

TaxWatch Canada LLP Assists Taxpayers Qualify for Tax Refunds for Often Ignored Allowable Business Investment Losses (ABIL)

Many taxpayers in Canada fail to realize that lost investments or loans to a private Canadian Corporation can be claimed as a tax refund on any type of taxable income of the investor.

November 18, 2010 (FPRC) -- VANCOUVER, British Columbia. TaxWatch Canada LLP was recently established by tax specialists to help Canadian taxpayers in specialized tax situations such as claiming an Allowable Business Investment Loss or ABIL.

Everyone knows that 80% of businesses fail within two years. Factor in the state of the current economy and there are undoubtedly many people who lost money investing in Canadian controlled private corporations, including their own. Many of these investors may think that money is gone for good. Like the weather forecast, that is not necessarily correct. For example, many taxpayers fail to realize that lost investments or loans can be claimed as a tax refund on any type of taxable income of the investor.

Established to encourage investment in small Canadian businesses, ABILS i.e. losses from the deemed disposition of shares or debt, can be carried back or forward to offset all other personal or business incomes sources. An ABIL is 50% of the investment loss. Deemed disposition can be awkward since it is unlikely you will be able to sell any shares that are now worthless, therefore provisions exist that will treat those shares or debt as if they have been disposed of. Keep in mind that the company you loaned money to or invested in must be bankrupt or be defined as insolvent.

Look at the 150% difference. Each tax dollar retrieved or saved is the same as having to earn at least 150% of any tax refund produced. For example - to end up with \$100 after tax, you must earn \$150 and then usually pay at least 33% tax. That is why retrieving tax is so worthwhile. Many loss claims are submitted to CRA without proper representation and fail because of lack of tax law knowledge and insight into the importance of proper procedures required by the CRA.

Available on their website, www.taxwatchcanada.com/guides.htm TaxWatch Canada offers a free guide called, 'What You Need to Know About Successful Allowable Business Investment Losses (ABIL)'. It may be the beginning of receiving a significant tax refund for taxpayers.

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Keywords

[allowable business investment loss](#)

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