-free savings account (TFSA). The two will both save you money, as well as reduce your overall tax burden, but in very different ways. When you understand how these accounts work, you can decide which is best for you and when to use them, and when to use them together.

What is a TFSA?

Anyone over the age of 18/19 (depending on your province of residence) can use a tax free investment savings account (TFSA) to save money or hold investments. ETFs, guaranteed investment certificates (GICs), bonds, stocks and/or cash can all be saved in a TFSA.

In TFSAs, income earned is tax-free, including interest, stock dividends, and capital gains. However, contributions to TFSAs won't reduce your current taxable income like contributions to RRSPs do.

A TFSA has an annual contribution limit, but unused contribution room can be carried forward to the lifetime maximum amount, which is currently 88,000. In your TFSA, you have an allotment of around $6,000 per year, which means you can invest that amount, plus any unused contributions from previous years. You can find out what your current contribution limit is by visiting your CRA My account or looking at your current notice of assessment.

TFSAs are tax-free because you contribute them with your net income, that is your income after paying taxes - so there is no tax break at the time of contribution. But when you withdraw your money from a TFSA, you won't be liable for any type of taxes including capital gains tax, so you'll never owe tax on your earnings or money you take out of your TFSA.

What is an RRSP?

In the same way as a TFSA, registered retirement savings plans allow you to save and invest, but the RRSP generally allows you to contribute larger amounts of money every year, reducing your taxable income accordingly. It allows you to defer your current taxes while saving for retirement. The maximum RRSP contribution limits are $30,780 in 2023, $29,210 in 2022, $27,830 in 2021, and $27,230 in 2020. Your contribution limit is calculated every year after filing your taxes and is 18% of your earned income for the year (please be aware that not all types of income count towards earned income). You can find your current limit in your CRA My account or on your most recent notice of assessment.

The money that you withdraw from your RRSP will be subject to tax in the year you make the withdrawal.. When you turn 71, you can no longer contribute to your RRSP and must either withdraw the full balance and pay applicable taxes or transfer the balance of your RRSP to a registered retirement income fund (RRIF). The concept behind investing in an RRSP, is that you will be in a lower tax bracket when you withdraw at retirement than you were when you earned the high income in your 30's, 40's, 50's , so you will pay less taxes overall.

Based on your individual financial situation and goals, the best investment option for you is something you need to look at individually and overall. TFSAs require you to pay tax on your income earned before you make contributions, while RRSPs require you to pay taxes later on in life, when you withdraw your money. In addition to your income, your investment timeline, and other things such as your spending habits, these factors will help you decide on the right investment for you at a given point in time.

It is also possible to use both vehicles simultaneously, so which is better, TFSA or RRSP?

1. **Looking at your Income and Tax Bracket:** The money you put into an RRSP is tax deductible, so your deductions go towards reducing your current tax liability. If you make less than $50,000 per year, the deduction is less valuable, since you aren't likely to owe much income tax after you claim basic tax credits. In such cases, you are probably better off putting your money in a TFSA.

