



Incorporation Savings Worksheet

This worksheet projects the benefit of operating a business through a corporation vs. as a sole proprietorship, based on the after-tax cash needs of an individual.

Your client's situation:

- Corporate inputs
 - Tax province ON
 - Tax year ending Dec 31, 2016
 - Taxable income to corporation 300,000
 - Subject to SBD 300,000

- Allocation inputs
 - Target after-tax amount 90,000
 - Subject to CPP Yes
 - Subject to EI No

- Personal inputs
 - Existing interest income 7,000
 - Existing eligible dividends 2,000

Calculate the tax effects and tax deferral available by incorporating the sole proprietorship

Mr. A
 Incorporation Savings Worksheet
 Prepared May 1, 2016

∞ - Top section
 ∞ - T1 section
 ∞ - T1 details

∞ - YouTube example
 ∞ - PDF example
 ∞ - Worksheet support
 ∞ - Tax rates in effect
 Updated April 2016

Prepared	Andrew	May 1, 2016
Reviewed		
Approved		

Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Existing personal tax calculation		Existing personal tax calculation		Existing personal tax calculation	
	Taxpayer details		Taxpayer details		Taxpayer details	
	Taxpayer		Taxpayer		Taxpayer	
	Unincorporated business		Incorporated - paying salary		Incorporated - paying dividends	
Name	ON		ON		ON	
Description	Dec 31, 2016		Dec 31, 2016		Dec 31, 2016	
Tax province	Existing taxable income		Existing taxable income		Existing taxable income	
Tax year ending						
Employment	-		-		-	
CPP	-		-		-	
Old Age Security	-		-		-	
Eligible pension	-		-		-	
Other than eligible dividends	-		-		-	
Gross-up	-		-		-	
Eligible dividends	2,000		2,000		2,000	
Gross-up	760		760		760	
Interest and other investment	7,000		7,000		7,000	
Net capital gains (losses)	-		-		-	
(Non-taxable portion)	-		-		-	
Other income	-		-		-	
Net business income (loss)	-		-		-	
Total income (loss)	9,760		9,760		9,760	
(RRSP deduction)	-		-		-	
(CPP on business)	-		-		-	
(Social benefits repayment)	-		-		-	
Adjustment	-		-		-	
Net income (loss)	9,760		9,760		9,760	
Adjustment	-		-		-	
Taxable income (loss)	9,760	No income taxes payable	9,760	No income taxes payable	9,760	No income taxes payable

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	Existing tax credits for Taxpayer		Existing tax credits for Taxpayer		Existing tax credits for Taxpayer	
	Carryforwards		Carryforwards		Carryforwards	
Charitable donations - 2015 or before - 75%	-		-		-	
Charitable donations - 2015 or before - no limit	-		-		-	
Charitable donations - 2016 or after - 75%	-		-		-	
Charitable donations - 2016 or after - no limit	-		-		-	
Tuition and related amounts - federal	-		-		-	
Tuition and related amounts - provincial	-		-		-	
	Current year		Current year		Current year	
Claim disability amount	-		-		-	
Charitable donations - 75%	-		-		-	
Charitable donations - no limit	-		-		-	
Tuition and related amounts - federal	-		-		-	
Other federal credits - credit rate	-		-		-	
Tuition and related amounts - provincial	-		-		-	
Other provincial credits - credit rate	-		-		-	
Other than eligible dividends - before rate change	-		-		-	
Eligible dividends - before rate change	-		-		-	

