PAUL RIOUX CPA inc.

Planification financière et fiscale

FISCAL AND FINANCIAL PLANNING GUIDE 2024-2025

Please find enclosed our updated Fiscal and Planning Guide for 2024-2025, to which we have added a few new topics.

This guide was published for the first time during the 2022-2023 tax season. Each year, we add subjects that are susceptible of interesting our clients, considering the most frequently asked questions. For example, this year we added a section regarding the return on investments and elaborated the Family section (new parental union regime, surrogate mothers).

To make it easier for you to read, and to help you target topics that may be of interest to you and your family members, the guide is presented by theme, with important concepts highlighted.

Enjoy your reading!

Interactive Table of Content

(CTRL + CLIC TO FOLLOW THE LINK)

On our website, you'll also find a summary of income tax and financial news for the 2024-2025 season.

Charitable donations

Charitable donations tax credit

The following table shows the tax credit rate based on the amount of donations and the taxpayer's income.

	Donation credit 2024 Taxpayer income		
Donation amount	Up to $126,000	$126,000 to $246,752	Over $246,752
Up to $200	32,5 %	32,5 %	32,5 %
More than $200	48,2 %	50,0 %	53,3 %

Public corporation shares

If you think about selling stocks and you make donations, it might be more interesting to donate these stocks rather than to make donations in cash.

Indeed, if you give the shares, you will be exempt from the 25% tax on capital gains when you are taxed at the maximum rate.

For example, you hold Bank XYZ shares paid $ 6,000 and whose current value is $ 10,000. Their sale would result in a $ 1,000 income tax corresponding to 25% of the realized $ 4,000 capital gain.

If you instead donate these shares, you will be entitled to the usual $10,000 donation receipt corresponding to the market value of $10,000 and save $ 1,000 on the exempted capital gain tax.

Large donation in culture

A significant monetary donation in culture (e.g., museum, cultural organization) from $5,000 to $25,000 entitles you to an additional 25% credit in Quebec. For example, a taxpayer with income over $246,752 would be eligible for a total credit of 78% (53% + 25%). Please note that this additional credit can only be applied **to one donation** and can only be used one time.

Cultural Patronage Donation Credit

A donation of at least $25,000 in the field of arts or culture qualifies for a 30% credit in Quebec for a total credit combined with the federal government of 58% in the case of a taxpayer with an income of more than $246,752.

Back

Donation of ecologically sensitive property

A tax credit may be claimed for the donation of ecologically sensitive property (generally land), including a minimum 100 year easement, to one of the following organizations:

- Government of Canada
- Municipality
- Registered charity approved by the Minister of Environment and Climate Change Canada (ECCC)

A private foundation cannot receive a donation of ecologically sensitive land.

Eligible lands

The Minister of ECCC must have certified that the conservation of the land and its protection are important to the preservation of environmental heritage. The Minister also determines the fair market value of the land.

The donation amount is not subject to an income limit and can be carried forward for 10 years instead of the usual 5.

Capital gains on donations of eligible ecologically sensitive property are tax-exempt.

Donation credit for life insurance

If you wish to make a more substantial donation to a charity, using a life insurance policy may be an interesting strategy. The charity will naturally have to be patient, waiting to collect the life policy proceeds following the donator's death. Charities generally refer to the concept of *Planned Donations* for this type of donation.

There are two main strategies for using a life policy.

Annual premiums deduction

If the Charity is the owner and the beneficiary of the policy, annual premiums paid by the donator are tax deductible (ex: $ 500 yearly). The insurance proceeds eventually paid to the Charity (ex: $100,000) will however not give right to a tax credit since the insurance contract already belonged to the Charity.

Deduction of insurance benefits

If the donator is the owner of the insurance contract and the Charity is named beneficiary, annual premiums (ex: $ 500) will be **not** tax deductible because the donator remains the owner of the contract. The insurance benefits
(ex: $ 100,000) received by the Charity upon death of the donator will give right to a significant tax credit to the donator estate.

This last approach may be particularly useful when a high tax bill is anticipated upon death. For example, for someone who owns real estate, a business, etc.

