

Tips and Tidbits

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Spousal RRSPs

Setting up a spousal RRSP is a good idea if you expect that your spouse (or common-law partner) will be in a lower tax bracket than you will after retirement. When your spouse withdraws funds from the spousal RRSP, they will be taxed in his or her hands at a lower rate, which reduces the total family tax bill. The withdrawal of funds from a spousal RRSP is subject to specific tax laws to prevent abuse. Therefore, contact your Chartered Accountant before you set up a spousal RRSP.

Having a spousal RRSP does not increase your contribution limit. The total of amounts you contribute to your RRSP plus any amount you contribute to a spousal plan, must still fall within your maximum annual RRSP contribution limit. The tax savings are gained once amounts are withdrawn from the plans

Plan wisely to pay the least amount of income tax, legally possible.

Homeowners Beware

It is not uncommon to answer your front door and be greeted by a contractor (who *just happens to be working in your neighbourhood*) and offers to carry out various repair work (paving the driveway or replacing the roof, etc.) at a (supposedly) reduced cost. Often the price quoted is grossly inflated from normal prices or the work that would be performed is below standard. Before agreeing to have any work done, check the reputation of the contractor with such organizations as the Better Business Bureau, Chamber of Commerce, or a local trade association. Obtain other quotes for the same type of work from reputable local businesses, for comparison purposes. One of the best methods of ensuring reliable service is a reference from people you know, who have used the same contractor in the past. Having the contractor supply his own references, is not always reliable, since they may be fictitious.

Don't be paranoid : just be cautious!

Disclaimer

The information provided is of a general nature and is not intended to construe an opinion. As each taxpayer's situation is unique, no one should act upon any of the above without first obtaining professional advice, from a Chartered Accountant, concerning the particular facts of their situation.

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