

HEALTH WEALTH CAREER

# TAX HIGHLIGHTS 2015



MAKE TOMORROW, TODAY



## SUMMARY OF SOCIAL BENEFITS AND COSTS – 2015

### CANADA/QUÉBEC PENSION PLAN (CPP/QPP)

- Covers employment earnings up to \$53,600 in 2015. The Year's Basic Exemption (YBE) is \$3,500.
- QPP: the employee contributes 5.25% of employment earnings in excess of YBE, to a maximum contribution of \$2,630.25; CPP: the employee contributes 4.95% of employment earnings in excess of YBE, to a maximum contribution of \$2,479.95; the employer matches employee contributions.
- The maximum monthly pension from age 65 is \$1,065 for pensions beginning in 2015. If taken between age 60 and 65, the QPP pension is reduced by a percentage varying between 0.5% and 0.56% per month depending on the person's year of birth and on the pension amount (maximum of 33.6%) and the CPP pension, by 0.58% (maximum of 34.8%). 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, 2015, the monthly pension is \$564.87.
- An amount equal to 15% of any net income over \$72,809 in 2015 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 2015, the average weekly insurable earnings are limited to \$952.
- In 2015, the employee contributes \$1.88 per \$100 of insurable earnings (\$1.54 in Québec), and the employer, \$2.632 per \$100 of insurable earnings (\$2.156 in Québec); the maximum annual contribution is \$930.60 (\$762.30 in Québec) for the employee and \$1,302.84 (\$1,067.22 in Québec) for the employer.
- Benefits up to \$524 per week in 2015.

### QUÉBEC PARENTAL INSURANCE PLAN (QPIP)

- In 2015, the maximum average weekly insurable earnings are \$1,346.15.
- In 2015, the employee and the employer contribute \$0.559 and \$0.782 per \$100 of insurable earnings, respectively; the maximum annual contribution is \$391.30 for the employee and \$547.40 for the employer.
- Benefits up to \$1,009.61 per week in 2015.

### HOSPITAL AND MEDICAL CARE – INDIVIDUAL CONTRIBUTIONS

- **British Columbia:** monthly premium of \$72 for a single person, \$130.50 for a family of two and \$144 for a family of three or more (premium assistance for low-income residents).
- **New Brunswick:** for eligible residents, the maximum monthly premium for optional coverage under the New Brunswick Drug Plan is \$166.66 per individual. Alternatively, eligible residents age 65 and over may apply to purchase prescription drug coverage through the Medavie Blue Cross Seniors' Prescription Drug Program (since July 1, 2015, the monthly premium is \$115 per individual).
- **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 \$14,285 of income is exempt, and the maximum contribution is \$1,000. Since July 1, 2015, residents covered under the Drug Insurance Plan are required to pay an annual premium of up to \$640 (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 2015 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 – 2015

### REGISTERED PENSION PLAN (RPP)

- For 2015, combined employer–employee contributions to a money purchase RPP may not exceed the lesser of 18% of compensation and \$25,370, subject to an overall limit if the employee also participates in a defined benefit RPP (DBRPP) or a DPSP. The amount of \$25,370 will be indexed in 2016. Allowable contributions are deductible.
- In 2015, the maximum pension per year of service under a DBRPP is \$2,818.89. This limit will be indexed in 2016. Generally, 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 2015, employer contributions to a DPSP are tax-deductible up to the lesser of 18% of remuneration and \$12,685, subject to an overall limit if the employee also participates in an RPP. The amount of \$12,685 will be indexed in 2016. 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 2015, the RRSP deduction limit is the lesser of \$24,930 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 \$24,930 will increase to \$25,370 in 2016.
- 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 2015, the TFSA contribution room is \$10,000 plus any unused contribution room at the end of 2014. Contributions are not tax-deductible. Withdrawals in 2015 will be added to the 2016 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 – 2015

