



Prescribed Loan Worksheet

This worksheet quantifies the net after-tax cash benefits available by using a prescribed loan strategy to split investment income.

Your client's situation:

- Tax year end Dec 31, 2016

- Loan
 - Amount 1,000,000
 - Date Jan 1, 2016

- Annual investment income
 - Eligible dividends (1,000,000 @ 4%) 40,000

- Mr. A
 - Tax province MB
 - Existing employment 300,000
 - CPP Yes
 - EI Yes

- Mrs. A
 - Tax province MB
 - Existing employment 20,000
 - CPP Yes
 - EI No

Determine the net cash benefit available by using a prescribed loan strategy.

Prepared	Andrew	May 1, 2016
Reviewed		
Approved		

Indexation rates	
2017	-
2018	-
2019	-
2020+	-

Loan details	
Loan amount	1,000,000
Date	Jan 1, 2016
Prescribed interest rate	1.00%
Days	366
Loan interest	10,000

Marginal income	
Other than eligible dividends	
Eligible dividends	40,000
Interest and other investment	
Net capital gains	
Other income	

Notes and calcs	

Gross cash	
Adjustment	
Net cash before personal taxes	
(Federal taxes)	
(Provincial taxes)	
(Social benefits repayment)	
Provincial or territorial credits	
Adjustment	
Net cash	

Mr. A	Mrs. A	Mr. A
Current structure	With prescribed loan	With prescribed loan
40,000	30,000	10,000
-	-	-
40,000 ∞	30,000 ∞	10,000 ∞
(9,925)	(134)	(3,300)
(5,189)	(1,709)	(1,740)
-	-	-
-	-	-
24,886	28,157	4,960

Notes and calcs	

Average tax rate

37.78% 6.14% 50.40%

Mr. A	
Mrs. A	
Mr. A	
Taxes payable	

Net tax		
Current structure	With prescribed loan	Savings (cost)
15,114		
	1,843	
	5,040	
15,114	6,883	8,231

Notes and calcs	

Average tax rate

37.78% 17.21% 20.58%

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Existing personal tax calculation		Existing personal tax calculation		Existing personal tax calculation	
	Taxpayer details		Taxpayer details		Taxpayer details	
Name	Mr. A		Mrs. A		Mr. A	
Description	Current structure		With prescribed loan		With prescribed loan	
Tax province	MB		MB		MB	
Tax year ending	Dec 31, 2016		Dec 31, 2016		Dec 31, 2016	
Date of birth						
Net capital loss carryforwards	-		-		-	
	Existing taxable income		Existing taxable income		Existing taxable income	
Employment	300,000		30,000		300,000	
CPP	-		-		-	
Old Age Security	-		-		-	
Eligible pension	-		-		-	
Other than eligible dividends	-		-		-	
Gross-up	-		-		-	
Eligible dividends	-		-		-	
Gross-up	-		-		-	
Interest and other investment	-		-		-	
Net capital gains (losses)	-		-		-	
(Non-taxable portion)	-		-		-	
Other income	-		-		-	
Net business income (loss)	-		-		-	
Total income (loss)	300,000		30,000		300,000	
(RRSP deduction)	-		-		-	
(CPP on business)	-		-		-	
(Social benefits repayment)	-		-		-	
Adjustment	-		-		-	
Net income (loss)	300,000		30,000		300,000	
(Non capital losses of other years)	-		-		-	
(Net capital losses of other years)	-		-		-	
Adjustment	-		-		-	
Taxable income (loss)	300,000		30,000		300,000	

A Family
 Prescribed Loan Worksheet
 Prepared May 1, 2016

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

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

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Indexation rates		
2017	-	
2018	-	
2019	-	
2020+	-	

	Existing tax credits for Mr. A		Existing tax credits for Mrs. A		Existing tax credits for Mr. A	
	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	
Calculate CPP	Yes		Yes		Yes	
Calculate EI	Yes - employment		No		Yes - employment	
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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Indexation rates	
2017	-
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2019	-
2020+	-

