

# [Personal financing , income tax](https://assignbuster.com/personal-financing-income-tax/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

PERSONAL FINANCE James Webster Problem Many businesses have failed and individuals become bankrupt for simply not making adequate provisions for their taxation obligations. Nearly all financial decisions made in either business or personal life are affected by taxation. When a person is planning their budget, they must consider their taxation commitments along with rent, electricity and all other daily or monthly financial liabilities. Failure to do this will result in a financial debt that sometimes can grow to unmanageable levels.
Problem 2
Mohammed has a yearly income of $48000 and he must add to that his income of $1000 from his investment interest leaving a yearly income of $49000. He has tax deductible items with Union Dues, RRSP and Child Support of $10755. His safety deposit box is a personal item and is not tax deductible. If he was to rent a safety deposit box then he could claim the rent as a deduction. Therefore his yearly income ($49000), less his Tax Deductible sum ($10755) leaves Mahammed with a taxable income of $38, 245.
Problem 3
Irene is able to harvest tax losses to reduce tax on her portfolio and can use this loss to offset her capital gains tax. As her Toronto shares are of greater value and showing a smaller loss margin she should leave them alone. She has an $8 per share loss on Aliant, so if she sells 3200 of those shares at $25 a share she will incur a loss of $25600 and this will reduce her Capital Gains tax burden to zero.