



FINANCIAL WISDOM

- WEALTH BUILDER -

November 2025

Smart Tax Tips for Small Business Owners

Running a small business is exciting and rewarding—but it also comes with plenty of challenges. Between managing cash flow, building your client base, and keeping customers happy, taxes can easily slip down the priority list. With some planning, though, tax season can be less stressful and even work to your advantage.

Keep Records Year-Round - The number one rule for stress-free tax filing? Stay organized all year long. Keep receipts, invoices, and statements in one place—whether that's a file folder or a cloud-based accounting system. Regular bookkeeping not only saves hours at tax time but also gives you a clear view of your business performance.

As year-end approaches, run a quick estimate of your income and expenses. If you'll owe taxes, set aside funds now to avoid a last-minute scramble. If a refund is coming, filing early means you can reinvest that money sooner—into equipment, marketing, or paying down debt.

Use Interest Expense to Your Advantage - Many business owners overlook deductible interest. One option is setting up a business line of credit—preferably secured by home equity or another asset—to cover expenses. The interest is typically deductible, which reduces taxable income. Meanwhile, you can use your available cash to pay down non-deductible debts like your mortgage or credit cards. This shifts interest costs into the deductible column and can improve your cash flow.

Reduce Taxes Through Income Splitting - If your spouse or children work in your business, consider paying them a fair wage for real work performed.

This can reduce your household's total tax bill because the income moves to someone in a lower bracket. Document hours worked, duties, and wages—just as you would for any employee. Family members are often exempt from Employment Insurance (EI) premiums, but the work must be legitimate, and the pay must be reasonable.

Consider Incorporation - For some entrepreneurs, incorporation offers tax advantages. If your business earns more than you need to withdraw for personal expenses, keeping funds in the corporation may mean paying lower corporate tax rates rather than higher personal rates. It can also offer legal protections and make raising capital easier. But it comes with setup costs, annual filings, and more paperwork—so it's a decision to make with professional advice.

The Bottom Line - Small business taxes can be complicated, but they don't have to be overwhelming. By keeping organized records, making smart use of deductible interest, exploring income splitting, and considering incorporation, you can keep more of what you earn.

Before making major tax moves, talk to a qualified accountant or tax advisor. The right strategy can save you thousands, giving you extra resources to reinvest and grow.

Running a business is hard work, but with a smart tax plan in place, you can make sure your profits stay where they belong—working for you. Saving taxes wherever you can free up more cash for your RRSP and other investments. The first step is getting professional advice.

Need help with your tax strategy? Contact our office!



Stephen LaPage, CFP

Guardian Financial Planning Ltd.

Ph: 506.325.2250 - <https://www.guardianfinancial.ca> - stephen@guardianfinancial.ca

Copyright © 2025 Financial Wisdom All rights reserved. (2025-11)