TAXFILINGS
CANADA

A FREE PLANNING GUIDE FOR BUSINESS OWNERS

The Year-End Tax Planning Checklist

A calm walk through the moves that only work before your year closes — and the dates that make each one stick.

December 31 is the only tax deadline you cannot extend, appeal or apologize to. What you do before your year-end is planning; what you do after is history you can only report. One unhurried hour in November regularly beats ten frantic ones in April.

Five moves that expire at year-end — walk this list in November

1	**Timing income and expenses.** Which year a dollar lands in can matter almost as much as the dollar itself. Once the books close, the choice is gone for good.
2	**Declaring a bonus.** Declared before year-end, a bonus can be deducted this year and paid — and taxed — next. The 180-day clock on page 2 is what holds the trick together.
3	**Putting assets to use.** Equipment bought and available for use before the close starts earning deductions a full year earlier than the same purchase made a week later.
4	**Setting the salary-dividend mix.** Salary only counts for the year if it actually runs through payroll before the year ends. December is the last call, not February.
5	**Checking the passive-income grind.** Investment income inside the company can quietly shrink the small business limit. It is visible in advance — if someone looks.

Limits, rates and first-year rules are moving targets, so this checklist teaches timing and mechanism rather than numbers — confirm anything current at canada.ca. The free SBD grind, CCA and corporate tax calculators at taxfilings.ca/tools handle the arithmetic.

01 Move income and expenses on purpose

First, a definition. For sole proprietors the year ends December 31; a corporation's year ends on its own fiscal date. Every move in this book keys off your date, not the calendar's.

Defer — push income forward

When next year looks leaner, and the rules and your cash flow allow it, invoice January work in January and let the income land in the lighter year. Deferral never erases tax — it moves income into a year where each dollar may be treated more gently.

Accelerate — pull costs back

In a heavy year, bring genuine costs into it: the repair you already need, supplies you will certainly use, renewals due in January. The test is simple — would you spend this soon anyway? If yes, the timing is free. If no, it is just spending.

WHEN TIMING IS WORTH THE BOTHER

Timing pays when this year and next look different — in profit, in rates, in plans. Block an hour in November, sketch both years, and test the scenarios in the corporate tax calculator at taxfilings.ca/tools before you move anything.

02 The bonus and the 180-day clock

A corporation can declare a bonus before its year-end and deduct it in that year, even though the money moves later. The condition is the clock: pay it within 180 days of year-end (confirm the current rule at canada.ca) or the deduction slides to the year of payment. The recipient is taxed when paid — which is exactly what makes this one of the few clean timing splits still standing.

DIARIZE TWO DATES THE DAY YOU DECLARE

Minute the bonus in writing before the year closes, and book the payment run — with source deductions handled — well inside the 180-day window. A payment date that drifts quietly unwinds the whole plan.

03 Buying assets before the close

Equipment is deducted in slices over years — that is capital cost allowance, or CCA — and the first slice arrives only once the asset is yours and available for use. Bought and running in late December, it deducts this year; delivered in early January, you wait a whole year for the same slice. First-year rules change often, so run the purchase through the CCA calculator at taxfilings.ca/tools before committing.

NEVER BUY JUST TO SAVE TAX

A deduction hands back only a fraction of every dollar spent. Pulling forward a purchase you genuinely need is smart timing; buying gear you do not need trades a full dollar for part of one. The purchase has to stand on its own with the tax saving set to zero.

04 The grind on your small business limit

The small business deduction gives a corporation its low rate on the first $500,000 of active business profit (confirm the current limit at canada.ca). Passive income inside the company — interest, rent, portfolio gains — grinds that limit down once it climbs past a threshold, and the grind is driven by last year's investment income. What the portfolio earns this year decides next year's limit, which is why this check belongs in the fall.

> SEE IT COMING
> Before year-end, total the company's investment income and run it through the SBD grind calculator at taxfilings.ca/tools. If the limit is shrinking, the fixes — timing gains, rebalancing, moving surplus cash — only exist while the year is still open.

05 Salary or dividends: decide in December

Paying yourself has a year-end deadline hiding inside it. Salary belongs to a year only if payroll actually runs before the close — deducted, remitted, headed for a T4 — and only salary builds RRSP room. Dividends need a directors' resolution and come out of after-tax profit with no payroll at all. Neither is automatically better; deciding by inertia in February, when December held the choice, is the only sure mistake.

