

Welcome to 2021

January is traditionally a time for reflection and resolutions.

It is also time to start collecting tax receipts and sorting invoices in preparation for April or June tax time.



Your clients will be doing the same thing. This is a great time to review their Edge Benefits program and determine which benefits premiums are deductible as legitimate business expenses.

A Good News Bulletin

Regardless of whether they are incorporated, sole proprietor or partnership, your business owner clients have benefits expenses that are deductible. They will love you for reminding them or bringing it to their attention.

Have the conversation:

We all counsel our clients about the advisability of paying Income Replacement and Accidental Death & Dismemberment premiums with “after tax dollars” from a personal bank account; and not including the premiums as Business Expenses. Often, I have discovered the clients’ bookkeeper or even their accountant is unaware of the negative financial consequences of deducting Income Replacement and Accidental Death & Dismemberment premiums as a business expense.

That said, most owners want to use their Business bank accounts for any and all premiums for insurance. That is fine, just remind them to include the amount of the premium as salary if they are incorporated or add it to their personal income for nonincorporated entities.

We aren’t tax consultants, but we are aware the benefit will be subject to income tax if premiums have been deducted.

A client who is not working because of a serious injury or illness doesn’t want to find out that TAX will reduce the amount they receive!

Health and Dental insurance premiums can be paid by the corporation or included in Expenses.

Business Overhead Expense Benefit premiums: when received due to injury or illness, the benefit is paid out as an expense, so it is deemed “a wash” (not taxable).

Out of Province Emergency Medical Expense premiums are a legitimate business deduction for business owners who travel outside their province of residence to work.

Good Selling