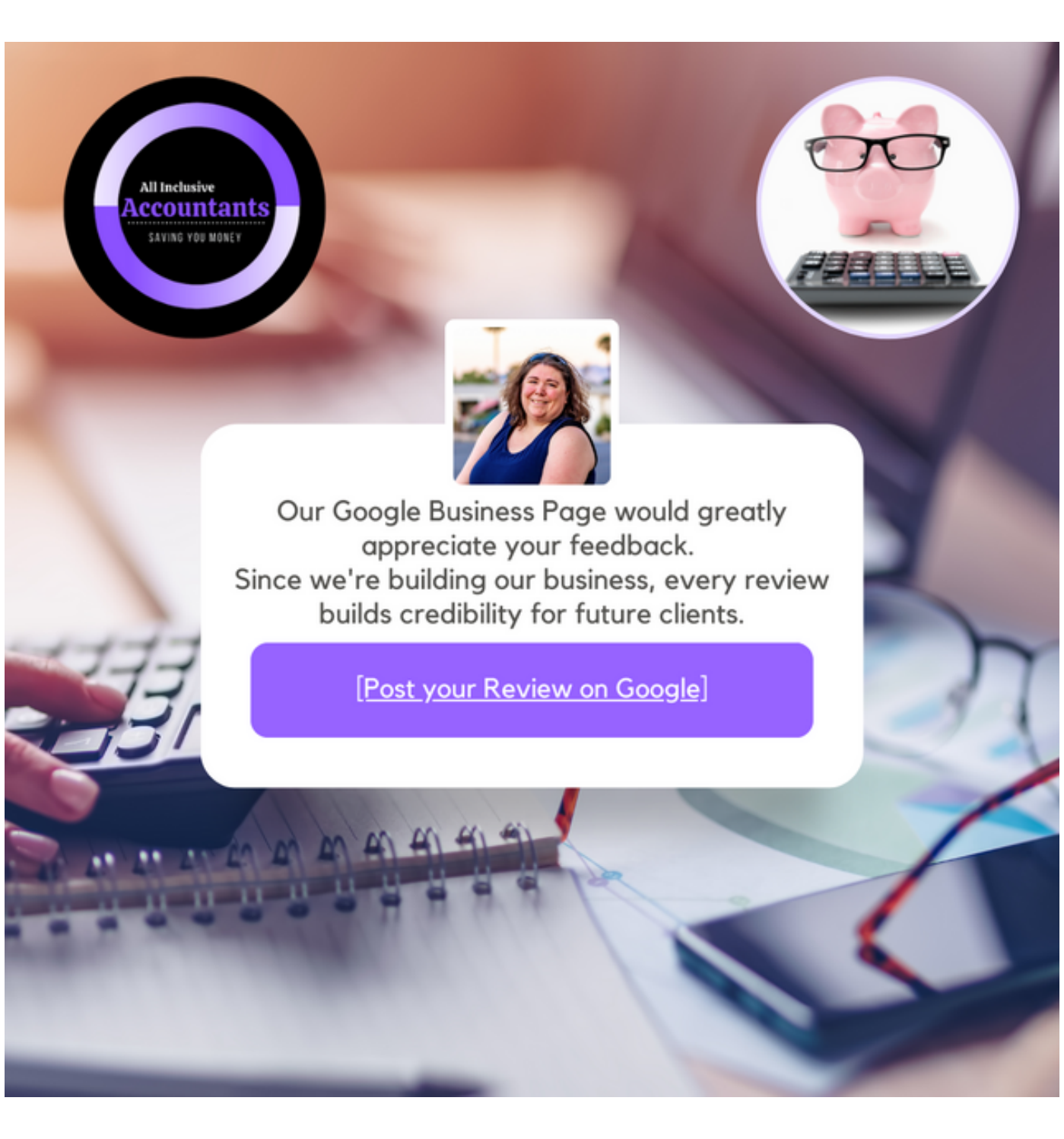
2. **Looking at your Time Horizon:** When you withdraw your RRSP money, the theory is that you will be earning less money, which will put you in a lower tax bracket. The RRSP program is designed to help you pay less in taxes overall. While this is effective for its intended long term purpose, it doesn't help you achieve short- and medium-term savings goals. A TFSA might be the better option for those short to medium term goals, since withdrawals are tax-free and penalty-free.

3. **Looking at Group Plans:** RRSPs or similar tax-deferred accounts, like defined contribution pension plans, can be made even more valuable if your employer matches your contribution. Usually, employer contributions work like this: your company matches your contributions — sometimes dollar for dollar, sometimes more, sometimes less, giving you free money to invest. If you have access to a matching program, I highly recommend taking advantage of it for the free $.

4. **Looking at Saving for your Education or your First Home:** Eligible homebuyers can withdraw up to $35,000 from their RRSPs to put towards their purchase through the Home Buyers Plan (HBP). It's a great way to access a large lump sum, such as for a down payment, and while it must be repaid over the next 15 years, the loan is interest-free. Similarly, the Lifelong Learning Plan (LLP) allows you to use your RRSP savings to pay for full-time education or training up to a $20,000 withdrawal over two years, and you would repay that within 10 years of finishing school.

