



CESTNICK

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TAX MATTERS

## Here's a procrastinator's guide to the Top 10 last-minute tax tips

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If you're like my sister, you might be a connoisseur of procrastination. She's very creative and dogged in her approach to not getting things done. Then again, nothing spurs on efficiency quite like panic mode. It's always fun to procrastinate – especially when it comes to your tax planning. Fun, that is, until you get your 2025 tax bill. If you haven't started thinking about saving tax for 2025 – it's better late than never. Here's a top-10 guide for some last-minute tax savings.

Donate securities right away. You'll always save more tax by donating publicly-traded securities that have appreciated in value than by donating cash to charity. It takes a little time to do the paperwork for donating securities, but you still have enough time for 2025 if you get to this task right away. Don't wait any longer.

Donate using borrowed money. Receiving a bonus or dividends early in 2026 can defer tax until next year, which could make sense for you depending on your situation. If you expect to receive compensation or dividends early in 2026 but want to help charity and get the tax relief from a

donation credit in 2025, consider borrowing the money to donate, then pay off the loan as soon as you're paid early in the new year.

Pay your professional fees. If you're paying accounting or legal fees and want tax relief, make the payment before Dec. 31. These fees can be deductible when they're incurred to earn income from a business or property, to make tax objections or appeals, or to establish a right to income (like support payments, for example). Legal fees related to a move may be deductible as a moving expense when you qualify to claim these.

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Time your medical expenses. You can claim eligible medical expenses on your 2025 personal tax return if those costs fall in any 12-month period that ends in 2025. Consider paying these costs by Dec. 31 if you want tax relief in 2025. You could also defer claiming costs paid

this month until filing your 2026 tax return if the 12-month period you choose on your 2026 tax return includes December, 2025.

Make distributions from a family trust. If you're a trustee or beneficiary of a family trust, you should know the trust can pay tax on its income or distribute the income to beneficiaries to be taxed in their hands. The problem with taxing income in the trust is that it's subject to the highest marginal rate from the first dollar. If income is paid or payable to a beneficiary by Dec. 31, the beneficiary pays the tax.

Accrue salary or bonuses. If you're a business owner and want to claim a 2025 deduction for salary or bonuses paid to family members, or yourself, you can accrue those amounts (make them payable) without actually paying the compensation until 2026. You have to make payment on or before June 28, 2026, for the deduction to be allowed. Deferring payment will defer the personal taxes owing until 2026 while giving your business tax savings in 2025.

Trigger gains to use exemptions or losses. If you have capital losses to use up or want to take advantage of the lifetime capital gains exemption on qualified small-business corporation shares, you may want to trigger capital gains in 2025. There's still time to do this by selling on the open market or by transferring the securities to a related person or entity. Speak to a tax pro for more information.

Review your tax instalment amounts. If you pay your taxes by instalments, the last instalment for 2025 was due on Dec. 15. If you're late with this payment, make it today to minimize interest or penalties. Now, there's more than one way to calculate instalments; choose the

method that results in the fewest dollars being remitted to the taxman

Review your corporate passive income. If you have an incorporated operating business, and you earn passive investment income in that or an associated corporation, you might lose access to some or all of your small business deduction. Consider delaying the realization of capital gains, or otherwise reducing passive income in your corporation, until next year if this might be a problem.

Contribute to an FHSA. If you're a first-time homebuyer and are saving for a down payment, you should open a First Home Savings Account (FHSA). You receive \$8,000 of deductible contribution room each year once you open the account. There's a lifetime maximum contribution of \$40,000. You can carry forward unused contribution room but can only contribute up to \$16,000 in any one year. If you've opened an FHSA, contribute by year-end to keep the momentum going since the plan can only exist for 15 years.

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