

2021 tax planning

Provincial/territorial income tax rates¹

(current to January 2021)

British Columbia	
First \$42,184	5.06%
\$42,185 – \$84,369	7.70%
\$84,370 – \$96,866	10.50%
\$96,867 – \$117,623	12.29%
\$117,624 – \$159,483	14.70%
\$159,484 – \$222,420	16.80%
\$222,421 and over	20.50%
Alberta	
First \$131,220	10.00%
\$131,221 – \$157,464	12.00%
\$157,465 – \$209,952	13.00%
\$209,953 – \$314,928	14.00%
\$314,929 and over	15.00%
Saskatchewan	
First \$45,677	10.50%
\$45,678 – \$130,506	12.50%
\$130,507 and over	14.50%
Manitoba	
First \$33,723	10.80%
\$33,724 – \$72,885	12.75%
\$72,886 and over	17.40%
Ontario	
First \$45,142	5.05%
\$45,143 – \$90,287	9.15%
\$90,288 – \$150,000	11.16%
\$150,001 – \$220,000	12.16%
\$220,001 and over	13.16%
Quebec	
First \$45,105	15.00%
\$45,106 – \$90,200	20.00%
\$90,201 – \$109,755	24.00%
\$109,756 and over	25.75%
New Brunswick	
First \$43,835	9.68%
\$43,836 – \$87,671	14.82%
\$87,672 – \$142,534	16.52%
\$142,535 – \$162,383	17.84%
\$162,384 and over	20.30%
Nova Scotia	
First \$29,590	8.79%
\$29,591 – \$59,180	14.95%
\$59,181 – \$93,000	16.67%
\$93,001 – \$150,000	17.50%
\$150,001 and over	21.00%
Prince Edward Island	
First \$31,984	9.80%
\$31,985 – \$63,969	13.80%
\$63,970 and over	16.70%
Newfoundland & Labrador	
First \$38,081	8.70%
\$38,082 – \$76,161	14.50%
\$76,162 – \$135,973	15.80%
\$135,974 – \$190,363	17.30%
\$190,364 and over	18.30%

Yukon	
First \$49,020	6.40%
\$49,021 – \$98,040	9.00%
\$98,041 – \$151,978	10.90%
\$151,979 – \$500,000	12.80%
\$500,001 and over	15.00%
Northwest Territories	
First \$44,396	5.90%
\$44,397 – \$88,796	8.60%
\$88,797 – \$144,362	12.20%
\$144,363 and over	14.05%
Nunavut	
First \$46,740	4.00%
\$46,741 – \$93,480	7.00%
\$93,481 – \$151,978	9.00%
\$151,979 and over	11.50%

2021 Top marginal tax rates

(Federal & Provincial Rates Combined)²

	Interest	Capital gains ³	Eligible dividends	Non-eligible dividends
British Columbia	53.50%	26.75%	36.54%	48.89%
Alberta	48.00%	24.00%	34.31%	42.31%
Saskatchewan	47.50%	23.75%	29.64%	40.38%
Manitoba	50.40%	25.20%	37.78%	46.68%
Ontario	53.53%	26.77%	39.34%	47.74%
Quebec	53.30%	26.65%	40.11%	48.02%
New Brunswick	53.30%	26.65%	33.50%	47.76%
Nova Scotia	54.00%	27.00%	41.58%	48.28%
PEI	51.37%	25.69%	34.23%	45.24%
Newfoundland	51.30%	25.65%	42.61%	44.59%
Yukon	48.00%	24.00%	28.92%	44.04%
NWT	47.05%	23.52%	28.33%	36.83%
Nunavut	44.50%	22.25%	33.08%	37.80%

RRSP/TFSA contribution limits

18% of previous year's earned income to a maximum of	2021 – \$27,830
	2022 – \$29,210
TFSA Contribution Limit	\$6,000
Accumulated TFSA contribution limit ⁴	\$75,500

Withholding tax rates for RRSP/RRIF withdrawals.

