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## 2015 PERSONAL INCOME TAX CHANGES

Outlined below are a number of tax items which may affect your 2015 personal income tax return:

1. **RRSP Contribution Limit:** Your RRSP contribution must be made by **February 29, 2016** to allow for a tax deduction on your 2015 tax return. The maximum RRSP deduction limit for 2015 is \$24,930 (assuming maximum 2014 qualifying earnings) plus unused RRSP room carried forward from prior years. You should review your 2014 notice of assessment to verify your limit.

The 2016 deduction limit is \$25,370.

A *non-deductible* over-contribution is also allowed up to \$2,000. Monthly penalties and interest will apply if over-contributions exceed \$2,000 so it is important that these limits are not exceeded *at any time during the year*.

2. **Tax-Free Savings Account (“TFSA”):** The 2015 contribution limit was raised to \$10,000 however the limit for 2016 is reduced back to \$5,500.

An individual who was at least 18 in 2009 has *cumulative* TFSA contribution room from 2009 to 2016 of \$46,500 (assuming no contributions have been made).

3. **Foreign Reporting Form:** Separate tax forms must be filed with CRA if you own certain foreign property or foreign investments with a combined cost exceeding \$100,000 *at any time during the year*. There are significant penalties for failure to submit these forms on time.

The foreign reporting forms have been revised again in 2015 to allow for two methods:

- **Simplified Reporting Method:** A new simplified check-the-box reporting if foreign property exceeds \$100,000 but is less than \$250,000 throughout the year.
- **Detailed Reporting Method:** Other taxpayers must continue to use the detailed reporting method with the following options:
  - Provide details for each foreign property, or
  - Taxpayers with foreign property in an account with a Canadian registered securities dealer have the option of using the ‘aggregate reporting method’ reporting the aggregate *market value* on a country-by-country basis.



4. **“2015” Ontario Personal Income Tax Rates:** The top Ontario personal income tax rates for 2015 on income in excess of \$220,000 are:
- Salary, interest and other income taxed at regular rates 49.53%.
  - Capital gains 24.77%
  - Dividends ‘eligible’ for the enhanced tax credit 33.82%
  - Non-eligible dividends 40.13%

5. **“2016” Ontario Personal Income Tax Rates:** For 2016, the Federal tax rate will *decrease* by 1.5% on income between \$45,283 and \$90,563 resulting in savings of \$679. There will be a 4% *increase* on taxable income above \$200,000.

The top Ontario personal income tax rates for 2016 on income in excess of \$220,000 are { \$220,000 is the start of the top bracket for Ontario provincial tax }:

- Salary, interest and other income taxed at regular rates 53.53%.
  - Capital gains 26.76%
  - Dividends ‘eligible’ for the enhanced tax credit 39.34%
  - Non-eligible dividends 45.30%
6. **Repayment of Old Age Security (“OAS”):** If your 2015 net income on line 236 of your personal tax return exceeds \$72,809, you will be required to repay some or all of your OAS on your 2015 personal income tax return and you will receive a reduced amount of OAS in 2016. Full repayment of OAS is required when net income reaches \$118,055.
7. **RRIF Withdrawal Rates:** The annual minimum RRIF withdrawal amounts have been reduced for 2015 for persons aged 71 to 94. If RRIF withdrawals were made in 2015 using the previous minimum withdrawal percentages, taxpayers have the option of returning the excess to their RRIF by February 29, 2016.
8. **Child Care Expenses:** The maximum deduction per child has been increased by \$1,000 for 2015 to:
- i. \$8,000 for a child under seven.
  - ii. \$5,000 for a child seven to sixteen.
  - iii. \$11,000 for a child eligible for the disability tax credit, with no age limit.
9. **Credits for Children:** Effective January 1, 2015,
- i. The monthly universal child care benefit (“UCCB”) payment previously paid for children under age six has been increased from \$100 to \$160. A new \$60 monthly amount is paid for children six to seventeen.
  - ii. Given increases in the UCCB as explained above, the child tax credit amount for children under 18 years of age previously claimed on the tax return (\$2,255 per child in 2014) is no longer available starting in 2015.



10. **Automobile Allowances:** The maximum deductible auto allowance for Ontario employers in 2016 is 54 cents per kilometer for the first 5,000 kilometers driven and 48 cents per kilometer for kilometers driven in excess of 5,000 during the year. Different rates may apply in other provinces.

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*Please contact Gary Aslett at (905) 465-3313 or [gary@aslettca.ca](mailto:gary@aslettca.ca) if you require further information on the above.*

*The material provided is believed to be accurate as of the date it is written. Tax laws are complex and are subject to frequent change. Professional advice should always be sought before implementing any tax planning arrangements.*

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