Holding Company Setup Checklist

Eight checks before you set up, and while you run, a holdco

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A holdco earns its cost only when there is a reason behind it, and it stays clean only when it is run properly. Work through these before your consultation.

- [ ] **1 Confirm the reason**
  Retained profit, creditor risk, investments, or a succession goal.
- [ ] **2 Test the group for association**
  Associated corporations share one $500,000 limit, not two.
- [ ] **3 Issue share classes carefully**
  They establish and preserve connected status for dividends.
- [ ] **4 Move surplus up under section 112**
  Intercorporate dividends, within safe income.
- [ ] **5 Keep investments in the holdco**
  Protects the operating company's small business deduction.
- [ ] **6 Track RDTOH and the CDA**
  Time dividends so refunds and tax-free dividends are not missed.
- [ ] **7 Document shareholder loans**
  Diarize the one-year repayment deadline when the loan is made.
- [ ] **8 File both T2s under one roof**
  So the group reconciles, and review the structure yearly.

PRO TIP

A holdco defers tax; it does not eliminate it. The personal tax comes due when the money is finally drawn out. The b

What happens next

1. **Free consultation**
   We tell you honestly if a holdco fits.
2. **Flat fee, HST included**
   Quoted in writing for the whole group.
3. **Structured and filed**
   Set up with your lawyer; both T2s reconcile.

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