

TAX PLANNING

When developing your personal financial plan, your tax matters are an important key to planning for your future. Over the past 18 months, many people talked about how much money they had made on a certain stock or mutual fund. But did they really? In the end calculation, after taxes have been paid, most bottom lines are not nearly as attractive. The hardest thing to do in the investment business is to do nothing at all. What I mean by nothing is, if you have good quality holdings, with great companies and great management, why not keep them? The temptation to continually adjust portfolios is often too great. Don't get me wrong, changes to one's portfolio are required from time to time, but not just for the sake of making a change. Remember, for a non-registered investment there may be some taxes to pay on capital gains incurred.

After the Federal Government announced their mini-budget in the fall of 2000, many people were confused about how to report capital gains and losses on their 2000 income tax returns. There are 3 different inclusion rates which need to be considered. If an investment, which generated qualifying capital gains or losses, was disposed of between January 1 - February 27, 2000, the capital gains/losses would be calculated at a tax rate of 75%. If the units were disposed of from February 28, - October 17, 2000 the tax rate would be calculated at 66.67%, and finally, if units were sold from October 18 - December 31, 2000, capital gains/losses will be calculated at only 50%. Investors that incurred capital gains or losses in more than one of these time periods throughout the 2000 tax year, have more specific guidelines to follow. Remember tax planning should occur on an ongoing basis, not just at the April 30th deadline. Your accountant/tax specialist will be able to assist

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you with any questions you may have or you can visit the Canada Customs and Revenue website at www.cca-adrc.gc.ca

For your free 2000 Income Tax Information checklist visit our website at www.dardancapital.com

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