	Marginal personal tax calculation		Marginal personal tax calculation		Marginal personal tax calculation	
	Taxpayer details		Taxpayer details		Taxpayer details	
Name	Mr. A		Mrs. A		Mr. A	
Description	Current structure		With prescribed loan		With prescribed loan	
Tax province	MB		MB		MB	
Tax year ending	Dec 31, 2016		Dec 31, 2016		Dec 31, 2016	
Date of birth						
	Marginal taxable income		Marginal taxable income		Marginal taxable income	
Other than eligible dividends	-		-		-	
Gross-up	-		-		-	
Eligible dividends	40,000		40,000		-	
Gross-up	15,200		15,200		-	
Interest and other investment	-		-		-	
Interest received on loan	-		-		10,000	
Net capital gains (losses)	-		-		-	
(Non-taxable portion)	-		-		-	
Other income	-		-		-	
Total income (loss)	55,200		55,200		10,000	
(RRSP deduction)	-		-		-	
(Interest paid on loan)	-		(10,000)		-	
(Social benefits repayment)	-		-		-	
Adjustment	-		-		-	
Net income (loss)	55,200		45,200		10,000	
(Non capital losses of other years)	-		-		-	
(Net capital losses of other years)	-		-		-	
Adjustment	-		-		-	
Taxable income (loss)	55,200		45,200		10,000	
Cash received, before taxes	40,000	Total income, adjusted to cash basis	30,000	Total income, adjusted to cash basis	10,000	Total income, adjusted to cash basis

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

	Marginal tax credits for Mr. A		Marginal tax credits for Mrs. A		Marginal tax credits for Mr. A	
	Current year		Current year		Current year	
Charitable donations - 75%	-		-		-	
Charitable donations - no limit	-		-		-	
Other federal credits - credit rate	-		-		-	
Other provincial credits - credit rate	-		-		-	
Other than eligible dividends - before rate change			-			
Eligible dividends - before rate change			-			

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Indexation rates	
2017	-
2018	-
2019	-
2020+	-

Bracket 1	-	-	-
Bracket 2	-	-	-
Bracket 3	-	-	-
Bracket 4	-	-	-
Bracket 5	55,200	33.00%	18,216
(Basic personal amount)	-	-	-
(Age amount)	-	-	-
(Disability amount - self)	-	-	-
(Tuition and related amounts)	-	-	-
(Other credits - credit rate)	-	-	-
(Unused credits from existing income)			-
(Donations and gifts)			-
(Dividend credit - other)	-	-	-
(Dividend credit - eligible)	(55,200)	15.02%	(8,291)
Alternative Minimum Tax			-
Adjustment			
Federal taxes			9,925

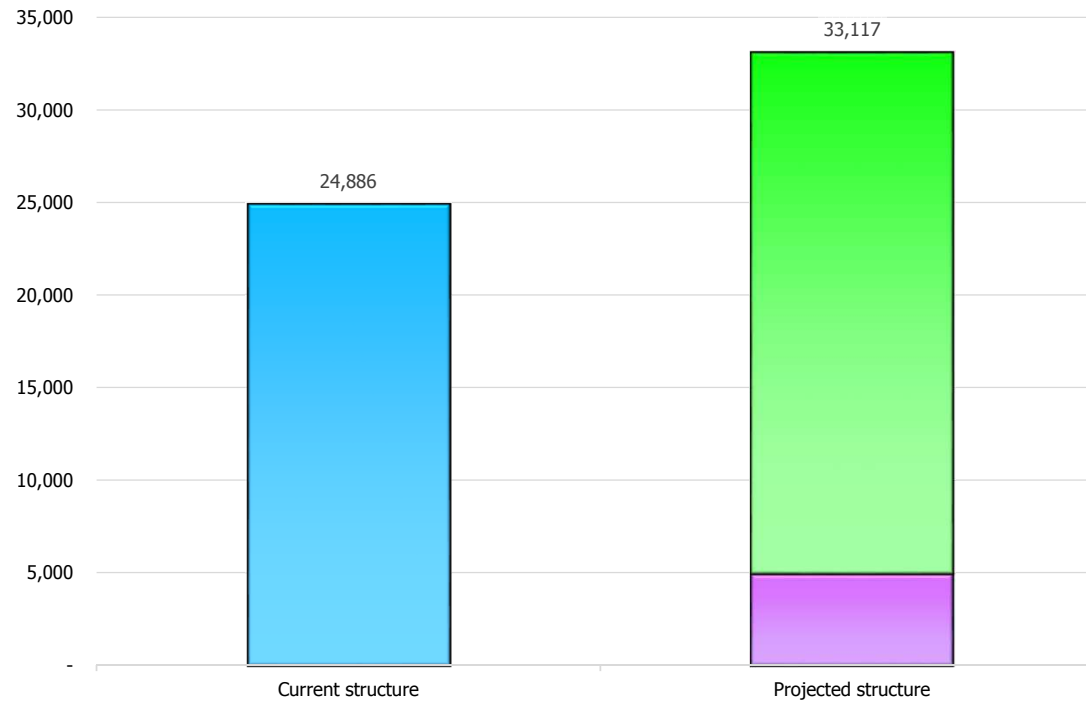
Marginal tax details for Mr. A			
Federal			
Amount	Rate	Tax	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
55,200	33.00%	18,216	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
			-
			-
-	-	-	
(55,200)	15.02%	(8,291)	
			-
			9,925

