

2016

Change in Personal Tax Rate

Commencing January 1, 2016 the tax rate for income ranging between \$45,000-\$90,000 (the second income tax bracket) will decrease to 20.5%. This is a 1.5% decrease from the previous year's rate of 22%, which will generate a maximum savings of about \$670.

TFSA Contribution Limit

Starting January 1, 2016, the annual Tax free Savings Account contribution limit will return to the previous limit of \$5,500 prior to the limit of \$10,000 in 2015. The \$10,000 contribution limit for 2015 will still be in effect for 2015.

Donation Tax Credit

A 33% donation tax credit will be available on donations greater than \$200, for individuals with income greater than \$200,000.

Home Accessibility Tax Credit

The new home accessibility tax credit is a non-refundable credit and provides a 15% tax relief on eligible expenditures of those up to \$10,000. Eligible expenditures include any renovations to a qualified dwelling that is meant to enhance mobility or reduce risk of harm for qualifying individuals (persons 65 years of age or older and persons eligible for the Disability Tax Credit).

Universal Child Care Benefit

The Universal Child Care Benefit (UCCB) payments will increase by \$60 per month for all children under the age of 18. Effective January, 2015 parents shall receive \$160 per month for all children under the age of six, and \$60 a month for children aged 6-17. This is effective January, 2015 however you will not receive any cash until July, 2015. A Canada Child Benefits Application Form may also need to be completed if the parents have not previously completed such form or to those who situation has changed.

Fitness Tax Credit

The fitness tax credit will remain at the current rate of 15% and provide tax relief on eligible expenditures of up to \$1,000, giving eligible individuals a maximum tax credit of \$150.

Canada Child Benefit

The new Canada Child Benefit will replace the former Universal Child Care Tax Benefit, National Child Supplement, and the Child Tax Benefit. This benefit will provide a base amount of \$6,400 for children under the age of 6 and \$5,400 for children aged 6-17. Payments will be reduced based on a percentage of family income level, with no reduction occurring on income levels below \$30,000. To receive your benefits you must file your return on time every year (even if you do not have an income in the year).

Medical Residency Programs

Medical residents must have a valid Form T2202A to claim the Education and Textbook Tax Credits.

Canada Pension Plan

Starting January 2016 the maximum annual Canada Pension Plan (CPP) amount equals \$54,900 with the basic exemption remaining at \$3,500 and the contribution rate remaining at 4.95%. The maximum annual employee contribution will therefore be \$2,544.30.

Fraud- Beware of new Telephone Scams

There has been a noted increase in the number of telephone scams from callers who claim to be from the CRA, but are not. These callers are demanding that taxpayers pay a fictitious fee using aggression and the CRA as a platform. Please be aware of these phone calls and note that the CRA does not leave personal information on your answering machine as they have a procedure to make sure your personal information is safe. If you do receive a fraudulent telephone call it is best advised to hang up and report it to the Canadian Anti- Fraud Centre.