



MORTGAGES • INSURANCE • ADVICE

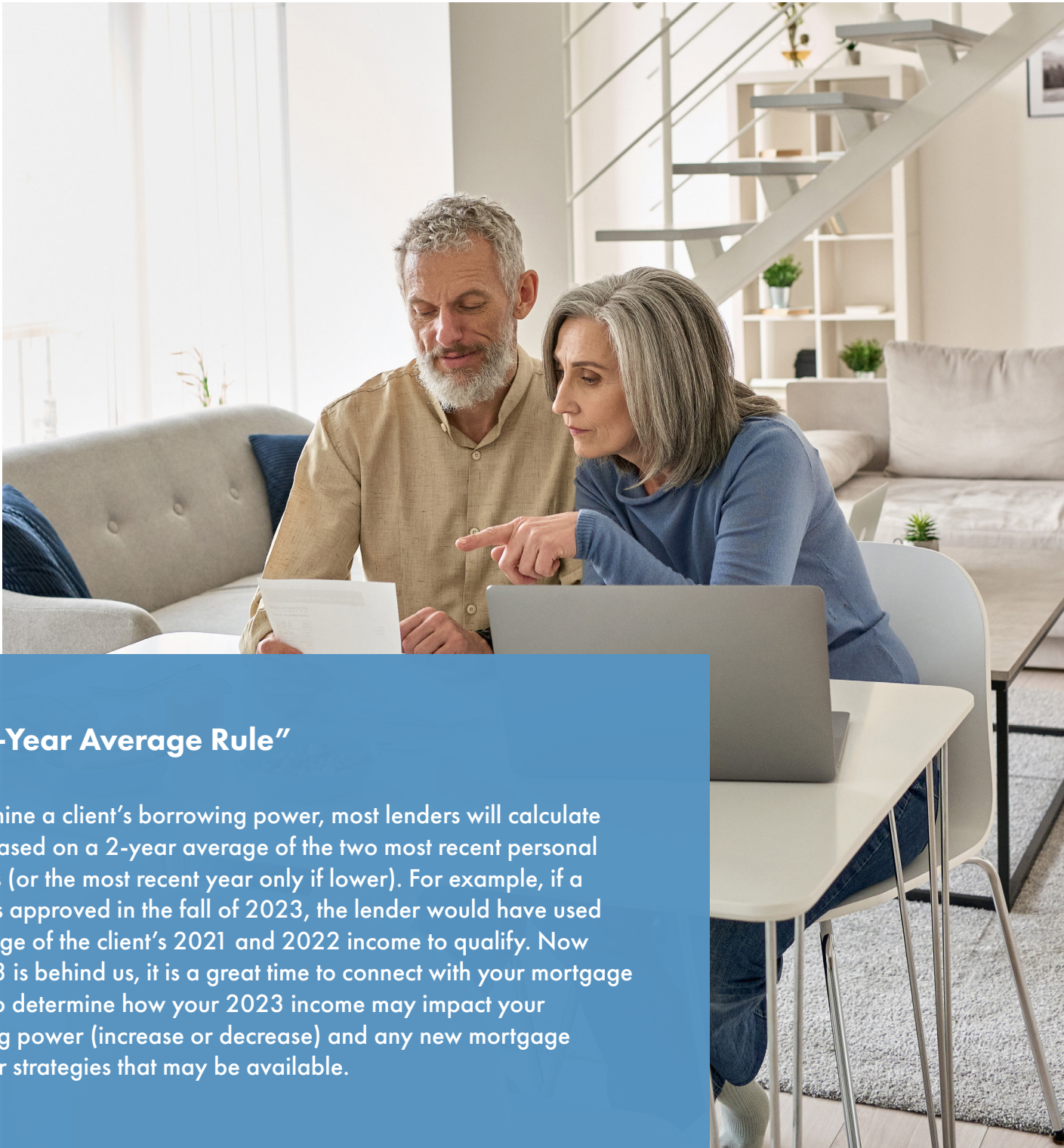


Tax Time and Mortgages

A Critical Combination

T4s, T4As, T1s, T5s, Taxes, Taxes, Taxes! With income tax filing season upon us, it is a critical time to review how your tax filing may impact your purchasing power (or refinancing options) in 2024.

What follows are some key considerations for self-employed individuals or employees/contractors that earned variable income such as bonuses, commissions, or overtime during 2023.



The “2-Year Average Rule”

To determine a client’s borrowing power, most lenders will calculate income based on a 2-year average of the two most recent personal tax filings (or the most recent year only if lower). For example, if a client was approved in the fall of 2023, the lender would have used the average of the client’s 2021 and 2022 income to qualify. Now that 2023 is behind us, it is a great time to connect with your mortgage advisor to determine how your 2023 income may impact your borrowing power (increase or decrease) and any new mortgage options or strategies that may be available.

Self-Employed - Income Tax Filing Impact

Talk to your accountant and mortgage advisor BEFORE you file your 2023 income taxes. Most self-employed individuals have some flexibility with respect to expenses claimed within their corporation and how much income they decide to distribute to themselves through salary, dividend, corporate strip, etc. When it comes to buying a home (or refinancing), these decisions are critical as they can have a direct impact on your mortgage approval amount. As there is no one size fits all solution, we regularly work in collaboration with a client's accountant to determine the most advantageous way forward. With direct access to over 30 banks, credit unions and other lenders, we can provide solutions that offer a great balance among tax efficiencies, a great rate, and maximum purchasing power.



Employees or Contractors with Variable Compensation

If you earned commission, received a bonus, work hourly, or received overtime pay, now is a great time to revisit your mortgage pre-approval to ensure everything is still in line when you are making an offer to purchase. Once 2023 T4s and T4As are available, lenders will include the 2023 income to determine your approved mortgage amount. If your 2023 income was lower than 2022, we can leverage our wide range of lenders and available products to ensure we secure the optimal solution.





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Outline Financial is an award-winning mortgage brokerage offering direct access to rate and product options from over 30 lenders including banks, credit unions, and mono-line lenders all in one convenient service. The Outline team was formed by senior level bankers and financial planners that wanted to offer their clients strategy and choice with an exceptional service experience. To learn more about the team, please visit www.outline.ca or watch a quick video at www.outline.ca/welcome.

Outline Financial Accolades:

- 5-Star Google Rating – 400+ Reviews
- 2022 Global Best In Mortgage
- 2021 CMP Top Canadian Mortgage Workplace
- 2021 Mortgage Brokerage of the Year – Canadian Mortgage Awards (CMA) Winner
- 2020 Mortgage Brokerage of the Year – Canadian Mortgage Awards (CMA) Winner
- 2019, 2021 Outstanding Customer Service Award – CMA Finalist
- 2019 Employer of Choice Award – CMA Finalist
- Top 75 Brokerages in Canada – 2018, 2019, 2020, 2021

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