GONDALIYA CPA
Professional Corporation

The Complete Year-End Tax Planning Checklist for Your Corporation

Corporation Name:		**Fiscal Year-End:**	
Business Number:		**CPA Assigned:**	

1. REVENUE AND INCOME REVIEW

	Item	Status
■	Confirm all revenue is recorded through the fiscal year-end date (no revenue deferred to next year incorrectly)	
■	Reconcile revenue per books to HST returns filed during the year (any mismatch triggers CRA audit risk)	
■	Identify and record accounts receivable as at year-end (amounts owed to the corporation but not yet collected)	
■	Review inter-company charges and management fees: confirm amounts, HST treatment and supporting documentation	
■	Record investment income: interest, dividends, capital gains (with T3, T5 slips if received)	
■	Identify any government grants, subsidies or incentive payments received during the year	
■	Confirm foreign revenue is converted to CAD at the exchange rate on the date of each transaction	

2. EXPENSE REVIEW AND OPTIMIZATION

	Item	Status
■	Review all expense categories: confirm every expense is recorded and categorized correctly	
■	Identify prepaid expenses: insurance, rent, software subscriptions paid in advance (allocate to the correct period)	
■	Accrue unpaid expenses: amounts owed but not yet paid as at year-end (utilities, professional fees, commissions)	
■	Separate meals and entertainment (50% deductible) from fully deductible business expenses	
■	Confirm vehicle expenses have logbook support (business-use percentage documented for the year)	
■	Review home office expenses claimed through the corporation (business-use percentage of eligible costs)	
■	Identify non-deductible expenses: penalties, fines, club dues, political contributions (exclude from deductions)	
■	Review professional fees: ensure all accounting, legal and consulting invoices are recorded	

■	Confirm bad debts: identify uncollectable receivables and write off with supporting documentation	
■	Review advertising expenses: confirm no non-Canadian media advertising deducted (s.19 restriction)	

3. SALARY-DIVIDEND OPTIMIZATION

	Item	Status
■	Calculate the optimal salary-dividend split based on the shareholder's personal tax situation and RRSP room target	
■	Confirm salary paid during the year creates the intended RRSP room (18% of earned income, max $31,560 for 2026)	
■	Review CPP contributions: confirm shareholder-employee CPP is at or near maximum if taking salary	
■	Confirm EI exemption is applied for shareholders owning 40%+ of voting shares (saves $2,585/year)	
■	If the shareholder took only dividends: confirm $0 RRSP room is acceptable for the year	
■	Model next year's salary-dividend split based on projected income and personal tax situation	

4. BONUS ACCRUAL (180-DAY RULE)

	Item	Status
■	Determine if a year-end bonus should be accrued to reduce corporate taxable income	
■	Calculate the bonus amount: consider the impact on corporate tax, personal tax and RRSP room	
■	Document the bonus with a directors' resolution declaring the bonus payable (date and amount)	
■	CRITICAL: The bonus must be PAID within 180 days of the fiscal year-end to be deductible in this year	
■	Calendar the 180-day payment deadline (e.g., Dec 31 year-end: bonus must be paid by June 29)	
■	Confirm payroll deductions (CPP, income tax) will be calculated and remitted on the bonus payment	

5. SHAREHOLDER LOAN ACCOUNT (SECTION 15(2))

	Item	Status
■	Review the shareholder loan account balance as at year-end (all personal withdrawals, advances and repayments)	
■	Identify all personal expenses paid by the corporation during the year (these increase the shareholder loan)	
■	If the shareholder loan balance is owing TO the corporation: plan repayment before the second year-end deadline	
■	CRITICAL: Shareholder loans not repaid by the end of the fiscal year following the year of the loan are included in personal income under s.15(2)	
■	Document any bona fide loan arrangements with a written agreement, interest rate and repayment schedule	
■	Calculate prescribed interest rate on shareholder loans (if interest is charged at the CRA prescribed rate, s.80.4 benefit is avoided)	
■	Record any shareholder loan repayments made during the year and update the running balance	

6. CCA, IMMEDIATE EXPENSING AND ASSET REVIEW

	Item	Status
■	List all capital assets purchased during the year (date, description, cost, HST paid, CCA class)	
■	Identify assets eligible for Immediate Expensing (100% write-off, up to $1,500,000/year for CCPCs)	

■	Decide whether to claim full CCA or defer CCA to future years (useful if current year has losses)	
■	List all assets disposed of during the year (date, proceeds, original cost, UCC balance in the class)	
■	Calculate recapture or terminal loss on asset disposals	
■	Review vehicle CCA: confirm personal-use percentage is documented and applied correctly	
■	Review leasehold improvements: confirm Class 13 treatment and remaining lease term	
■	Consider purchasing equipment or vehicles before year-end to trigger CCA or Immediate Expensing in the current year	