5. **Last looking at Retirement:** In TFSAs, withdrawals are always tax-free, whereas RRSP withdrawals are always taxable. Retirement should mean RRSP withdrawals are taxed lower than when you earned the money that you contributed, so you pay less in taxes overall. Tip: If you get a tax refund, I recommend that you reinvest it into your TFSA.

Take these five factors into account before choosing where to deposit your money - a (RRSP) or (TFSA)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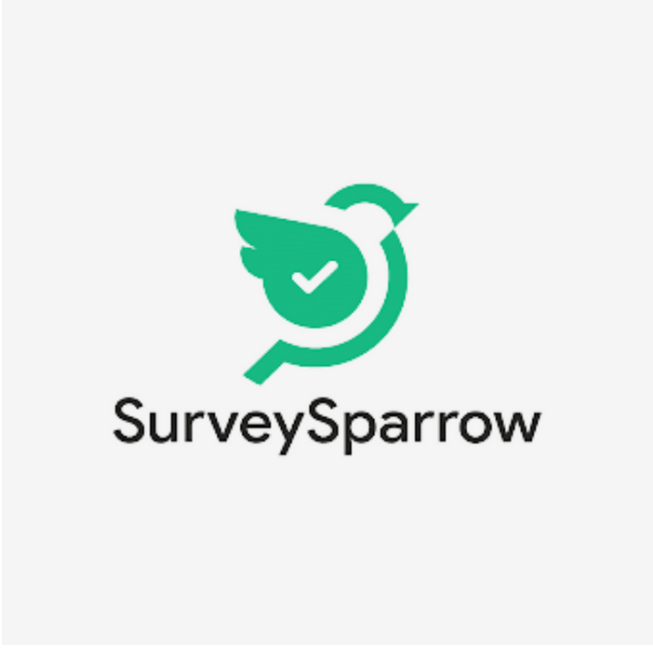
Our Google Business Page would greatly appreciate your feedback.
Since we're building our business, every review builds credibility for future clients.
[Post your Review on Google]

Business-enhancing Tech Tools #2

We're growing together, and I wanted to share some of the tech tools I use to help my business run smoothly.


SurveySparrow

With Survey Sparrow, businesses of all sizes engage better with their stakeholders, improve their experiences, run periodic surveys, derive insights, and steer their business growth.

SurveySparrow makes surveys conversational. With a chat-like interface, SurveySparrow provides users with a way to create engaging surveys.

It is very useful and easy to use for All Inclusive Accountants to obtain information from our clients safely & securely.

Small businesses, accountants, and self-employed customers worldwide benefit from QuickBooks financial and business management software and services, payroll solutions, time tracking, payment processing, and payroll solutions.

All Inclusive Accountants find Intuit Profile an essential tool to help streamline our small business owner clients.

intuit profile

Slack is a messaging app for businesses that connects people to the information they need. By bringing people together to work together, Slack transforms the way organizations communicate.

