2024 PERSONAL INCOME TAX CHANGES

Outlined below are a number of items which may affect 2024 personal income tax returns. Recurring items with updated limits are listed first, followed by new items for 2024 and subsequent years. Please note that this list does not include all existing or new items which may be applicable to a taxpayer.

1. **RRSP Contribution Limit:** Your RRSP contribution must be made by **March 3, 2025** to allow a tax deduction on your 2024 personal income tax return. The RRSP deduction limit for 2024 is $31,560 (assuming maximum 2023 qualifying earnings and no pension adjustment from company pension plans) plus, unused RRSP room carried forward from prior years. You should review your 2023 notice of assessment to verify your limit and to ensure you do not over-contribute.

   The 2025 deduction limit is $32,490 which requires earned income of $180,500 in 2024.

   A *non-deductible* over-contribution is 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 annual contribution limit for 2025 is $7,000. An individual who was 18 or older in 2009 (the year that TFSA was introduced) has *cumulative* TFSA contribution room from 2009 to 2025 of $102,000 (assuming no prior contributions).

3. **Repayment of Old Age Security ("OAS"):** If your net income on line 23600 on your 2024 personal income tax return exceeds $90,997, you will be required to repay some or all of your OAS and, you will receive a reduced amount of OAS in 2025. Full repayment of OAS is required when 2024 net income reaches $148,451 (under 75) and $154,196 (75 or older). If this applied to you in prior years, part or all of your OAS may have already been withheld.

4. **Personal Income Tax Rates:** There have been no changes to the personal income tax rates in Ontario for 2024. The tax brackets continue to be adjusted each year for inflation. The lowest Ontario income tax bracket includes income up to $51,446 for 2024 with an approximate personal income tax rate of 20%. The top Ontario personal income tax rates on taxable income in excess of approximately $247,000 for 2024 are:
   - Salary, interest and other income taxed at regular rates 53.53%
   - Capital gains 26.77%
   - Dividends 'eligible' for the enhanced tax credit 39.34%
   - Non-eligible dividends 47.74%

5. **Charitable Donations Credits:** For an individual resident in Ontario, the tax credit for charitable donations is as follows:
   - 20.0% on the first $200 of charitable donations.
   - 46.4% on charitable donations in excess of $200.
   - 50.4% on charitable donations in excess of $200 to the extent the individual has taxable income exceeding $246,752 (that is, the taxpayer has income subject to the top federal personal income tax rate).

   Instead of cash donations, there is no capital gains tax payable on accrued capital gains if publicly listed securities are donated in-kind to eligible charities.

6. **Medical Expenses:** Medical expenses paid in the year (*which have not been reimbursed or covered by a medical insurance plan*) can be claimed if they exceed the lesser of two amounts: 3% of your net income (line 23600) or, $2,759.00 In Ontario, the claim results in a tax credit of approximately 20% of the amount claimed in excess of the threshold. Taxpayers can refer to the CRA Income Tax Folio S1-F1-C1 which lists eligible expenses. As a reminder, most pharmacies can provide a list of prescriptions paid during the year.

7. **Automobile Limits:** The following limits are effective for 2025 for residents of Ontario:
   - Automobile allowance rates: 72 cents/km for the first 5,000 km, then 66 cents.
   - Maximum capital cost for capital cost allowance: $38,000.00 plus taxes.
   - Deductible lease cost limit: $1,100.00/month plus taxes. {An additional restriction may apply where the value of the vehicle exceeds the $38,000.00 ceiling.}
   - Other limits may apply for zero-emission vehicles or, automobile salespersons.

8. **Important Reminders**:
   - Tax Instalments: CRA will issue instalment reminders if your personal tax owing in the prior calendar year (before deducting instalments paid for that year) exceeded $3,000.00. Instalment reminders are usually sent by CRA in February (for the March 15 and June 15 instalment) and August (for the September 15 and December 15 instalment). Interest, currently at 8%, (and possibly penalties) will apply if instalments are paid late. If you expect your current year's taxes payable to be less than the prior year, you may base your instalments on the estimated tax payable, however, interest will be charged if your estimate is too low.

