

Tax Tips for Established Chiropractic Practices

Once you have developed an established chiropractic practice, it becomes increasingly important to maximize your profits by way of minimizing your taxes. Here are a few useful tips that can help you keep most of your money in your pockets, instead of the CRA's:

1. Ensure that you have maximized your RRSP contributions.
2. Ensure you are claiming the following expenses within your practice (where applicable):
 - a. Home office;
 - b. Automobile expenses;
 - c. Salaries paid to an assistant (which may include your partner or child);
 - d. Supplies used to earn employment income;
 - e. Interest payments on money borrowed to purchase investments or invest in your practice;
3. If you are paying for health-care expenses from your personal account, consider setting up a Private Health Service Plan for your business to pay for your family's medical expenses directly from your practice as a tax deductible business expense;
4. Set-up Corporate Class Funds to invest excess cash sitting idle within your corporation. Such investments can continue to grow within the fund on a tax-deferred basis;
5. Set-up a Tax Free Savings Account to allow all personal investments to grow tax-free basis;
6. Income splitting with your partner and children:
 - a. Investing the child tax benefit payments in your children's names to allow them to receive income in their names;
7. Consider purchasing a life-insurance and/or critical illness product. These can be used to:
 - a. Secure financing to help grow your practice; and
 - b. Ensuring that adequate funds are readily available to help support your family and/or business partners in the event that anything may happen to you.
8. Take advantage of shareholder loans when acquiring:
 - a. A family home; or
 - b. An automobile.

Please note when establishing these strategies, you must take careful consideration in ensuring that they are properly setup. Therefore, make sure to contact your accountant to be certain that have taken the appropriate steps in properly setting up any of these recommendations into your business.

By Junaid Usmani, MTax

For more information on any of these tax minimization strategies, please feel free to contact our Tax Partner at:

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