

Tips and Tidbits

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RRSP Contribution Limit for Members of DPSPs and RPPs

If you are a member of an DPSP or RPP, your RRSP contribution limit will be reduced by an amount call the *pension adjustment* (PA). The PA represents the present value of the pension benefits you earned for the previous year in your DPSP or RPP. Another matter to consider is an adjustment made for post-1989 service. This particular adjustment - *the past service pension adjustment* (PSPA) - reduces your RRSP contribution limit, for any given year. Your maximum deduction for any one year will be calculated as follows: RRSP contribution room carried forward *plus* 18% of your prior year s earned income (to a stated maximum) *plus* any pension adjustment reversal (PAR) *less* your PA for the prior year *less* any PSPA for the current year.

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

Corporate Fraud ?

Whether you are the owner of a company the size of Enron or only have one employee, you are susceptible to fraud, either by employees, people outside the corporation or both. You cannot protect your company totally from fraud, therefore your goal should be to "manage" fraud to an acceptable level. This limit will be determined by management, taking into account such matters as cost vs. benefit, etc.

Whatever the size of the company, every business should have a corporate fraud policy. This policy should be in writing, highly visible, communicated to every employee, and followed unequivocally by the corporation. The example of management greatly contributes to the "culture" of the whole company.

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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