Mansel Financial
ACCOUNTING · TAX · ADVISORY

2026 tax year
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Year-end planning checklist for corporations

What to have ready for the autumn planning conversation, and what to decide before the corporation's year-end. Written for owner-managed corporations with a December 31 year-end; the same items apply to any year-end, with the dates moved. Decisions about compensation, purchases and dividends only work if they are made before the year-end date. After it, the return records what happened.

01 BEFORE THE MEETING

- ☐ Books reconciled to the end of the most recent month, every bank and credit card account
- ☐ Instalments paid so far this year, corporate and personal
- ☐ Last year's T2 and the owner's T1, with notices of assessment
- ☐ Shareholder loan account balance, and any draws not yet recorded
- ☐ Anything that changed: a new lease, a large purchase planned, a new associate, a change at home
- ☐ How much cash you need to take out between now and April

02 COMPENSATION

- ☐ Salary, dividends or a mix, with this year's other income and RRSP room in view
- ☐ RRSP room for the owner: the lesser of 18% of last year's earned income and the annual limit
- ☐ CPP on salary: employee and employer shares, and whether the CPP entitlement matters to you
- ☐ A bonus accrued this year must be paid within 180 days of year-end to be deducted this year
- ☐ Eligible or other-than-eligible dividends: the designation the corporation will make
- ☐ Salaries to family members: reasonable for the work actually done

03 THE CORPORATION

- ☐ Small business deduction: active business income against the $500,000 limit, shared with associated corporations
- ☐ Passive investment income: whether it falls in the $50,000 to $150,000 range that reduces the limit
- ☐ Capital purchases: whether to bring one forward into this year
- ☐ Intercompany and related-party balances agreed on both sides
- ☐ Bad debts identified and written off before year-end, with the evidence kept
- ☐ Inventory count planned for the year-end date

04 FAMILY SHAREHOLDERS

- ☐ Dividends to a spouse or adult child: whether the tax on split income (Form T1206) applies, checked before the dividend is declared
- ☐ Hours worked and roles documented for each family member paid by the corporation
- ☐ Shareholdings and share classes confirmed against the minute book

05 FILINGS AFTER YEAR-END

- ☐ T4 and T5 slips issued by the last day of February
- ☐ T2 return due six months after the year-end date; balance owing generally due earlier, so the payment date is checked
- ☐ Ontario annual return through the Ontario Business Registry within six months of year-end
- ☐ GST/HST return for the period, reconciled to the ledger before filing
- ☐ Year-end file handed to whoever signs the statements, with working papers and reconciliations

This checklist describes general rules for an owner-managed corporation. It is not advice for any particular situation; the numbers change each year and should be confirmed before acting. Sources: Canada Revenue Agency and Ontario.ca, linked on the web version.

manselfinancial.com/resources/year-end-planning-checklist