



Summary of
Incorporation Webinar
PROS AND CONS OF INCORPORATING

PROS:

- A corporation is a separate entity
 - Reduces personal liability
 - Your personal assets are protected
- Tax savings
 - Corporate tax rate is 13% on the first \$500,000 of net income
- Unlimited lifespan
 - Corporations exist regardless of ownership changes

CONS:

- There is a one-time cost to incorporate \$700-\$1,000
- More government reporting. Each corp must file an annual report with the BC Corporate Registry
- Increased accounting costs
- More tax returns: a corporation must file its own tax return

AFTER YOU INCORPORATE

- Pick the official operating start date for the corporation (usually the 1st of the month)
- Get a new set of books and records
- Register for new CRA tax numbers (GST, payroll, PST if applicable)
- Apply for a new Worksafe BC account
- Open new bank and credit card accounts in the name of the corporation
- Track your Accounts receivable and payable BEFORE and AFTER you incorporate
- Track any personal cash you put into the corporate bank account

“HOW DO I PAY MYSELF WHEN I’M INCORPORATED?”

- Salary
 - More expensive option because company will need to remit payroll taxes on the owner’s salary
 - You will receive a T4 from your company
 - You will accumulate RRSP room
 - Lower income earners who need to deduct childcare expenses will need to pay themselves a salary
- Dividends
 - Your bookkeeper will figure out how much money you have taken from your business in the fiscal year
 - Your accountant will declare the dividend
 - You will receive a T5 from your company
 - Your personal tax rate will be lower than if you take a salary
- You cannot pay yourself as a contractor to your own company

HOMEROOM RECOMMENDED PROFESSIONALS:

Benchmark Law – Dana Gordon dana@benchmarklaw.ca

- D&H Group CPA – Bryce McGee bmcgee@dhgroup.ca
- Altman & Company law@arenaltman.com

And as an accountant contact:

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Get in touch with us today to learn more about our bookkeeping services!

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