

**Personal Real Estate Corporations (PRECs) are coming to Ontario.... expected October 2020.**

The basics:

- A single controlling individual owns all equity shares (i.e. voting shares) and the controlling individual is the sole director and officer of the corporation;
- The controlling individual is registered as a broker or salesperson;
- The family members (spouse, children, parents) of the controlling individual (as well as the controlling individual) may hold non-equity shares (i.e. non-voting shares) in the PREC.

The brokerage will pay your commissions to this corporation.

You will pay yourself personally from the corporation (as much or as little of the \$\$ as you want) and leave the rest or nothing at all in the corporation.

You will not be a "Broker of Record" of the PREC.

You will be required to complete a corporate AND personal income tax return every year.

You will NOT be required to maintain a separate trust account.

You will trade (advertise) as usual in your current name as a Sales Rep / Broker of RE/MAX Rouge.

It is likely that the corporation CANNOT be used for any other business (ie: side business or real estate holdings.)

The corporation does not need a fancy name ('ABC Real Estate Team) as the public and your real estate peers will never see it. The PREC can simply be a numbered company (12345 Ontario Ltd)

There is no optical benefit of having a PREC. It is simply a means of separating your business income and expenses to assist with financial planning.

**\*\* You should discuss the potential benefits (or lack thereof) for your business with your accountant. It's not for everyone.**