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2017	-
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	Marginal personal tax calculation		Marginal personal tax calculation		Marginal personal tax calculation	
	Taxpayer details		Taxpayer details		Taxpayer details	
	Taxpayer		Taxpayer		Taxpayer	
	Unincorporated business		Incorporated - paying salary		Incorporated - paying dividends	
Name	ON		ON		ON	
Description	Dec 31, 2016		Dec 31, 2016		Dec 31, 2016	
Tax province						
Tax year ending						
	Marginal taxable income		Marginal taxable income		Marginal taxable income	
Employment	-		138,008		-	
Other than eligible dividends	-		-		114,501	
Gross-up	-		-		19,465	
Eligible dividends	-		-		-	
Gross-up	-		-		-	
Net business income (loss)	300,000		-		-	
Total income (loss)	300,000		138,008		133,967	
(RRSP deduction)	-		-		-	
(CPP on business)	(2,544)		-		-	
(Social benefits repayment)	-		-		-	
Adjustment	-		-		-	
Net income (loss)	297,456		138,008		133,967	
Adjustment	-		-		-	
Taxable income (loss)	297,456		138,008		133,967	

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Indexation rates		
2017	-	
2018	-	
2019	-	
2020+	-	

	Marginal tax details for Taxpayer			Marginal tax details for Taxpayer			Marginal tax details for Taxpayer		
	Federal			Federal			Federal		
	Amount	Rate	Tax	Amount	Rate	Tax	Amount	Rate	Tax
Bracket 1	35,522	15.00%	5,328	35,522	15.00%	5,328	35,522	15.00%	5,328
Bracket 2	45,281	20.50%	9,283	45,281	20.50%	9,283	45,281	20.50%	9,283
Bracket 3	49,825	26.00%	12,955	49,825	26.00%	12,955	49,825	26.00%	12,955
Bracket 4	59,612	29.00%	17,287	7,380	29.00%	2,140	3,339	29.00%	968
Bracket 5	107,216	33.00%	35,381	-	-	-	-	-	-
(Basic personal amount)	(1,714)	15.00%	(257)	(1,714)	15.00%	(257)	(1,714)	15.00%	(257)
(Age amount)	-	-	-	-	-	-	-	-	-
(CPP credit - employment)	-	-	-	(2,544)	15.00%	(382)	-	-	-
(CPP credit - business)	(2,544)	15.00%	(382)	-	-	-	-	-	-
(EI credit - employment)	-	-	-	-	-	-	-	-	-
(EI credit - business)	-	-	-	-	-	-	-	-	-
(Canada employment amount)	-	-	-	(1,161)	15.00%	(174)	-	-	-
(Disability amount - self)	-	-	-	-	-	-	-	-	-
(Tuition and related amounts)	-	-	-	-	-	-	-	-	-
(Other credits - credit rate)	-	-	-	-	-	-	-	-	-
(Unused credits from existing income)			(414)			(414)			(414)
(Donations and gifts)			-			-			-
(Dividend credit - other)	-	-	-	-	-	-	(133,967)	10.52%	(14,096)
(Dividend credit - eligible)	-	-	-	-	-	-	-	-	-
Alternative Minimum Tax			-			-			-
Adjustment									
Federal taxes			79,181			28,478			13,766

