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2021 Year-End Tax Planning Strategies

With the end of the calendar year fast approaching, Gluskin Sheff's Wealth Planning team has curated a brief overview of five tax planning strategies that may enhance your family's wealth.

Please contact a member of your Client Wealth Management team to learn more.

Top Five Tax Planning Strategies

Changes in income and tax rates	As a result of the last federal budget, new tax measures will come into effect for Canadians in the new year. The election of a minority Liberal government in 2021 could lead to further new tax measures that may be introduced in 2022.	Consider purchasing luxury cars, boats and an aircraft before the introduction of the luxury tax on January 1, 2022. Depending on your anticipated income in 2022, you may not want to defer income or capital gains to 2022 and you may want to defer discretionary tax deductions until 2022.
Income splitting	In households where one family member is in a high tax bracket and there is at least one other family member in a lower tax bracket, income splitting may reduce the household's overall tax burden by shifting income.	Consider implementing income splitting strategies that leverage the lower marginal tax rates of family members with little or no income.
Investment review	A comprehensive review of your investment holdings may require changes in your portfolio as it relates to your objectives, capital preservation and risk.	Consider managing unrealized gains and losses for tax efficiencies (e.g., donating appreciated investments, tax-loss selling). If you have investments in a corporation, consider the Capital Dividend Account to pay tax-free capital dividends.
Review of life events	Life events can have a significant impact on your wealth planning. For example, have you started a new business? Were there changes to your residency this year? Was a child or grandchild born or adopted?	Consider whether recent life events present tax planning opportunities and necessitate changes to your cash flow and retirement goals, insurance needs, and estate plan.
Charitable giving	Gifts of cash are the most common and straightforward method of supporting a charitable organization, but there are alternate gifts that may be more tax efficient.	Consider exploring tax-efficient ways to support charitable organizations through gifts of marketable securities. Consider creating a philanthropic legacy by establishing a donor advised fund.

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