

Tips and Tidbits

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Maximize Loan Proceeds

If you have to borrow money, try to borrow for investment or business purposes (where the interest will be deductible for income tax purposes) before you borrow for personal reasons. For example, if you borrow funds to invest, where the proceeds of the investment will be taxable, (i.e.: interest or dividend income) then you will be able to deduct your interest expense on your personal income tax return against any taxable investment income.

If you have several loans to repay, pay down debt that has the higher interest rate and is not tax deductible so that the majority of interest that you pay will be deductible. There are complicated income tax laws concerning the deductibility of interest when the borrowed funds are used for business purposes. Therefore, discuss the situation with your professional advisor before borrowing the funds.

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

Control Of Your Personal Information

Be very careful giving out personal information. Your Social Insurance Number is normally only required by Canada Customs and Revenue Agency. Anyone else requesting it, *may* be using it to perform identity theft. Once this occurs, the perpetrators could purchase large ticket items based on your credit. Restoration of your credit rating could take significant time and effort.

PIN numbers related to debit and telephone company cards are being stolen at an alarming rate. To protect yourself from this theft, keep your personal codes shielded from the view of others. Only you need to know these numbers!

When you receive your statements from banks, credit card companies or telephone companies, review the charges to ensure they are accurate. Report any discrepancies immediately to the relevant card issuer.

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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