



Tax tips for farm owners

- 1.** You may be able to reward farm employees, including family members, with retiring allowances as you approach the point of winding up your business. The amount you pay is a deduction against farming income for tax purposes.
- 2.** If you're researching crop development or livestock hybrids, you may be eligible for generous investment tax credits so talk to a tax planner about the possibilities.
- 3.** If you keep dogs or cats on your farm to control rodents or wild animals, expenses for maintaining them are tax-deductible.
- 4.** You can use income splitting to reduce your tax bill by paying your family members reasonable salaries for their contributions to the farming business.
- 5.** You are entitled to a one-time, \$500,000 lifetime capital gains exemption that can be claimed against capital gains realized when you sell your farm. You can further reduce the tax bill if your spouse and children also claim capital gains exemptions. Talk to a professional tax planner for more information.
- 6.** Make sure you have a succession plan. Otherwise your business could pass on to family members who might not be the best choice for continuing your business (or who might be unwilling or unable to). Also, without a succession plan, your family might face higher than expected estate taxes, possibly requiring them to sell the farm to pay the taxes.





WealthStyles

Compliments of:

Manulife and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and are used by it and its affiliates including Manulife Financial Corporation. The information contained in this article is not intended nor should it be considered as providing specific legal or tax advice. Individuals should consult with their professional advisors to ensure that any information provided is applicable and appropriate to their specific situation. Commissions, trailing commissions, management fee and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The rates of return are used only to illustrate the effects of the compound growth rate and are not intended to reflect future values of the mutual fund or returns on investment in the mutual fund.

www.manulife.ca/investments

 **Manulife Investments**
With you every step of the way.™