



## A Quick Guide to Cutting Your Taxes

### Description

Nobody wants to pay the Canadian Government any more than necessary. But you also don't want to end up on the receiving end of an audit — or worse. Luckily, there are plenty of perfectly legitimate ways to make sure you don't pay more than your fair share of income tax. Here's the quick scoop on ways to save both in April and year-round.

### Pull out your old returns

Take a trip down memory lane to visit those ghosts of tax returns past. Sure, it'll bring back memories of late nights in mid-April spent frantically trying to get everything together. But without looking at your returns for past years, you won't know where to begin to look for ways to save. So go find those files!

### Make the most of your income

The easiest way to pay no tax is not to earn any income, but we'll assume that you don't find that a very appetizing strategy. You can, however, [find investments](#) that will at least qualify you for reduced rates. Know the nuances and you can save yourself some serious money.

### Use your tax shelters — legally!

The tax laws give everyone some great ways to cut taxes by saving toward many different important financial goals. Retirement accounts, such as a traditional [RRSP](#), let you defer paying tax on part of your income for decades, until you use that money after you retire, as well as lower your taxable income for the year by the amount you contribute.

Other accounts, like RESPs and [TSFAs](#) let you save toward the kid's post secondary education or build a sizeable rainy day fund without you having to pay tax on the income/gains your investments generate. Using these shelters wisely can add up to thousands in tax savings.

## Get extra credit

No, we're not talking about applying for that ultra-titanium [credit card](#). The tax laws give taxpayers incentives on all sorts of different things, from raising a child and paying for educational expenses to making foreign investments. These credits are there for the taking, but you have to know they're available to take advantage.

## Think about next year

There's only so much you can do to cut your tax bill for a particular year if you wait until the last minute to prepare your return. With some advance planning, you can get a head start on next year's taxes and take the opportunity to do some things you may have missed out on in past years.

## Celebrate!

With all this planning, your taxes are filed, and it's not even deadline day yet! Give yourself a well-deserved pat on the back — and then keep up the good work this year and next.

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