



PERSONAL REAL ESTATE CORPORATIONS

BENEFITS

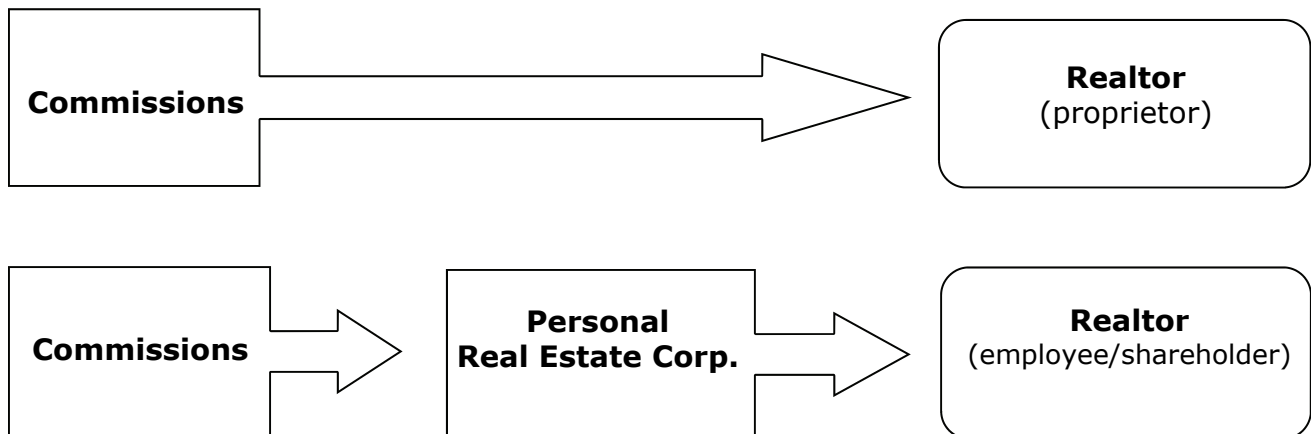
- 1. Income Control
- 2. Lower tax rate
-13.5% vs 43.7%
- 3. Enhanced Income splitting
- dividends

COSTS

- 1. Cost of incorporating
- approx. \$1,500
- 2. Increase in annual filing costs
- approx. \$1,500 accounting and legal.
- approx. \$525 extra E&O and other license fees.
- 3. Increase in paperwork
- another bank account
- minute book
- balance sheet required
- Payroll
- 4. WCB

Other Points:

- Will need a new GST number
- Should use a lawyer to set up PREC
- You can invest the retained earnings the same as personal subject to RECBC restrictions
- Spouse and family members can only own non-voting shares
- Section 85 tax election may be required
- For more info and links go to <http://www.mnwcga.com/wordpress/> or visit www.recbc.ca



It's not what you earn, it's what you keep!

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Unincorporated Net Cash Flow Vs. Incorporated Net Cash Flow

	Unincorporated Realtor	Incorporated Realtor	Extra Cash Flow From Incorporation
Taxable income	\$ 150,000	\$ 150,000	
Personal income tax and CPP	50,360	29,949	
Corporate income tax	-	6,146	
After tax cash flow	\$ 99,640	\$ 113,905	
Accounting, legal, and extra licence and E&O fees	400	2,425	
Total net cash flow	\$ 99,240	\$ 111,480	\$ 12,240

Incorporated realtor withdraws gross wages of \$100,000 from corporation and pays tax at the regular marginal tax rates below. Retained earnings within corporation are taxed at 13.5% which leaves \$39,379 of cash in the corporation after payment of corporate tax, corporate share of CPP and payment of accounting, legal and extra licence fees.

2008	British Columbia Marginal Tax Rates	
	Regular Income	Small Business Dividends
\$9,601 - \$35,016	20.06%	2.03%
\$35,017 - \$37,885	22.70%	5.33%
\$37,886 - \$70,033	29.70%	14.08%
\$70,034 - \$75,769	32.50%	17.58%
\$75,770 - \$80,406	36.50%	22.58%
\$80,407 - \$97,636	38.29%	24.82%
\$97,637 - \$123,184	40.70%	27.83%
Over \$123,184	43.70%	31.58%

2009	BC CCPC Tax Rate*
Tax Bracket	Active Income
\$0-\$400,000	13.5%
Over \$400,000	30.0%

* CCPC - Canadian Controlled Private Corporation

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