

Legal Moment with Denis Burns #2

(Robbie intro)

(Announcer) - And now the Cohen Highley Legal Moment on Fresh Radio.

(Announcer) – I'm with Denis Burns from Cohen Highley Lawyers. When determining support payment income, does it differ if one party is self-employed through a Corporation he or she controls?

(Lawyer) – Yes it does. Those individuals have various compensation options, and can defer income by retaining income within the Corporation. This can make determining the person's income complex.

(Announcer) – So reviewing their personal Income Tax Returns is not enough?

(Lawyer) – No. Although individuals who control Corporations can pay themselves dividends which will be on their income tax returns. A Corporation may pay personal expenses of the owner which will not be reflected in their personal income tax returns, or may retain pre-tax corporate income instead of paying it to the owner. There are also other factors.

(Announcer) – Such as?

(Lawyer) – Only personal expenses paid by the Corporation will be added back to income. Pre-tax corporate income retained in the Corporation for legitimate reasons, say to pay for necessary equipment purchases or due to bank agreements, will not be added back to income.

(Announcer) - Thanks Denis. This has been the Cohen Highley Legal Moment.