



Key Benefits to Investing in a Qwest Flow-Through Limited Partnership

1) Reduce Taxes Paid

Similar to an RRSP, Qwest Flow-Through Limited Partnerships (“QFTLP”) are 100% tax deductible against all sources of income including employment income, interest, dividends and capital gains.

2) Reinvest and/or Double-Up Tax Savings

Investment Advisors and their clients should consider developing a comprehensive tax planning and investment strategy whereby tax savings realized from initial and ongoing investment in QFTLP’s are used to contribute to an RESP or TFSA, or to fund RRSP contributions and charitable donations, thus realizing additional tax savings. Later, when the Limited Partnership matures and rolls over (typically 18-24 months) to a mutual fund for liquidity, the mutual fund units can be donated to a registered charity for donation tax credits or registered to the client’s RRSP for additional tax savings.

3) Reduce At-Source Taxes and Tax Instalments

Salaried employees may request a reduction in at-source tax deductions (CRA Form T1213) based on an expected tax deduction obtained by investing in a QFTLP. Similarly, self-employed taxpayers may apply to reduce quarterly tax instalments based on an anticipated tax reduction by investing in a QFTLP.

4) Recover Taxes Paid From Previous Years

By investing in a QFTLP, taxpayers may be entitled to use non-capital loss carryback provisions to recoup taxes paid in prior years. This works especially well in instances where a prior year’s income (perhaps from one-time bonuses, gains from the sale of property/securities or retirement/severance packages) was significantly higher than the current year’s income.

5) Offset Capital Losses

Capital gains realized from the eventual disposition of QFTLP shares (i.e. after they are rolled over at the termination of the Limited Partnership to mutual fund units) can be offset by utilizing any capital losses the investor may have. Similarly, clients may choose to trigger losses from underperforming investments which can be used to offset the capital gains.

6) Reduce OAS Clawback

By investing in a QFTLP, a pensioner may be able to reduce net income below OAS threshold levels thus avoiding/reducing OAS clawback; future clawbacks may be reduced/eliminated by reinvesting tax savings into subsequent QFTLPs.

7) Reduce Corporate Taxes and Benefit Shareholders of Canadian Controlled Private Corporations

Various investment options may benefit private corporations and family shareholders who invest in QFTLPs by utilizing strategies that combine a units for share transfer, triggering/carrying back capital losses, sheltering capital gains against carried forward non-capital losses, and paying out tax free dividends from a corporation’s capital dividend account. Qualified tax and legal professionals should be consulted.