Marginal tax details for Mrs. A			
Federal			
Amount	Rate	Tax	
15,282	15.00%	2,292	
29,918	20.50%	6,133	
-	-	-	
-	-	-	
-	-	-	
			-
			-
-	-	-	
(55,200)	15.02%	(8,291)	
			-
			134

Marginal tax details for Mr. A			
Federal			
Amount	Rate	Tax	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
10,000	33.00%	3,300	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
			-
			-
-	-	-	
-	-	-	
			3,300

Prescribed Loan Worksheet - Net Cash Results

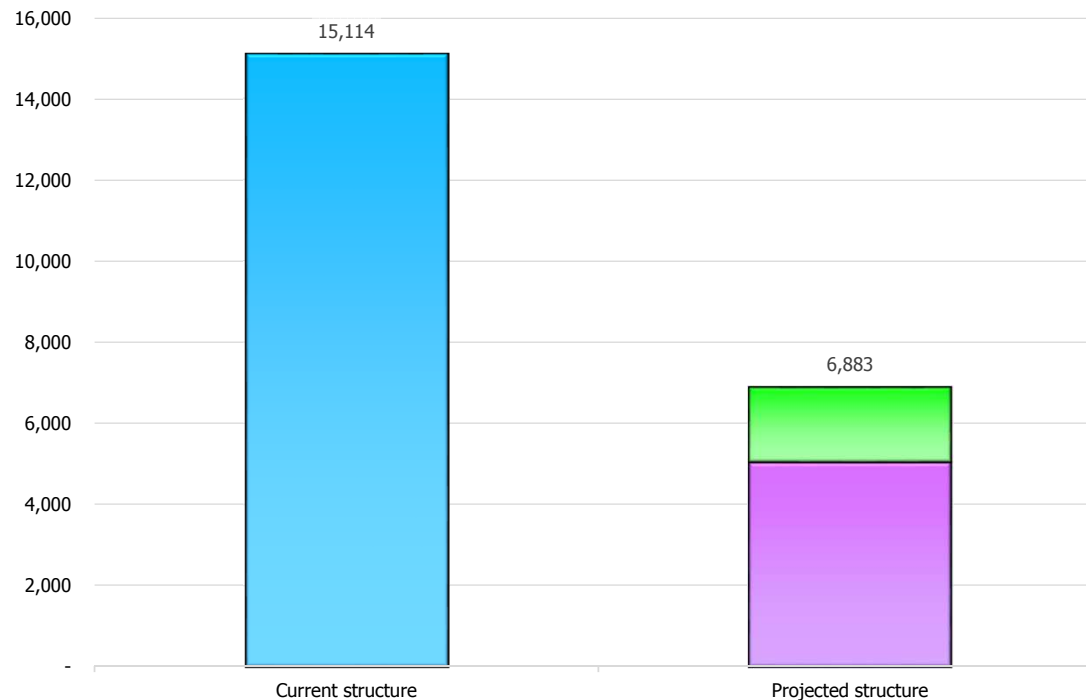
A Family - Prepared May 1, 2016



	Net cash before personal taxes	Taxes payable	Net cash	Tax province	Existing income
Current structure - Mr. A	40,000	15,114	24,886	MB	300,000
Projected structure - Mrs. A	30,000	1,843	28,157	MB	30,000
Projected structure - Mr. A	10,000	5,040	4,960	MB	300,000
Net benefit (cost)			8,231		

Prescribed Loan Worksheet - Taxes Payable

A Family - Prepared May 1, 2016



	Net cash before personal taxes	Taxes payable	Net cash	Tax province	Existing income
Current structure - Mr. A	40,000	15,114	24,886	MB	300,000
Projected structure - Mrs. A	30,000	1,843	28,157	MB	30,000
Projected structure - Mr. A	10,000	5,040	4,960	MB	300,000
Net benefit (cost)			8,231		