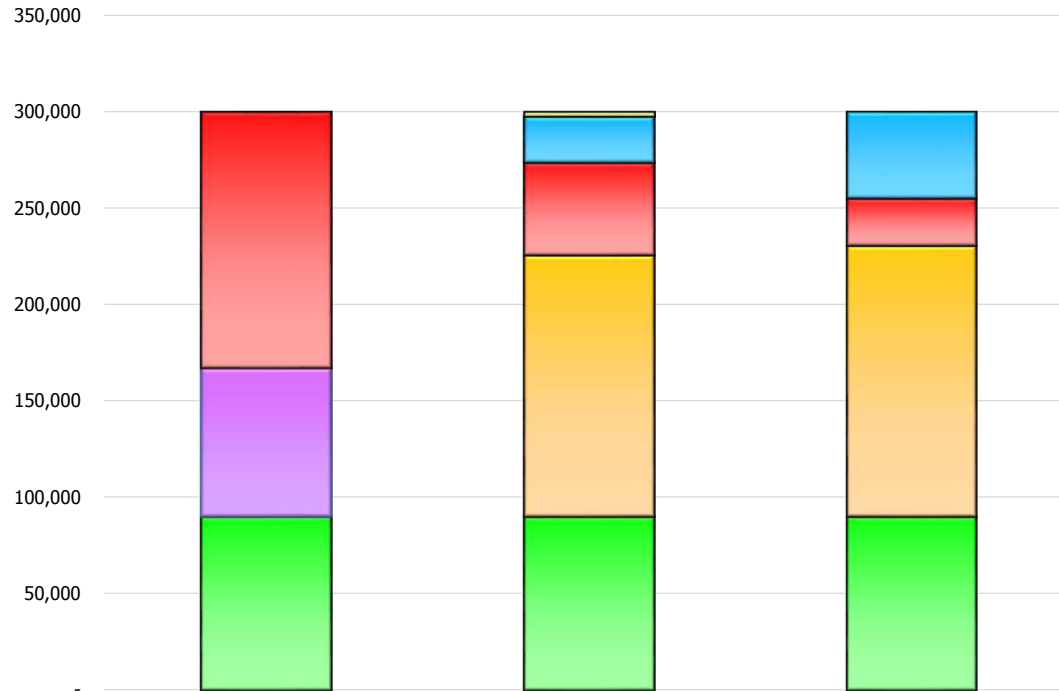
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2019	-
2020+	-

	Marginal tax details for Taxpayer			Marginal tax details for Taxpayer			Marginal tax details for Taxpayer		
	Provincial			Provincial			Provincial		
	Amount	Rate	Tax	Amount	Rate	Tax	Amount	Rate	Tax
Bracket 1	31,776	5.05%	1,605	31,776	5.05%	1,605	31,776	5.05%	1,605
Bracket 2	41,539	9.15%	3,801	41,539	9.15%	3,801	41,539	9.15%	3,801
Bracket 3	66,925	11.16%	7,469	64,693	11.16%	7,220	60,652	11.16%	6,769
Bracket 4	70,000	12.16%	8,512	-	-	-	-	-	-
Bracket 5	87,216	13.16%	11,478	-	-	-	-	-	-
Bracket 6	-	-	-	-	-	-	-	-	-
(Basic personal amount)	(251)	5.05%	(13)	(251)	5.05%	(13)	(251)	5.05%	(13)
(CPP credit - employment)	-	-	-	(2,544)	5.05%	(128)	-	-	-
(CPP credit - business)	(2,544)	5.05%	(128)	-	-	-	-	-	-
(EI credit - employment)	-	-	-	-	-	-	-	-	-
(EI credit - business)	-	-	-	-	-	-	-	-	-
(Canada employment amount)	-	-	-	-	-	-	-	-	-
(Disability amount - self)	-	-	-	-	-	-	-	-	-
(Tuition and related amounts)	-	-	-	-	-	-	-	-	-
(Other credits - calculated amounts)	-	-	-	-	-	-	-	-	-
(Other credits - credit rate)	-	-	-	-	-	-	-	-	-
(Unused credits from existing income)			(276)			(276)			(276)
(Donations and gifts)			-			-			-
Alternative Minimum Tax			-			-			-
Surtaxes			15,362			4,028			3,847
(Dividend credit - other)	-	-	-	-	-	-	(133,967)	4.29%	(5,747)
(Dividend credit - eligible)	-	-	-	-	-	-	-	-	-
(Tax reduction)			-			-			-
Health tax			900			750			750
Adjustment									
Provincial taxes			48,708			16,986			10,735

Incorporation Savings Worksheet - Net Cash Results

Mr. A - Prepared May 1, 2016



	Sole proprietor	Salary	Dividends
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Income	300,000	300,000	300,000
Less: Corporate CPP + EI + other salary amounts	-	2,544	-
Less: Corporate taxes + other dividend amounts	-	23,917	45,000
Less: Personal taxes + expenses	132,978	48,008	24,501
Excess balance retained in corporation	-	135,531	140,499
Excess balance retained personally	77,022	-	-
After-tax balance - up to target	90,000	90,000	90,000