> WHERE THE MIX QUIETLY PAYS
> Owners who revisit the mix every December, instead of repeating last year, keep finding value that habit had abandoned — RRSP room worth creating, or payroll cost worth dropping. One deliberate hour a year is the cheapest tax planning there is.

06 The printable checklist

Work this list across the last six weeks of your year. Tick what is done; star anything that needs your accountant.

- [ ] Forecast both years: rough profit for this year and a sketch of next — every timing call keys off it
- [ ] Chase or write off: collect stale receivables, and document truly bad debts before the close
- [ ] Minute the bonus: in writing, with the payment run booked inside the 180-day window
- [ ] Land the equipment: needed assets bought, delivered and available for use in time
- [ ] Count inventory: a real count, with dead stock written down honestly
- [ ] Clear shareholder draws: money taken from the company needs a plan — repaid, or properly paid out as salary or dividend
- [ ] Run December payroll: if salary is part of this year's answer, the run must happen now
- [ ] Total passive income: check the grind while there is still time to act
- [ ] Keep family pay real: wages to family must match real work at a fair rate, actually paid
- [ ] Book the meeting: one planning session with your accountant before the close, not after

07 The year-end readiness self-check

A YES must be true for this year — not for some better-organized past.

1. I know my exact year-end date and how many weeks remain before it.	YES / NO
2. I have a rough profit figure for this year and a sketch for next.	YES / NO
3. Any bonus is minuted, with its payment date already in a calendar.	YES / NO
4. Equipment I am counting on will be in use before the close, not on a purchase order.	YES / NO
5. I know roughly what investment income the company earned this year.	YES / NO
6. This year's salary-dividend mix was a decision, not a habit.	YES / NO
7. A year-end meeting with my accountant is booked, not just intended.	YES / NO

6–7 · Green
You run a planned year. December will be quiet, and April quieter.

3–5 · Yellow
The expiring moves — bonus, equipment, pay mix — need dates this week.

0–2 · Red
Your year is closing on autopilot. Take back one hour and start the plan below.

08 The final-month plan

Week 1
Build the two-year forecast. One afternoon with the books and the corporate tax calculator is enough.

Week 2
Make the timing calls: invoices to hold or send, costs to pull forward, equipment ordered in time to be in use.

Week 3
Paper everything: bonus minutes, dividend resolutions, the December payroll run.

Week 4
Meet your accountant, walk page 3 together, and carry the 180-day payment date into the new year's calendar.

UG

Written and fact-checked by Udit Gupta

Ex Big 4 — Ernst & Young and Deloitte · International & Cross-Border Tax Specialist · CPA Canada In-Depth Tax Training · Chartered Accountant, ICAI (India) and MIA (Malaysia)

Udit Gupta has over 15 years of experience helping corporations and business owners with corporate structuring, corporate tax filing, bookkeeping, payroll, GST/HST, cross-border tax and CRA representation. Big 4 trained at Ernst & Young and Deloitte, and qualified as a chartered accountant in India and Malaysia, he founded Tax Filings Canada in 2019 to serve entrepreneurs, startups and non-resident business owners across Canada. View Full Member Bio — including step-by-step instructions to verify each membership on the issuing body's public register.

Institute of Chartered Accountants of India — Member No. 521458 | Malaysian Institute of Accountants — Member No. 44667, C.A.(M) | CPA Canada In-Depth: Tax Program 19 Dec 2023, GST/HST Part I 12 Jul 2022, Part II 5 Jul 2023

Editorial policy. Every guide is researched against primary sources — the Income Tax Act, CRA publications and CPA Canada materials — fact-checked by Udit Gupta, and updated when the rules change.

Questions about your own claims? Free 15-minute consultation — fixed fee agreed before any work starts, pay after service. taxfilings.ca/contact.html · +1 (416) 619-0068 · Free calculators: taxfilings.ca/tools

TAXFILINGS
CANADA

Disclaimer. This guide is general information and education for Canadians, not tax, legal or accounting advice, and reading it does not create a professional-client relationship. Eligibility for any deduction or credit depends on your specific facts, and rules, rates and dollar thresholds change over time — this guide deliberately avoids quoting amounts for that reason. Always verify current rules and figures with the Canada Revenue Agency (canada.ca) or a qualified tax professional before acting. Tax Filings Canada accepts no liability for decisions made in reliance on this document.