



TAX HIGHLIGHTS 2014

SUMMARY OF SOCIAL BENEFITS AND COSTS—2014

CANADA/QUÉBEC PENSION PLAN (CPP/QPP)

- Covers employment earnings up to \$52,500 in 2014. The Year's Basic Exemption (YBE) is \$3,500.
- QPP: the employee contributes 5.175% of employment earnings in excess of YBE, to a maximum contribution of \$2,535.75; CPP: the employee contributes 4.95% of employment earnings in excess of YBE, to a maximum contribution of \$2,425.50; the employer matches employee contributions.
- The maximum monthly pension from age 65 is \$1,038.33 for pensions beginning in 2014. If taken between retirement and age 65, the QPP pension is reduced by a percentage varying between 0.5% and 0.53% per month depending on the person's year of birth and on the pension amount (maximum of 31.8%) and the CPP pension, by 0.56% (maximum of 33.6%). The pension (QPP or CPP) is increased by 0.70% per month if taken after age 65 (maximum of 42%). A person who receives a QPP or CPP pension and who contributes to one of those plans will be eligible to receive an additional pension.

OLD AGE SECURITY (OAS)

- The pension is payable from age 65 and is indexed quarterly. As of July 1, 2014, the monthly pension is \$558.71.
- An amount equal to 15% of any net income over \$71,592 in 2014 must be reimbursed, up to the full OAS amount. OAS benefits are reduced at the time of payment to reflect the expected clawback.

EMPLOYMENT INSURANCE (EI)

- In 2014, the average weekly insurable earnings are limited to \$935.
- In 2014, the employee contributes \$1.88 per \$100 of insurable earnings (\$1.53 in Québec), and the employer, \$2.632 per \$100 of insurable earnings (\$2.142 in Québec); the maximum annual contribution is \$913.68 (\$743.58 in Québec) for the employee and \$1,279.15 (\$1,041.01 in Québec) for the employer.
- Benefits up to \$514 per week in 2014.

QUÉBEC PARENTAL INSURANCE PLAN (QPPI)

- In 2014, the maximum weekly insurable earnings is \$1,326.92.
- In 2014, the employee and the employer contribute \$0.559 and \$0.782 per \$100 of insurable earnings, respectively; the maximum annual contribution is \$385.71 for the employee and \$539.58 for the employer.
- Benefits up to \$995.19 per week in 2014.

HOSPITAL AND MEDICAL CARE – INDIVIDUAL CONTRIBUTIONS

- **British Columbia:** monthly premium of \$69.25 for a single person, \$125.50 for a family of two and \$138.50 for a family of three or more (premium assistance for low-income residents).
- **Nova Scotia:** for eligible residents age 65 and over, the annual premium for optional drug coverage is \$424 (premium assistance for low-income residents).
- **Ontario:** Ontario residents earning more than \$20,000 in taxable income must pay the Ontario Health Premium to a maximum of \$900.
- **Québec:** most sources of taxable income other than employment income and OAS benefits are subject to individual contributions to the Québec Health Services Fund. The contribution cannot exceed 1% of such income; the first \$14,135 of income is exempt, and the maximum contribution is \$1,000. Since July 1, 2014, residents covered under the Drug Insurance Plan are required to pay an annual premium of up to \$611 (premium assistance offered to low-income residents). Furthermore, a progressive Health Contribution, to a maximum of \$1,000, applies to individuals who are at least age 18 by the end of 2014 and who are not exempt. An exemption applies, for example, to individuals whose family income is equal to or less than the exemption threshold applicable to the calculation of the premium for the Québec Prescription Drug Insurance Plan.

DEFERRED INCOME PLANS—2014

REGISTERED PENSION PLAN (RPP)

- For 2014, combined employer-employee contributions to a money purchase RPP may not exceed the lesser of 18% of compensation and \$24,930, subject to an overall limit if the employee also participates in a defined benefit RPP (DBRPP) or a DPSP. The amount of \$24,930 will be indexed in 2015. Allowable contributions are deductible.
- In 2014, the maximum pension per year of service under a DBRPP is \$2,770. This limit will be indexed in 2015. Employee current service contributions to a DBRPP may not exceed the lesser of 9% of the employee's compensation and the sum of \$1,000 and 70% of the pension adjustment related to the defined benefit component. Allowable current service contributions are tax-deductible; past service contributions are also tax-deductible, subject to limits.

DEFERRED PROFIT-SHARING PLAN (DPSP)

- In 2014, employer contributions to a DPSP are tax-deductible up to the lesser of 18% of remuneration and \$12,465, subject to an overall limit if the employee also participates in an RPP. The amount of \$12,465 will be indexed in 2015. No contribution may be made in respect of a specified shareholder (10% of shares or more) or a person related to that shareholder. Employee contributions are not allowed.