TAXABLE INCOME	BRITISH COLUMBIA		ALBERTA		SASKATCHEWAN		MANITOBA		ONTARIO	
	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)
\$25,000	\$2,813	(20.06)	\$2,730	(25.00)	\$3,081	(26.00)	\$3,764	(25.80)	\$2,815	(20.05)
30,000	3,816	"	3,980	"	4,381	"	5,054	"	3,818	"
35,000	4,819	"	5,230	"	5,681	"	6,422	(27.75)	4,820	"
40,000	5,878	(22.70)	6,480	"	6,981	"	7,810	"	5,823	"
45,000	7,034	(29.70)	7,750	(32.00)	8,321	(35.00)	9,218	(34.75)	7,013	(31.15)
50,000	8,519	"	9,350	"	10,071	"	10,956	"	8,571	"
55,000	10,004	"	10,950	"	11,821	"	12,693	"	10,128	"
60,000	11,489	"	12,550	"	13,571	"	14,431	"	11,686	"
65,000	12,974	"	14,150	"	15,321	"	16,168	"	13,243	"
70,000	14,459	"	15,750	"	17,071	"	18,045	(39.40)	14,801	"
75,000	15,944	"	17,350	"	18,821	"	20,015	"	16,412	(32.98)
80,000	17,549	(32.50)	18,950	"	20,571	"	21,985	"	18,061	"
85,000	19,174	"	20,550	"	22,321	"	23,955	"	19,790	(39.41)
90,000	20,877	(38.29)	22,174	(36.00)	24,095	(39.00)	25,949	(43.40)	21,785	(43.41)
95,000	22,791	"	23,974	"	26,045	"	28,119	"	23,955	"
100,000	24,706	"	25,774	"	27,995	"	30,289	"	26,126	"
110,000	28,641	(40.70)	29,374	"	31,895	"	34,629	"	30,467	"
120,000	32,711	"	32,974	"	35,795	"	38,969	"	34,808	"
130,000	36,781	"	36,599	(36.50)	39,779	(41.00)	43,309	"	39,149	"
140,000	40,894	(43.70)	40,292	(39.50)	43,922	(44.00)	47,692	(46.40)	43,532	(46.41)
150,000	45,264	"	44,242	(39.75)	48,322	"	52,332	"	48,173	"
160,000	49,822	(45.80)	48,217	"	52,722	"	56,972	"	52,970	(47.97)
170,000	54,402	"	52,192	"	57,122	"	61,612	"	57,767	"
180,000	58,982	"	56,167	"	61,522	"	66,252	"	62,564	"
190,000	63,562	"	60,142	"	65,922	"	70,892	"	67,361	"
200,000	68,142	"	64,117	(40.00)	70,322	"	75,532	"	72,158	"
225,000	79,592	"	74,117	"	81,322	"	87,132	"	84,228	(49.53)
250,000	91,042	"	84,117	"	92,322	"	98,732	"	96,610	"
275,000	102,492	"	94,117	"	103,322	"	110,332	"	108,993	"
300,000	113,942	"	104,117	(40.25)	114,322	"	121,932	"	121,375	"
350,000	136,842	"	124,242	"	136,322	"	145,132	"	146,140	"
400,000	159,742	"	144,367	"	158,322	"	168,332	"	170,905	"
450,000	182,642	"	164,492	"	180,322	"	191,532	"	195,670	"
500,000	205,542	"	184,617	"	202,322	"	214,732	"	220,434	"

### NOTA

- 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 June 19, 2015, and Alberta's Bill 2 adopted in June 2015.