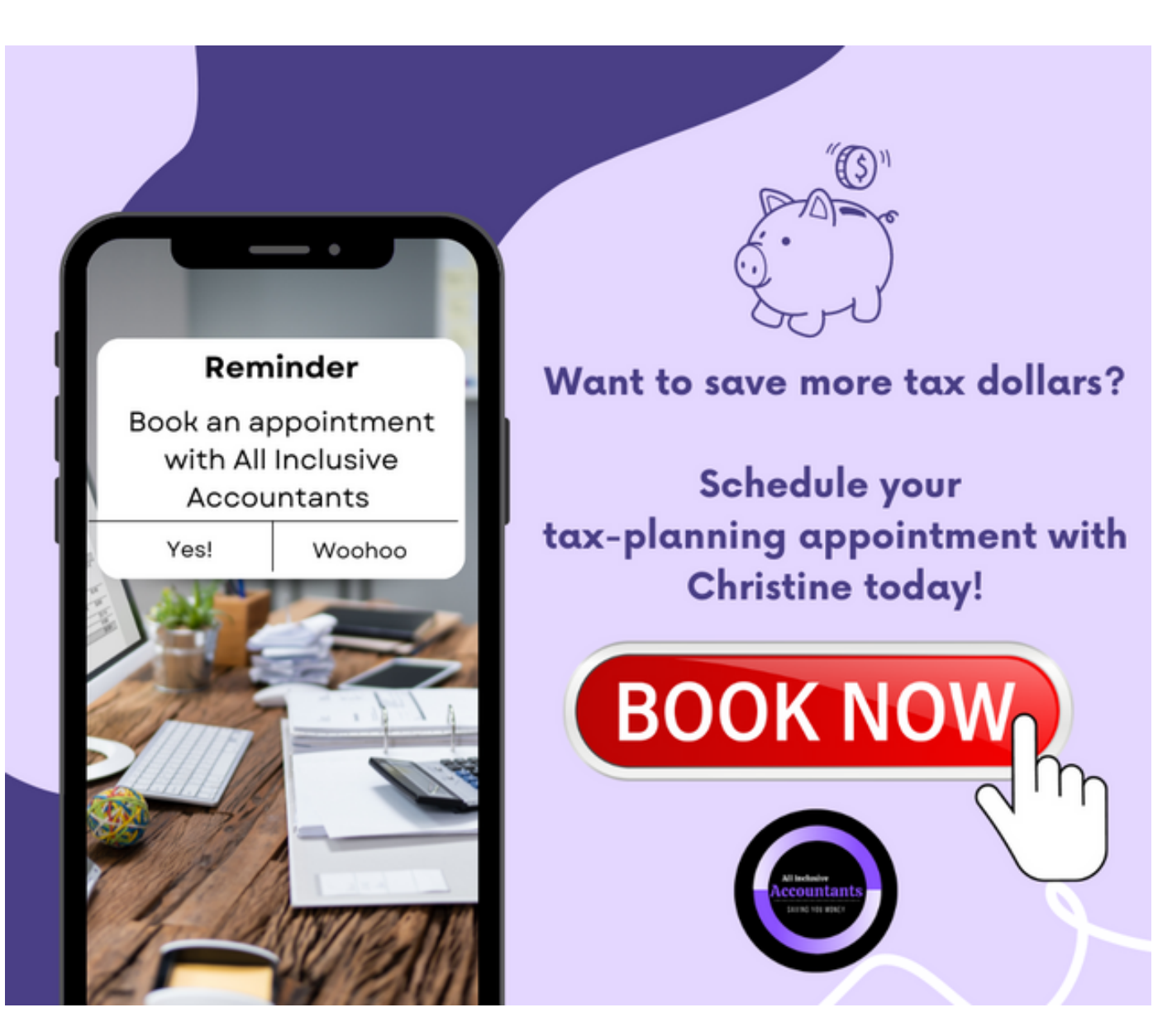
With features such as code creation, project management, chat, data protection, third-party tool integrations, and a collaborative work platform across devices and regions, Slack is a powerful messaging app.

All Inclusive Accountants love this app for collaborative work between colleagues.

Hope you enjoyed this newsletter's tech tool highlight. It's always good to check out new apps/tools that might help your business become more efficient and profitable.

Interesting in learning more in helping you save money with your small business?
We have an Income tax calculator that will show you the tax differences between employee, sole-proprietor, and incorporation.
Click the button below to access it.

Income Tax Calculator


Reminder
Book an appointment with All Inclusive Accountants
Yes!
Woohoo
Want to save more tax dollars?
Schedule your tax-planning appointment with Christine today!
BOOK NOW

Putting Your Accounting needs First

Thanks for tuning in!

We know your time is valuable, so thanks for reading our update.
Love it or hate it, just reply and leave us some feedback. We'd much appreciate it.

Until next time,

Christine Walters

Contact us anytime to learn more:
Email us at christine@aia-tax.ca
Phone us at (403)400-0426

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