



2017 TAX TIPS AND REMINDERS

2017 TFSA limit is \$5,500

The Tax Free Savings Account (TFSA) limit is \$5,500 for 2017.

Contributions can be made by Canadian residents aged 18 or over. Any unused contribution room can be carried forward. There is no lifetime limit to the amount of the contributions. If a person has contribution room, but no funds to contribute, he or she may contribute funds given to them by their spouse or common-law partner, with no attribution of income to the spouse or common-law partner. Note that a withdrawal in any year does not increase the TFSA room until the following calendar year. If you are thinking of making a withdrawal close to year end, make sure it is done by December 31 so you can have the withdrawal amount added back to the TFSA room sooner.

2017 and 2018 RRSP Limits

The RRSP contribution limit increases to \$26,010 in 2017 (from \$25,370 in 2016). The RRSP contribution limit increases to \$26,230 in 2018. If you or your employer do not contribute to a pension plan, your 2017 “earned income” for RRSP purposes must be at least \$145,723 to create RRSP contribution room of \$26,230 in 2018.

2017 Employment Insurance Rates

Employment Insurance (EI) rates for 2017 as of September 2016 is decreased to 1.65% of earnings for employees. The maximum annual premium increases to \$836.19 (from \$955.04 in 2015). The rate for employers is 1.4 times the employee rate or 2.282%. The maximum insurable earnings for 2017 increases to \$51,300 from \$50,800 in 2016.

2017 Canada Pension Plan Rates

The maximum pensionable earnings under the Canada Pension Plan (CPP) for 2017 will be \$55,400 - up from \$54,900 in 2016. Contributors who earn more than \$55,400 in 2017 are not required or permitted to make additional contributions to the CPP.

The basic exemption amount for 2017 remains \$3,500. Individuals who earn less than that amount do not need to contribute to the CPP.

The employee and employer contribution rates for 2017 will remain unchanged at 4.95%, and the self-employed contribution rate will remain unchanged at 9.9%.

The maximum employer and employee contribution to the plan for 2017 will be \$2,564.10 and the maximum self-employed contribution will be \$5,128.20. The maximums in 2016 were \$2,544.30 and \$5,088.60.

Canada Pension Plan Changes for Persons Between Ages 60 and 70

Beginning in 2012, employers must withhold and remit CPP on wages paid to employees between ages 60 and 70, even if the employee is collecting CPP benefits. If the employee is between 65 and 70, he or she may file an election to opt out of paying CPP. These rules also apply to self-employed individuals. To



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avoid paying CPP, the election must be filed with CRA to take effect on the first of the following month. There are several other changes related to CPP benefits. Please contact us for information.

Prescribed Interest Rates

Income tax

- The interest rate charged on overdue taxes, Canada Pension Plan contributions, and employment insurance premiums will be 5%.
- The interest rate to be paid on corporate taxpayer overpayments will be 1%.
- The interest rate to be paid on non-corporate taxpayer overpayments will be 3%.
- The interest rate used to calculate taxable benefits for employees and shareholders from interest-free and low-interest loans will be 1%.
- **Change:** The interest rate for corporate taxpayers' [pertinent loans or indebtedness](#) will be 4.50%.

Considerations for Business Owners

- Consider paying reasonable salaries to family members before year end. Reasonable salaries can be deducted by you and taxable to them at possibly lower rates.
- Businesses should purchase capital assets before year end. Assets purchased and in use before the business year end are eligible for one half of the usual capital cost allowance rate.
- Owner-managers should consider their salary/dividend mix from their corporation. If you have drawn funds from your corporation throughout the year, you should determine whether these amounts should be characterized as salary or dividends before the year end.

Planning for the Future

- ✓ Consider gifting funds or making interest-free loans to your spouse or an adult child to contribute to the Tax-Free Savings Account.
- ✓ Consider selling investments with accrued losses before the end of the year to offset any gains you have had during the year. Capital losses more than gains can be carried back three years and forward indefinitely.
- ✓ Contribute to your RRSP by March 1, 2018 to make the contribution deductible for 2017. Also remember to make your required Home Buyer's repayment by March 1, 2018
- ✓ Charitable donations, medical expenses, political donations, child care expenses, investment counsel fees and professional dues should be paid by December 31 to be creditable or deductible in the 2017 year.
- ✓ Contribute to Registered Education Savings Plans for your children by December 31. Rather than an annual RESP contribution limit there is now a lifetime contribution limit of \$50,000. When you contribute money to any RESP, the federal government will deposit an additional amount - the Canada Education Savings Grant (CESG) - equal to 20% of your contribution up to certain limits. The maximum CESG each year is \$500 (20% x \$2,500 contribution). The lifetime CESG limit is \$7,200.

