



Income Tax – Update 2019

Asrani CPA, Professional Corporation

Tax Rates, Credits and Calculations

Federal Individual Tax Rates and Brackets



	<u>2019</u>	<u>2018</u>
First bracket [15%]	\$0 - \$47,630	\$0 - \$46,605
Second bracket [20.5%]	\$47,631 - \$95,259	\$46,606 - \$93,208
Third bracket [26%]	\$95,260 - \$147,667	\$93,209 - \$144,489
Fourth bracket [29%]	\$147,668 - \$210,371	\$144,490 - \$205,842
Fifth bracket [33%]	\$210,372 - up	\$205,843 - up

Tax Rates, Credits and Calculations

Combined Federal and Provincial Top Marginal Tax Rates for 2019 – Salary, Interest & Capital Gains Including the Provincial Threshold Limit for the Top Marginal Bracket



<u>Province</u>	<u>Salary and Interest</u>	<u>Capital Gains</u>	<u>Threshold Limit*</u>
Newfoundland	51.30%	25.65%	\$187,914
Nova Scotia	54.00%	27.00%	\$150,001
Prince Edward Island	51.37%	25.69%	\$ 63,970
New Brunswick	53.30%	26.65%	\$157,779
Quebec	53.31%	26.65%	\$106,556
Ontario	53.53%	26.77%	\$220,001
Manitoba	50.40%	25.20%	\$ 70,611
Saskatchewan	47.50%	23.75%	\$129,215
Alberta	48.00%	24.00%	\$314,929
British Columbia	49.80%	24.90%	\$153,901
Yukon	48.00%	24.00%	\$500,001
Nunavut	44.50%	22.25%	\$147,668
Northwest Territories	47.05%	23.53%	\$140,268

Tax Rates, Credits and Calculations

Combined Federal and Provincial Top Marginal Tax Rates for 2019 – Non-Eligible & Eligible Dividends



Province	<u>Non-eligible</u> Dividends	<u>Eligible</u> Dividends
Newfoundland	44.59%	42.61%
Nova Scotia	48.28%	41.58%
Prince Edward Island	45.22%	34.22%
New Brunswick	47.75%	33.51%
Quebec	46.25%	39.99%
Ontario	47.40%	39.34%
Manitoba	46.67%	37.78%
Saskatchewan	40.37%	29.64%
Alberta	42.31%	31.71%
British Columbia	44.64%	31.44%
Yukon	42.17%	28.92%
Nunavut	37.79%	33.08%
Northwest Territories	36.82%	28.33%

Canada Training Credit (CTC)

- ❑ Refundable credit to pay for tuition and other education costs
- ❑ In 2020, \$250 per year accrues to a maximum of \$5000 (training credit limit)
- ❑ CTC limited to lesser of tuition fees of $\frac{1}{2}$ of training credit limit
- ❑ Refundable CTC reduced the non-refundable tuition credit
- ❑ Conditions includes
 - Age 26 – 65
 - Residency: Canadian
 - Income (atleast \$10K) but does not exceed 147,667 for 2019

Personal Tax Credit for Digital Subscriptions

- ❑ Claim up to 500 a year for the cost of an “eligible digital subscription”
- ❑ “Qualified Canadian Journalism Organization”

Medical Expense Tax Credits - Cannabis

- The existing medical expense tax credit allows for the cost of cannabis used for medical purposes
- in accordance with explicit regulations established under the Controlled Drugs and Substances
- Act. As of October 17, 2018, cannabis became legalized and cannabis is now regulated through
- the Cannabis Act. The modification to the medical expense tax credit provision replaces
- references to the previous legislation and adds that other cannabis products such as oil and plant
- seeds are eligible if purchased for medical purposes from a person licensed to sell under 264(1)
- of the Cannabis regulations.

Unused Tuition Credits and non-residents(formerly residents) returning to Canada

- Unused tuition/education credits do not expire on emigration
- On return to Canada, these pools can be accessed to reduce Part 1 tax liability
- Credits can also be claimed as non-resident to reduce Part 1 tax

Tax Rates, Credits and Calculations

The Amount Of Actual Cash Dividends That May Be Received Tax Free By An Individual With No Other Income



	<u>Eligible dividends¹</u>		<u>Non-eligible dividends¹</u>	
	<u>Actual^{2,4}</u> \$	<u>Taxable^{2,4}</u> \$	<u>Actual^{3,5}</u> \$	<u>Taxable^{3,5}</u> \$
Federal	52,070	71,857	26,370	30,326
British Columbia	52,070	71,857	22,710	26,117
Alberta	52,070	71,857	21,550	24,783
Saskatchewan	52,070	71,857	20,550	23,633
Manitoba	25,580	35,300	9,990	11,489
Ontario	52,070	71,857	26,370	30,326
Quebec	39,490	54,496	21,070	24,231
New Brunswick	52,070	71,857	19,020	21,873
Nova Scotia	32,405	44,719	16,585	19,073
Prince Edward Island	47,125	65,033	15,120	17,388
Newfoundland and Labrador	18,495	25,523	20,205	23,236
Northwest Territories	52,070	71,857	26,370	30,326
Nunavut	52,070	71,857	26,370	30,326
Yukon	52,070	71,857	16,375	18,831

Employment Matters Auto Deduction Limits for 2019



	2019	2018
Ceiling on Capital Cost (before sales taxes)	\$ 30,000	\$ 30,000
Leasing Cost Limit, Per Month	\$ 800	\$ 800
Maximum Interest Deduction, Per Month	\$ 300	\$ 300
Allowance – Tax Deduction Restriction		
First 5,000km	58 cents	55 cents
Over 5,000km	52 cents	49 cents
Yukon, etc.		
First 5,000km	62 cents	59 cents
Over 5,000km	58 cents	53 cents
General Prescribed Rates for Taxable Benefit		
On Personal Operating Costs	28 cents	26 cents
(Automobile Sales Employees)	25 cents	23 cents