REGISTERED RETIREMENT SAVINGS PLAN (RRSP)

- In 2014, the RRSP deduction limit is the lesser of \$24,270 and 18% of earned income for the previous year, reduced by the pension adjustment (PA), if any, for the previous year, plus any unused RRSP contribution room since 1991. The PA, if any, is shown on the T4 or T4A slip. The amount of \$24,270 will increase to \$24,930 in 2015.
- Earned income includes salary (including taxable disability payments) less deductions allowed against employment income other than contributions under an RPP, disability pension received under the CPP/QPP, royalties, research grants (expenses deducted), taxable alimony and maintenance payments received, supplementary unemployment benefit plan payments, amounts allocated under an employee profit-sharing plan, business income and rental income from real property. Earned income is reduced by business losses, rental losses from real property, and deductible alimony and maintenance payments made.

Earned income does not include pension benefits, retiring allowances, death benefits, amounts received from an RRSP or DPSP, investment income, taxable capital gains, family allowances and Employment and Parental Insurance benefits.

- The RRSP deduction limit for a year is increased by the pension adjustment reversal (PAR) calculated for the year, if any, and is reduced by the net past service pension adjustment (PSPA) for the year, if any.

TAX-FREE SAVINGS ACCOUNT (TFSA)

- Canadian residents age 18 and over can contribute to a TFSA. For 2014, the TFSA contribution room is \$5,500 plus any unused contribution room at the end of 2013. Contributions are not tax-deductible. Withdrawals in 2014 will be added to the 2015 TFSA contribution room.

RETIRING ALLOWANCE

- A retiring allowance is fully taxable, but it may be transferred tax-free to an RPP or RRSP, subject to the following limit:
 - \$2,000 for each year of service before 1996, plus
 - \$1,500 for each year of service before 1989 for which employer contributions to either a pension plan or a DPSP have not been vested in the employee.

