

ADVANTAGES AND DISADVANTAGES OF INCORPORATING

ADVANTAGES OF INCORPORATING

- Limited liability
- Small Business deduction leading to lower tax rates (see our **corporate taxes payable notes**)
- Income splitting opportunities
 1. Reasonable Salary to wife
 2. Reasonable Salary to Kids and other family members
- Access to lifetime capital gains exemption (see our **QSBC Notes**)
- Flexibility – re: year-end selection
- Facilitate estate planning (see estate freeze notes)
- Owner-manager compensation
 1. Dividends vs. Salary (see Dividends vs. Salary Notes)
 - Capital Dividends
 2. Year End Bonuses

DISADVANTAGES OF INCORPORATING

- No personal credits (see personal tax credits notes)
- Inability to claim corporate losses against other sources of income
- Cost of initial corporation