7. HST/GST RECONCILIATION

	Item	Status
■	Reconcile HST collected per books to HST reported on all returns filed during the year	
■	Reconcile ITCs claimed per books to HST paid on expenses (confirm no ineligible ITCs were claimed)	
■	Review Quick Method election (if applicable): confirm revenue is under $400,000 and the method is still optimal	
■	Identify any HST assessment or reassessment notices received during the year	
■	Confirm all HST returns are filed and no outstanding returns exist	
■	File the final HST return for the fiscal year (or confirm the filing deadline)	

8. PAYROLL YEAR-END

	Item	Status
■	Reconcile total salaries and wages per payroll records to the general ledger	
■	Reconcile CPP, EI and income tax deducted per payroll to CRA remittance records (PD7A)	
■	Confirm all payroll remittances are up to date (no outstanding balances with CRA)	
■	Prepare T4 slips for all employees (filing deadline: last day of February following calendar year)	
■	Prepare T4A slips for all independent contractors paid during the year	
■	Prepare T5018 slips if construction industry (subcontractor payments of $500+)	
■	Review taxable benefits: company vehicle personal use, group life insurance over $25K, non-cash gifts over $500	
■	File ROEs for any employees who had an interruption of earnings during the year	

9. HOLDCO AND CORPORATE STRUCTURE

	Item	Status
■	Review retained earnings balance: if above $200,000, discuss holdco setup timing	
■	Calculate passive investment income for the year: if approaching $50,000, SBD erosion begins	
■	If holdco exists: declare and pay inter-company dividends before year-end (tax-free between connected corps)	
■	Review share structure: are non-voting shares issued to spouse/family for LCGE multiplication?	
■	Review associated corporation status: confirm SBD allocation is agreed and documented (Schedule 23)	
■	Confirm Capital Dividend Account (CDA) balance is tracked (for tax-free capital dividends to shareholders)	

10. SR&ED; AND TAX CREDITS

	Item	Status
■	Identify all eligible SR&ED; expenditures incurred during the year (developer salaries, contractor costs, materials)	
■	Track the 18-month filing deadline for the T661 claim (ABSOLUTE: no extensions, entire claim forfeited if missed)	
■	Confirm eligible activities meet the CRA criteria: technological uncertainty, systematic investigation, technological advancement	
■	Review Ontario Interactive Digital Media Tax Credit (OIDMTC) eligibility if developing interactive digital media	
■	Review any other provincial tax credits applicable to your industry	

11. INSURANCE, COMPLIANCE AND GOVERNANCE

	Item	Status
■	Confirm corporate annual return is filed with Corporations Canada (federal) or ServiceOntario (Ontario)	
■	Review and renew business insurance: CGL, E&O;, D&O;, key person, cyber liability	
■	Confirm WSIB account is in good standing and clearance certificates are current (if applicable)	
■	Review Employer Health Tax (EHT) obligations: confirm whether the $1,000,000 exemption applies	
■	Confirm municipal business licences are renewed (if applicable)	

■	Update the corporate minute book: annual directors' resolution, dividend declarations, officer appointments	
■	Review any CRA correspondence, notices or reassessments received during the year (address before year-end)	

12. NEXT YEAR PLANNING

	Item	Status
■	Set the salary-dividend split for the new fiscal year based on updated income projections	
■	Calendar all CRA deadlines for the new year: T2 payment (2/3 months), T2 filing (6 months), T4 (Feb), HST	
■	Review instalment requirements: are quarterly tax instalments required for the new year?	
■	Plan major capital purchases: buy before year-end for CCA or defer to next year depending on tax position	
■	Review pricing and fee structures for the new year	
■	Confirm bookkeeping is current and monthly closes are on schedule	
■	Schedule the year-end tax planning meeting with your CPA (ideally 2 to 3 months before year-end)	

KEY YEAR-END DEADLINES

Action	Deadline	Consequence if Missed
Tax payment	2 months after YE (3 for eligible CCPCs)	Interest at prescribed + 4% compounded daily
Bonus payment (if accrued)	180 days after year-end	Entire bonus deduction denied for the year
Shareholder loan repayment	End of fiscal year following the year of the loan	Full balance included in personal income under s.15(2)
T2 filing	6 months after year-end	5% + 1%/month penalty (max 12 months)
T4/T4A slips	Last day of February	$25/day per slip (min $100, max $2,500)
SR&ED; (T661)	18 months after year-end	Entire claim forfeited permanently. No extensions.

Need Help with Year-End Tax Planning?