## INCOME TAX AND MARGINAL RATES – 2015

TAXABLE INCOME	QUÉBEC		NEW BRUNSWICK		NOVA SCOTIA		PRINCE EDWARD ISLAND		NEWFOUNDLAND AND LABRADOR	
	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)	TAX	(%)
\$25,000	\$3,428	(28.53)	\$3,538	(24.68)	\$3,503	(23.79)	\$3,746	(24.80)	\$3,301	(22.70)
30,000	4,854	"	4,772	"	4,718	(29.95)	4,986	"	4,436	"
35,000	6,280	"	6,006	"	6,215	"	6,346	(28.80)	5,571	"
40,000	7,706	"	7,242	(29.82)	7,713	"	7,786	"	6,946	(27.50)
45,000	9,273	(38.37)	8,754	(36.82)	9,231	(36.95)	9,247	(35.80)	8,341	(34.50)
50,000	11,192	"	10,595	"	11,079	"	11,037	"	10,066	"
55,000	13,110	"	12,436	"	12,926	"	12,827	"	11,791	"
60,000	15,029	"	14,277	"	14,788	(38.67)	14,617	"	13,516	"
65,000	16,947	"	16,118	"	16,721	"	16,437	(38.70)	15,241	"
70,000	18,866	"	17,959	"	18,655	"	18,372	"	16,966	"
75,000	20,784	"	19,800	"	20,588	"	20,307	"	18,731	(35.30)
80,000	22,703	"	21,642	(38.52)	22,522	"	22,242	"	20,496	"
85,000	24,666	(42.37)	23,568	"	24,455	"	24,177	"	22,261	"
90,000	26,805	(45.71)	25,518	(42.52)	26,413	(42.67)	26,136	(42.70)	24,050	(39.30)
95,000	29,090	"	27,644	"	28,563	(43.50)	28,271	"	26,015	"
100,000	31,376	"	29,770	"	30,738	"	30,437	(44.37)	27,980	"
110,000	36,086	(47.46)	34,022	"	35,088	"	34,874	"	31,910	"
120,000	40,832	"	38,274	"	39,438	"	39,311	"	35,840	"
130,000	45,578	"	42,526	(43.84)	43,788	"	43,748	"	39,795	(39.80)
140,000	50,359	(49.97)	46,952	(46.84)	48,180	(46.50)	48,227	(47.37)	43,818	(42.80)
150,000	55,355	"	51,636	(50.00)	52,830	"	52,964	"	48,098	"
160,000	60,352	"	56,636	"	57,830	(50.00)	57,701	"	52,378	"
170,000	65,348	"	61,636	"	62,830	"	62,438	"	56,658	"
180,000	70,345	"	66,636	"	67,830	"	67,175	"	60,963	(43.30)
190,000	75,341	"	71,636	"	72,830	"	71,912	"	65,293	"
200,000	80,338	"	76,636	"	77,830	"	76,649	"	69,623	"
225,000	92,830	"	89,136	"	90,330	"	88,492	"	80,448	"
250,000	105,320	"	101,636	(54.75)	102,830	"	100,334	"	91,273	"
275,000	117,812	"	115,324	"	115,330	"	112,177	"	102,098	"
300,000	130,303	"	129,011	"	127,830	"	124,019	"	112,923	"
350,000	155,285	"	156,386	"	152,830	"	147,704	"	134,573	"
400,000	180,268	"	183,761	"	177,830	"	171,389	"	156,223	"
450,000	205,250	"	211,136	"	202,830	"	195,074	"	177,873	"
500,000	230,233	"	238,511	"	227,830	"	218,759	"	199,523	"

- 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.

## OUR OFFICES IN CANADA

### CALGARY

222 — 3rd Avenue S.W.  
Suite 1200  
Calgary AB T2P 0B4  
403 269 4945

### EDMONTON

10180 101st Street  
Suite 680  
Edmonton AB T5J 3S4  
780 483 5288

### HALIFAX

1801 Hollis Street  
Suite 1300  
Halifax NS B3J 3N4  
902 429 7050

### LONDON

255 Queens Avenue  
Suite 2400  
London ON N6A 5R8  
519 672 9310

### MONTRÉAL

1981, avenue McGill College  
Bureau 800  
Montréal, QC H3A 3T5  
514 285 1802

### OTTAWA

55 Metcalfe Street  
Suite 550  
Ottawa ON K1P 6L5  
613 230 9348

### QUÉBEC

2954, boul. Laurier  
Bureau 690  
Québec QC G1V 4T2  
418 658 3435

### REGINA

1801 Hamilton Street  
Suite 760  
Regina SK S4P 4B4  
306 791 4558

### SASKATOON

PCS Tower  
122 1st Avenue South  
Suite 301  
Saskatoon SK S7K 7E5  
306 683 6950

### TORONTO

120 Bremner Blvd.  
Suite 800  
Toronto ON M5J 0A8  
416 868 2000

### VANCOUVER

550 Burrard Street  
Suite 900  
Vancouver BC V6C 3S8  
604 683 6761

### WINNIPEG

One Lombard Place  
Suite 1410  
Winnipeg MB R3B 0X5  
204 947 0055

### Editorial team:

Doris Legendre, LL.L., M.Fisc., Principal, Mercer  
Marie-Hélène Gagné, LL.B., Senior Associate, Mercer

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