	Quebec	All other provinces
Up to \$5,000	21%	10%
\$5,001 – \$15,000	26%	20%
Over \$15,001	31%	30%

2021 Federal income tax rates

First – \$49,020	15%
\$49,021 – \$98,040	20.50%
\$98,041 – \$151,978	26%
\$151,979 – \$216,511	29%
\$216,512 and over	33%
Basic personal exemption	13,808 ⁶

Attribution rules

Recipient	Gift	No or low interest loan	Loan at prescribed or commercial rate
Spouse or Partner			
Income	Attributed to "gifter"	Attributed to lender	No attribution
Capital Gains	Attributed to "gifter"	Attributed to lender	No attribution
2 nd Generation Income	No attribution	No attribution	No attribution
Child under 18			
Income	Attributed to "gifter"	Attributed to lender	No attribution
Capital Gains	No attribution	No attribution	No attribution
2 nd Generation Income	No attribution	No attribution	No attribution
Child over 18			
Income	No attribution	No attribution ⁵	No attribution
Capital Gains	No attribution	No attribution ⁵	No attribution
Corporation (excluding small business corporation)			
	Attribution may result if reason for transfer is to confer a benefit on a spouse, common-law partner, or certain children under 18 and reduce family tax payable		No attribution

Note: Attribution generally ceases on death or in cases of non-residency.

2021 Employment Insurance (EI) premiums

	All provinces/territories except Quebec	Quebec
Maximum Yearly Insurable Earnings	\$56,300	\$56,300
Employee's Premium Rate	1.58%	1.18%
Employer's Premium Rate	2.21%	1.65%
Maximum Yearly Employee Premium	\$889.54	\$664.34
Maximum Yearly Employer Premium	\$1,245.36	\$930.08

2021 Canada Pension Plan premiums

	All provinces/territories except Quebec	Quebec
Maximum Pensionable Earnings	\$61,600	\$61,600
Basic Exemption	\$3,500	\$3,500
Maximum Contributory Earnings	\$58,100	\$58,100
Employee and Employer Rate	5.45%	5.90%
Maximum Employee/Employer contribution	\$3,166.45	\$3,427.90
Maximum Self-employed contribution	\$6,332.90	\$6,855.80

2021 CPP and QPP retirement benefit.

CPP maximum monthly benefit (assuming payments begin at age 65): **\$1,203.75**
 QPP maximum monthly benefit (assuming payments begin at age 65): **\$1,208.26**

2021 Old age security (OAS) payment rates.

(January to March 2021)

Maximum monthly benefit	\$615.37 (assuming payments begin at age 65)
Maximum annual income	For the 2021 tax year, pensioners with net income of \$79,845 or more are subject to OAS clawback. Clawback rate is 15% for each dollar beyond \$79,845. OAS is fully eliminated once net income reaches \$129,075. Applicable to payments made from July 2022 to June 2023.

RRIF minimum withdrawals

Age	Withdrawal	Age	Withdrawal
60	3.33%	78	6.36%
61	3.45%	79	6.58%
62	3.57%	80	6.82%
63	3.70%	81	7.08%
64	3.85%	82	7.38%
65	4.00%	83	7.71%
66	4.17%	84	8.08%
67	4.35%	85	8.51%
68	4.55%	86	8.99%
69	4.76%	87	9.55%
70	5.00%	88	10.21%
71	5.28%	89	10.99%
72	5.40%	90	11.92%
73	5.53%	91	13.06%
74	5.67%	92	14.49%
75	5.82%	93	16.34%
76	5.98%	94	18.79%
77	6.17%	95+	20.00%

Marginal versus effective tax rates – what's the difference?

Marginal tax rate: Tax rate applicable to an additional dollar of income earned. Does not consider deductions and credits available to taxpayer.

Effective tax rate: Actual rate of tax paid by taxpayer. Considers deductions, credits and graduated tax brackets.

For more information, please visit www.bwmg.ca

¹ The table includes and assumes all proposed rates from 2020 provincial budgets, where applicable, have been passed.

² Rates include federal and provincial combined marginal tax rates, including provincial surtaxes.

³ The capital gains rate for qualifying securities donated to registered charities in-kind is 0%.

⁴ Subject to meeting certain criteria.

⁵ Anti-avoidance provision can apply to attribute income and capital gains if one of the main reasons for the loan is to reduce taxes payable.

⁶ The federal basic personal amount is gradually reduced when income is in excess of \$151,978 and reduced to \$12,421 when income reaches \$216,511.

This should not be construed as legal, tax or accounting advice. This material has been prepared for information purposes only. The tax information provided in this document is general in nature and each client should consult with their own tax advisor, accountant and lawyer before pursuing any strategy described herein as each client's individual circumstances are unique. We have endeavored to ensure the accuracy of the information provided at the time that it was written, however, should the information in this document be incorrect or incomplete or should the law or its interpretation change after the date of this document, the advice provided may be incorrect or inappropriate. There should be no expectation that the information will be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise. We are not responsible for errors contained in this document or to anyone who relies on the information contained in this document. Please consult your own legal and tax advisor.