   - Foreign Reporting Form: Given the significant penalties for failure to submit these forms on time, this is a reminder that separate tax forms must be filed with CRA by the due date for filing your income tax return if you own certain foreign property or foreign investments with a combined cost exceeding $100,000 CAD *at any time during the year*.

   - Sale of Principal Residence: Prior to 2016, CRA's administrative position did not require reporting the sale of a principal residence when there was no gain to include in income. You are now required to report on Schedule 3 and form T2091 (Designation of a Property as a Principal Residence by an Individual) on your personal income tax return the sale of a principal residence, *even if the gain is fully exempt*. Taxpayers failing to report this information may not be eligible to claim the principal residence exemption.

- Tuition Credits: If you have paid post-secondary tuition, please visit the school's website to download the official T2202 tuition tax credit form. If you paid tuition to post-secondary schools outside Canada, you will require form TL11A to be completed by that school. Statements of account or other fee receipts *cannot* be used to claim tuition tax credits – only form T2202 and TL11A are acceptable.

9. **Underused Housing Tax Filing ("UHT"):** Effective for 2022, the Federal government introduced a 1% tax on the value of vacant or underused residential property for certain owners. (This is a separate reporting from those implemented by certain provinces and municipalities.) 'Excluded owners' (a defined term, including Canadian citizens or permanent residents) do not need to "file" the Federal UHT return. Effective on January 1, 2023, changes to the UHT legislation amended the definition of 'Excluded owners' to include Canadian private corporations with less than 10% foreign ownership (and certain other partnerships and trusts).

   If the owner is not an 'Excluded owner', certain owners may still be eligible to can claim one of the 'Exemptions' from the tax however, the owner of the residential property ***must still submit the UHT return*** even though no tax is owing. The due date of this filing is April 30, with significant penalties assessed for late filings.

   Copy the website address below to your browser for additional information:
   https://www.canada.ca/en/services/taxes/excise-taxes-duties-and-levies/underused-housing-tax.html

10. **Trust Reporting:** In 2023 the filing requirements for trusts were expanded including the requirement to disclose settlors, trustees and beneficiaries. Bare trusts were also included in the expanded filing rules however, CRA announced in late March 2024 that bare trusts would not be required to file trust returns for 2023 (although most would have already submitted by this date).

    In 2024 CRA announced that bare trusts will not be required to file trust returns for the 2024 taxation year (unless CRA makes a direct request) as amendments to the trust filing rules are being reviewed. Filings will be required for bare trusts for the 2025 taxation year under the current proposals. The amendments and changes to these rules continue to be fluid and therefore, should be monitored to ensure compliance with the filing requirements.

    Copy the website address below to your browser for additional information:
    https://www.canada.ca/en/revenue-agency/services/tax/trust-administrators/t3-return/new-trust-reporting-requirements-t3-filed-tax-years-ending-december-2023.html#toc2

11. **Deduction of Expenses for Short-Term Rentals:** Effective for 2024, expenses will not be deductible for residential properties offered for rent for less than 90 consecutive days if the province or municipality does not permit short-term rentals at the particular location or, there is non-compliance with required registration, licenses or permits.

12. **Capital Gains Inclusion Rate:** For dispositions after June 24, 2024, the 2024 Federal Budget proposed 66 2/3% of the realized capital gain will be included in income (up from 50%) except for INDIVIDUALS where the increased inclusion rate only applies on realized capital gains in excess of $250,000 in a year. The $250,000 threshold does not apply to corporations. At the time of this publication, these proposals have been deferred to January 1, 2026.

13. **Alternative Minimum Tax ("AMT"):** Each year taxpayers with either (i) specific types of income or, (ii) tax deductions considered to be preferential, have been subject to a separate annual tax calculation with the adjusted taxable income (with tax preferences ignored) taxed at a flat minimum tax rate. This minimum tax amount is compared to the taxpayer's regular tax amount for the year. Although this calculation is done annually at the time that the personal income tax return is completed, most taxpayers may not be familiar with AMT because their regular tax calculation has been larger than the AMT calculation and therefore, AMT has not been applicable. Items included in this preferential list have been expanded effective for 2024 however, the annual exemption deductible from AMT adjusted income has also been increased from $40,000 to $173,205.

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