

# Tips and Tidbits

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## RRSP Contribution Limit - Pension Adjustment Reversals

If members of an DPSP or RPP leave their employment before retirement, the pension entitlement they receive is often less than the RRSP contribution room they gave up in favour of the pension plan. The government recognized this inequity and introduced the pension adjustment reversal (PAR), which is intended to restore lost RRSP contribution room to former employees who leave a DPSP or RPP before retirement. In general the PAR increases the RRSP contribution limit by the amount by which the PAs exceed the termination benefits - thereby restoring the RRSP room that would have otherwise been lost. The PAR applies for terminations in 1997 and subsequent years and is added to the RRSP deduction room for the year of termination.

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

## Safeguards Against Corporate Fraud

One of the easiest and most effective fraud prevention measures, may already be at your disposal! Internal control procedures protect business assets from waste, fraud and theft, and ensure accurate and reliable accounting data. For example, record keeping and custody of assets should be separated - the person who has control of the receipt and deposit of cash amounts for the company should not be the employee responsible for carrying out the bank reconciliations. Another example is the safeguarding of assets. If access to company products is restricted, then the likelihood of theft is decreased. This may not so important if the company manufactures rubber bands, but if diamonds are the chief inventory item, then the security of inventory becomes paramount. An effective system of internal controls will aid in the prevention of fraud and theft.

*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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