Donations of life insurance policies		
Policy owner (holder)	Annual deduction of premiums	Death benefit deduction against death taxes
Taxpayer Charitable organization	No Yes	Yes No

Back

Other strategies

There are more targeted ways to make donations with tax benefits. For example:

- Donations of works of art by Canadian artists to museums and public institutions;
- Some organizations such as the Foundation of Greater Montreal matches donors and organizations that offer grants. Donations thus lead to a multiplying effect of the sums received by the Charity, often in the art and culture activities;
- Donations of a building for cultural purposes to accommodate artists or cultural organizations.

Official donation receipts

In its 2024 budget, the government proposes to expressly authorize charities to issue official donation receipts electronically. In addition, to simplify the preparation process, certain information that must appear on receipts will no longer be required (e.g., date of receipt remittance, donor's middle initial).

Back

Medical expenses

The medical expenses tax credit is 32.5% (12.5% at the federal level and 20% for Quebec).

Reduction of medical expenses

Medical expenses are reduced based on net income.

At the federal level, medical expenses are reduced by 3% **of individual net income**.

For example, a taxpayer earning $60,000 will be able to claim 12.5% credit on medical expenses that exceed $1,800 ($60,000 x 3%). Medical expenses cannot be reduced by more than $2,635. Thus, a taxpayer with an income exceeding $91,966 will be able to claim medical expenses exceeding $2,759 ($91,966 x 3%)

In Quebec, the rule is much more penalizing, because medical expenses are reduced by 3% of **family net income**, with no reduction limit. For example, if the family net income is $300,000, only the portion of medical expenses that exceed $9,000 ($300,000 x 3%) will be eligible for the 20% credit.

Medical expenses		
	Federal	**Quebec**
Credit rate	12.5%	20%
Income related reduction	▪ 3% of taxpayers' net income up to $ 91,966 ▪ Maximum reduction of $ 2,759	3% of family net income reduction without limit

Eligible fees

- Pharmacy prescriptions (portion not covered by insurance);
- Dentist, eyeglasses, chiropractor, etc;
- Premiums paid to a health insurance company (e.g. through your employer, a professional association or private company);
- In Quebec, health insurance premium paid by the employer (box J of the Relevé 1);
- Quebec Drug Insurance Plan Contributions.

Strategies

- Medical expenses for a spouse or minor child may be grouped with those of a taxpayer. Thus, at the federal level, the income-based reduction would apply only once.
- At the federal level, it is often advantageous to claim medical expenses on the tax return of the spouse with the lowest net income when the net income is less than $91,666.
- If you are considering orthodontic treatment for a child, it may be beneficial to make an agreement with the dentist to pay for them in one single amount rather than over two or three years. This would make it possible to be penalized only once by income-related reduction. A discount could be negotiated with the dentist if all fees are paid in one payment at the beginning of treatment rather than over 2 or 3 years.

In Quebec, travel and accommodation expenses are eligible expenses when medical care is not available within 200km of home.

Back

If you have retired and are no longer covered by a health insurance through your employer or professional association, it is important to let us know because you will have to pay the Quebec Drug Insurance Plan contribution that will be calculated on your Quebec tax return (maximum $737 for each spouse).

Medical fees
Main documents to provide us

- Annual electronic prescriptions report from the pharmacy (please do not send us receipts issued during the year). The report can be requested at the pharmacy counter and increasingly directly from the pharmacy website;
- Receipts of other eligible expenses not covered by your insurance company;
- **Detailed** annual report of medical expenses claimed from your private insurance company if applicable;
- Receipts for premiums paid to your private insurance company if applicable.

Useful links (Ctrl + clic to follow the link)

- https://www.canada.ca/fr/agence-revenu/services/impot/particuliers/sujets/tout-votre-declaration-revenus/declaration-revenus/remplir-declaration-revenus/deductions-credits-depenses/lignes-33099-33199-frais-medicaux-admissibles-vous-pouvez-demander-votre-declaration-revenus.html
- https://www.revenuquebec.ca/documents/fr/publications/in/IN-130%282022-10%29.pdf

Back

Canadian Dental Care Plan (CDCP)

The federal government is phasing in the dental insurance plan (CDCP) in 2024.

Eligibility requirements :

- Being a Canadian citizen
- Having a net family income of less than $90,000
- Having no access to a private dental plan

Eligible persons :

- 65 years old or over
- Under 18 years old
- Disabled

How it works

Eligible individuals receive a letter from Service Canada inviting them to register to the program.

