



Are proposed changes to the income tax act a threat to your wealth?

BY REFINED MAGAZINE STAFF PHOTOS BRUCE JOLLIMORE

If you're an entrepreneur or small business owner, potential tax changes to Section 55 of the Income Tax Act may affect you. Let's imagine you're a dentist who has set up an operating company and a holding company in order to move retained earnings from the operating company by way of dividends that usually pass through tax free. These earnings were taxed at a low small business rate. You believe you have organized your financial life properly and done everything you can do to minimize taxation within CRA's parameters.

You may not realize that the rules surrounding these parameters are about to change. Your financial well-being may be at risk.

Chris Ball, a senior financial planner with Assante Capital Management Ltd., says the tax changes, which were

proposed by the Conservatives in the 2015 budget, didn't come into law due to the election. However, the Department of Finance is expected to re-introduce the changes in the March 22, 2016 budget. They could be made retroactive to April 1, 2015.

The new changes mean that money moved from operating to holding companies, in order to keep your operating company pure, may become taxable if this inter-company dividend does not comply with the new proposed parameters of Section 55. This is something Ball and his colleagues consider to be very punitive.

While you may or may not be notified about such an important tax change by your accountant, an experienced financial planner should know about it and be able to raise a red flag to protect you and your money.



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“We take a comprehensive approach with our clients’ business situations and look at the tax, legal, insurance, cash flow and all the various financial aspects of their business,” says Ball. “We don’t replace the work your accountant or lawyer does, but we collaborate with them and are considered to be in the best position to coordinate all the professionals required to proactively implement strategies for our clients.”

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If necessary, Assante Wealth Management’s financial planners can call on their own team of wealth planners that includes tax lawyers, estate planners and accountants to help them assess client situations and identify strategies for their businesses. It’s all part of what a client receives when they place their investments and trust with Assante.

Senior financial planner with Assante Capital Management Ltd. Robert-Yves Mazerolle says, “We’re like the

quarterback for your financial team. We execute your wealth plan based on the three pillars of Wealth Management: Disciplined Investment Management, Financial Planning and Personal Relationship. We know our clients and their needs, what their business structure is and where it needs aid. We’re also making sure to follow your progress and look out for potential changes in the environment that might affect you.”

Will Section 55 tax changes affect you and your wealth? Talk to your financial planning professional and find out what you can do to mitigate their effect on you.



Robert-Yves Mazerolle



Chris Ball

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