

Use Your Flow-Through Tax Savings To Start Your TFSA Strategy

Investors who invest in flow-through limited partnerships can use their flow-through tax savings to start their **tax-free savings account** ("TFSA") and commence a strategy to create tax-free growth inside the TFSA.

For example, here is how it can work for an investor...

- 1) Invest \$10,000 in a flow-through limited partnership and receive a 100% tax deduction;
- 2) Claim a \$10,000 flow-through tax deduction on tax return and receive \$4,500 in tax savings;
- 3) Contribute the \$4,500 in tax savings to a TFSA (investments in a TFSA grow tax-free, whether it is interest income, dividends, or capital gains).

CONCLUSION

Investors can maximize their tax savings from a flow-through limited partnership investment by investing their tax savings in a TFSA.

Notes on a TFSA:

- 1) *In-kind contributions to a TFSA are deemed to have been sold at fair market value. Depending on the in-kind contribution, a capital gain may be triggered (deemed capital losses are denied).*
- 2) *TFSA contributions are limited to initial amount of \$5,000 per year and will be indexed to inflation (i.e. annual additions to contribution amounts will be rounded to nearest \$500). Any unused TFSA contribution amounts will be carried forward indefinitely.*
- 3) *Any individual who is resident in Canada and 18 years of age or older is eligible to establish a TFSA.*
- 4) *Any amounts withdrawn from a TFSA will be added to the next year's contribution amount. Funds in the TFSA can be withdrawn at any time, for any reason, with no income tax consequences.*