Don't Miss Out!

Direct Deposit - Canada Revenue Agency will soon stop mailing tax refunds and other benefits. Be sure to set up direct deposit now. This can be done online through "My Account" (if you are registered – [see Kelly's vlog on this topic](#)), by phone (call 1-800-959-8281), by completing and mailing the Direct Deposit Enrolment Form.



Combined Federal & Ontario Tax Brackets and Tax Rates Including Surtaxes									
2017 Taxable Income	2017 Marginal Tax Rates				2016 Taxable Income	2016 Marginal Tax Rates			
	Other Income	Capital Gains	Canadian Dividends			Other Income	Capital Gains	Canadian Dividends	
			Eligible	Non-Eligible				Eligible	Non-Eligible
first \$42,201	20.05%	10.03%	-6.86%	6.13%	first \$41,536	20.05%	10.03%	-6.86%	6.13%
over \$42,201 up to \$45,916	24.15%	12.08%	-1.20%	10.93%	over \$41,536 up to \$45,282	24.15%	12.08%	-1.20%	10.93%
over \$45,916 up to \$74,313	29.65%	14.83%	6.39%	17.37%	over \$45,282 up to \$73,145	29.65%	14.83%	6.39%	17.37%
over \$74,313 up to \$84,404	31.48%	15.74%	8.92%	19.51%	over \$73,145 up to \$83,075	31.48%	15.74%	8.92%	19.51%
over \$84,404 up to \$87,559	33.89%	16.95%	12.24%	22.33%	over \$83,075 up to \$86,176	33.89%	16.95%	12.24%	22.33%
over \$87,559 up to \$91,831	37.91%	18.95%	17.79%	27.03%	over \$86,176 up to \$90,563	37.91%	18.95%	17.79%	27.03%
over \$91,831 up to \$142,353	43.41%	21.70%	25.38%	33.46%	over \$90,563 up to \$140,388	43.41%	21.70%	25.38%	33.46%
over \$142,353 up to \$150,000	46.41%	23.20%	29.52%	36.97%	over \$140,388 up to \$150,000	46.41%	23.20%	29.52%	36.97%
over \$150,000 up to \$202,800	47.97%	23.98%	31.67%	38.80%	over \$150,000 up to \$200,000	47.97%	23.98%	31.67%	38.80%
over \$202,800 up to \$220,000	51.97%	25.98%	37.19%	43.48%	over \$200,000 up to \$220,000	51.97%	25.98%	37.19%	43.48%
over \$220,000	53.53%	26.76%	39.34%	45.30%	over \$220,000	53.53%	26.76%	39.34%	45.30%

Marginal tax rate for dividends is a % of actual dividends received (not grossed-up amount).
 Marginal tax rate for capital gains is a % of total capital gains (not taxable capital gains).
 Gross-up rate for eligible dividends is 38%, and for non-eligible dividends is 17%.
 The surtax is calculated before deducting dividend tax credits.
 For more information see [Ontario dividend tax credits](#).
 Marginal tax rates do not include the [Ontario Health Premium](#), which increases the above rates by up to 1.2%



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Ontario Surtaxes					
2017			2016		
Surtax rate (included in above rates)	20%	36%	Surtax rate (included in above rates)	20%	36%
Surtax is on ON tax greater than	\$4,556	\$5,831	Surtax is on ON tax greater than	\$4,484	\$5,739
Person with only basic personal amount - surtax starts at taxable income of	\$74,313	\$87,559	Person with only basic personal amount - surtax starts at taxable income of	\$73,145	\$86,176
The 36% surtax is in addition to the 20% surtax, for a total surtax of 56%. The surtax increases the 13.16% tax rate to 20.53% (13.16% x 1.56). Surtaxes are calculated before deducting dividend tax credits.					
Ontario Basic Personal Amount					
2017 Personal Amount	2017 Tax Rate		2016 Personal Amount	2016 Tax Rate	
\$10,171	5.05%		\$10,011	5.05%	
Federal Basic Personal Amount					
2017 Personal Amount	2017 Tax Rate		2016 Personal Amount	2016 Tax Rate	
\$11,635	15%		\$11,474	15%	