INCOME TAX AND MARGINAL RATES—2014

TAXABLE INCOME	BRITISH COLUMBIA		ALBERTA		SASKATCHEWAN		MANITOBA		ONTARIO		QUÉBEC		NEW BRUNSWICK		NOVA SCOTIA		PRINCE EDWARD ISLAND		NEWFOUNDLAND AND LABRADOR	
	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)
\$ 25,000	\$ 2,845	(20.06)	\$ 2,801	(25.00)	\$ 3,138	(26.00)	\$ 3,793	(25.80)	\$ 2,853	(20.05)	\$ 3,475	(28.53)	\$ 3,582	(24.68)	\$ 3,531	(23.79)	\$ 3,774	(24.80)	\$ 3,344	(22.70)
30,000	3,848	"	4,051	"	4,438	"	5,083	"	3,856	"	4,901	"	4,816	"	4,746	(29.95)	5,014	"	4,479	"
35,000	4,851	"	5,301	"	5,738	"	6,451	(27.75)	4,858	"	6,328	"	6,050	"	6,244	"	6,375	(28.80)	5,650	(27.50)
40,000	5,917	(22.70)	6,551	"	7,038	"	7,838	"	5,861	"	7,754	"	7,320	(29.82)	7,741	"	7,815	"	7,025	"
45,000	7,125	(29.70)	7,874	(32.00)	8,445	(35.00)	9,299	(34.75)	7,137	(31.15)	9,382	(38.37)	8,884	(36.82)	9,312	(36.95)	9,328	(35.80)	8,473	(34.50)
50,000	8,610	"	9,474	"	10,195	"	11,037	"	8,694	"	11,300	"	10,725	"	11,159	"	11,118	"	10,198	"
55,000	10,095	"	11,074	"	11,945	"	12,774	"	10,252	"	13,219	"	12,566	"	13,007	"	12,908	"	11,923	"
60,000	11,580	"	12,674	"	13,695	"	14,512	"	11,809	"	15,137	"	14,407	"	14,868	(38.67)	14,698	"	13,648	"
65,000	13,065	"	14,274	"	15,445	"	16,249	"	13,367	"	17,056	"	16,248	"	16,802	"	16,518	(38.70)	15,373	"
70,000	14,550	"	15,874	"	17,195	"	18,126	(39.40)	14,924	"	18,974	"	18,089	"	18,735	"	18,453	"	17,110	(35.30)
75,000	16,035	"	17,474	"	18,945	"	20,096	"	16,561	(32.98)	20,893	"	19,930	"	20,669	"	20,388	"	18,875	"
80,000	17,654	(32.50)	19,074	"	20,695	"	22,066	"	18,210	"	22,811	"	21,795	(38.52)	22,602	"	22,323	"	20,640	"
85,000	19,279	"	20,674	"	22,445	"	24,036	"	20,045	(39.41)	24,810	(42.37)	23,721	"	24,536	"	24,258	"	22,405	"
90,000	21,053	(38.29)	22,358	(36.00)	24,279	(39.00)	26,090	(43.40)	22,099	(43.41)	26,999	(45.71)	25,731	(42.52)	26,553	(42.67)	26,276	(42.70)	24,254	(39.30)
95,000	22,968	"	24,158	"	26,229	"	28,260	"	24,270	"	29,284	"	27,857	"	28,703	(43.50)	28,411	"	26,219	"
100,000	24,882	"	25,958	"	28,179	"	30,430	"	26,440	"	31,570	"	29,983	"	30,878	"	30,577	(44.37)	28,184	"
110,000	28,835	(40.70)	29,558	"	32,079	"	34,770	"	30,781	"	36,299	(47.46)	34,235	"	35,228	"	35,014	"	32,114	"
120,000	32,905	"	33,158	"	35,979	"	39,110	"	35,122	"	41,045	"	38,487	"	39,578	"	39,451	"	36,044	"
130,000	36,975	"	36,758	"	40,005	(41.00)	43,450	"	39,463	"	45,791	"	42,768	(43.84)	43,928	"	43,888	"	39,974	"
140,000	41,157	(43.70)	40,470	(39.00)	44,217	(44.00)	47,902	(46.40)	43,916	(46.41)	50,630	(49.97)	47,264	(46.84)	48,390	(46.50)	48,437	(47.37)	44,015	(42.30)
150,000	45,527	(45.80)	44,370	"	48,617	"	52,542	"	48,557	(47.97)	55,627	"	51,948	"	53,040	(50.00)	53,174	"	48,245	"
160,000	50,107	"	48,270	"	53,017	"	57,182	"	53,354	"	60,623	"	56,632	"	58,040	"	57,911	"	52,475	"
170,000	54,687	"	52,170	"	57,417	"	61,822	"	58,151	"	65,620	"	61,316	"	63,040	"	62,648	"	56,705	"
180,000	59,267	"	56,070	"	61,817	"	66,462	"	62,948	"	70,616	"	66,000	"	68,040	"	67,385	"	60,935	"
190,000	63,847	"	59,970	"	66,217	"	71,102	"	67,745	"	75,613	"	70,684	"	73,040	"	72,122	"	65,165	"
200,000	68,427	"	63,870	"	70,617	"	75,742	"	72,542	"	80,609	"	75,368	"	78,040	"	76,859	"	69,395	"
225,000	79,877	"	73,620	"	81,617	"	87,342	"	84,612	(49.53)	93,100	"	87,078	"	90,540	"	88,702	"	79,970	"
250,000	91,327	"	83,370	"	92,617	"	98,942	"	96,995	"	105,592	"	98,788	"	103,040	"	100,544	"	90,545	"
275,000	102,777	"	93,120	"	103,617	"	110,542	"	109,377	"	118,083	"	110,498	"	115,540	"	112,387	"	101,120	"
300,000	114,227	"	102,870	"	114,617	"	122,142	"	121,759	"	130,574	"	122,208	"	128,040	"	124,229	"	111,695	"
350,000	137,127	"	122,370	"	136,617	"	145,342	"	146,524	"	155,557	"	145,628	"	153,040	"	147,914	"	132,845	"
400,000	160,027	"	141,870	"	158,617	"	168,542	"	171,289	"	180,539	"	169,048	"	178,040	"	171,599	"	153,995	"
450,000	182,927	"	161,370	"	180,617	"	191,742	"	196,054	"	205,522	"	192,468	"	203,040	"	195,284	"	175,145	"
500,000	205,827	"	180,870	"	202,617	"	214,942	"	220,819	"	230,504	"	215,888	"	228,040	"	218,969	"	196,295	"

NOTES

- The marginal rate is the income tax rate applied to the last dollar of taxable income.
- This table includes federal and provincial taxes; it takes into account the basic personal tax credit granted to all individuals, the provincial surtax, if any, and the 16.5% abatement for Québec residents, but no other tax credits or tax reductions. It does not take into account the Health Premium payable by Ontario residents and the Health Contribution payable by Québec residents. (For more details, see the section *Hospital and Medical Care – Individual Contributions*.)
- This table takes into account the proposals announced in the federal and provincial budgets, as they stood on July 28, 2014.
- This table cannot be applied directly if taxable income includes dividend income.
- Even if the individual's taxable income is usually different for Québec and federal tax purposes, in this table, it is assumed that the taxable income is the same at both levels.

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