

Are you an unincorporated self-employed worker, a member of a general partnership or an **unincorporated rental property owner** with significant personal debts or expenses and a large tax bill to pay?

Cash damming

Cash damming is a tax strategy that lets you take advantage of the interest deductibility rules by gradually converting personal debt (the interest on which is not deductible) into business debt (the interest on which is fully deductible).

How it works

1. You use your business income to cover your current expenses and gradually repay your personal debts.
2. You borrow money to cover your business expenses.
3. You can deduct the interest on the borrowed money.
4. You save on taxes.

Without cash damming you have to pay your current expenses and personal debts from your net business income. The interest payable on your personal debts is, of course, not tax deductible.

Interested in cash damming?

In light of the growing number of tax rules governing interest deductibility, you must have your accountant or tax specialist validate the appropriateness and advantages of using this technique in your specific situation.

Your accountant or tax specialist can determine:

- Whether you qualify for cash damming
- How much you could save with this technique
- What business expenses qualify for financing
- Whether the financial structure proposed by your bank for cash damming is optimal for you
- How your tax strategy will be affected by changes to tax legislation