Tax Planning Strategies for Alberta Business Owners

A Practical Guide to Keeping More of What Your Business Earns.

How you pay yourself and structure your corporation has a direct impact on the tax you pay and the wealth you keep. For incorporated business owners, decisions around salary, dividends, and timing can add up to significant savings over a career.

A coordinated tax strategy connects your corporate and personal finances, helping you reduce tax today, build retirement savings, and prepare for an eventual sale or transition of the business.

Salary, Dividends, or Both

How you take money out of your corporation is one of the most important tax decisions you make.

Salary creates RRSP contribution room and requires CPP contributions, while dividends are simpler to pay and avoid CPP but do not build RRSP room. The right mix depen-ds on your income needs, retirement goals, and cash flow. Many owners use a blend, adjusting it each year as circumstances change.

Core Tax Planning Strategies

A few well-timed strategies can meaningfully lower your overall tax bill.

- **Income splitting** — Paying reasonable salary or dividends to family members active in the business can lower the household tax bill, within the TOSI rules.
- **Small business deduction** — Active business income up to the annual limit is taxed at a low corporate rate, leaving more to reinvest or defer.
- **Deferral with retained earnings** — Leaving profits in the corporation defers personal tax until you withdraw the funds, often in lower-income years.
- **RRSP and TFSA contributions** — Coordinating personal registered accounts with your corporate strategy adds tax-sheltered growth.

Salary vs. Dividends

Feature	Salary	Dividends
Creates RRSP room	Yes	No
Requires CPP contributions	Yes	No
Corporate deduction	Yes	No
Simplicity	Payroll required	Simpler to pay

Salary vs. dividends – general trade-offs

Year-End Tax Planning

The months before your fiscal year-end are when most tax planning gets done.

Reviewing income, bonuses, capital purchases, and dividend timing before year-end can shift income between years and smooth your tax bill. Coordinating with your accountant early leaves room to act while decisions can still be made.

Connecting Corporate and Personal Tax

The biggest savings usually come from looking at your corporation and your household together rather than in isolation. Compensation, investments, retirement savings, and future sale planning are all connected, and a coordinated plan helps each decision support the others.

How We Help Business Owners Plan Tax

Tax planning works best when it connects to your retirement, investment, and succession goals. We work alongside your accountant to build a strategy that keeps more capital in your business and prepares you for a tax-efficient future.

Pax Portfolio Advisory Team

We're delighted that you are interested in learning more about our services. The name PAX is Latin for peace, and our goal over more than 50 years of combined experience has been to simplify your wealth and provide you with lasting peace of mind.

Trixie Rowein,
B.COMM, FMA, CFP®, CIM®
Senior Portfolio Manager, Financial Advisor

Known for her commitment to community and clients for 25 years at Raymond James. Responsible for **investment strategy, client communication, educational seminars,** and **charitable initiatives**. She specializes in guiding clients through life transitions, including retirement and loss of a spouse. Trixie has two daughters and speaks Spanish. She enjoys travelling, gardening and scrapbooking.

Taylor Cooper,
B.COMM, CIM®, TEP
Associate Portfolio Manager, Financial Advisor

Works closely with clients to implement **comprehensive financial** and **estate plans**. He also facilitates **portfolio management, trade execution**, and conducts **stock market analysis.** Taylor previously played semi-professional hockey in the Western Hockey League and later competed as a student-athlete with the University of Alberta Golden Bears.

Matthew Moellenbeck
Licensed Financial Advisor Assistant

Responsible for managing **all client account information**, coordinating **regular income distributions**, and **developing financial plans**. He's currently working towards his CFP designation and serves as the primary point of contact for all client inquiries. Outside of work, Matt enjoys staying active, whether it's hiking, running, or cross-countryskiing, in addition to playing in a band.

Wendy Hildebrandt
Investment Advisor Assistant

Supports the team with **administrative tasks, account openings,** and managing **documentation.** Her commitment to delivering exceptional customer service ensures that every client receives the highest level of care. Wendy values community and volunteer work, and in her free time, she enjoys crafting and spending quality time with her family.

PAX PORTFOLIO ADVISORY | RAYMOND JAMES®

10060 Jasper Ave, Suite 2300 — Scotia Place Tower 1, Edmonton, AB T5J 3R8 • 780.414.2550 • paxportfolioadvisory.ca