They can then call 1-833-537-4342 to register, providing the following information :

- Code included in the letter
- Social insurance number

A welcome kit is then sent to the eligible person by Sun Life Company, which has been mandated by the federal government to administer the program. The eligible person can then make an appointment with the dentist, ensuring that he or she has also registered to the program.

Dentists can register voluntarily to the program administered by the Sun Life company. Dentists receive reimbursements directly.

It is to be noted that contrary to the Québec Drug Insurance Plan, there is no premium payable for the federal dental insurance plan.

Services covered

The main services covered are as follows:

- Diagnostics (e.g. examinations, X-rays)
- Restoration (e.g., dental caries, crowns)
- Endodontics
- Prevention (e.g. polishing, scaling)
- Prosthodontics (e.g. dental protheses)
- Oral surgery
- Orthodontics

The program imposes certain limits on the frequency of services eligible for reimbursement.

Back

Reimbursements

Dental expense reimbursements vary according to net family income.

Net family income	Reimbursements according to CDCP program rates
$	%
Under 70,000	100
70,000 – 79,999	60
80,000 – 89,999	40
90,000 and more	0

It's important to note that dentists may charge more than the government-approved fee. This extra charge will be borne by the patient and will not be reimbursed.

This supplement may also qualify as a medical expense when preparing personal tax returns.

Back

Political contributions

Only contributions to federal or municipal political parties are eligible for a tax credit. Contributions to a Québec political party are not eligible for a tax credit since 2013.

Credit rate		
Amount $	**Rate %**	**Credit $**
Contributions to a federal party		
0 – 400	75	300
401 -750	50	175
751 – 1275	33 1/3	175
Total		**650**
Contributions to a municipal party		
0 – 50	85	43
51 – 200	75	112
Total		**155**

Digital news subscriptions

At the federal level, a tax credit may be claimed in respect of digital news subscriptions to a Qualified Canadian Journalism Organization (QCJO). Generally speaking, it is a digital newspaper that publishes original news.

Digital news subscription credit	
Maximum expenses	$ 500
Credit rate	12.5 %
Tax savings	$ 63

If your subscription qualifies for the credit, a QCJO number will appear on your receipt.

Organizations that also provide broadcasting services or print content are not eligible.

Note that some digital newspapers have been granted a charitable organization status (e.g.: La Presse) and that your contributions may instead qualify for a charitable donations tax credit that is more generous than the previous credit.

This deduction can be claimed for the last time in 2024.

Back

Luxury Goods Tax

The federal government has put in force a tax on luxury goods acquired for personal use such as cars, boats and even aircrafts (planes, helicopters, planners) on sales or rentals made after September 1st, 2022.

The following table shows the amounts above which the tax applies.

	Cost above which the tax applies ($)
Automobiles	100,000
Boats (built after 2018)	250,000
Aircrafts (built after 2018)	100,000

The tax will be the least of :

- 20% of the excess of the previous thresholds
- 10% of the value of the asset

Luxury Goods Tax		
Cost of the asset	**Automobiles and aircrafts**	**Boats**
($)	**($)**	**($)**
100,000	-	-
150,000	10,000	-
250,000	**25,000**	-
300,000	30,000	10,000
400,000	40,000	30,000
500,000	50,000	**50,000**

We can notice that the luxury tax will reach its maximum of 10% for cars and aircraft costing $250,000 or more and for boats costing $500,000 or more.

Exchange of vehicles

The value of a vehicle that is given in exchange is not taken into consideration when calculating the luxury tax. The luxury tax is calculated on the gross price of the new vehicle.

The value of the exchanged vehicle can however be applied in reduction of the final selling price for GST/QST calculating purposes, as before.

Used Vehicles

The luxury tax does not apply on used vehicles,

Vehicle renting

The luxury tax will be payable by the dealer or the rental company when the vehicle is bought to rent it afterward. These will therefore be considered the initial cost and residual value when calculating the monthly rental payments.

Back

Tuition tax credit

Eligible tuition fees are eligible for a 20.5% tax credit.

Tax credit for tuition		
Federal	**Quebec**	**Total**
12.5%	8%	20.5%

Let's recall that following the saga of the *Carrés Rouges* during the *Printemps Érable* in 2012, the Quebec's Government had quietly reduced the tuition tax credit rate from 20% to 8%.

This reduction has proven to be much more punitive than the original proposal to index tuition fees to the cost of living but has gone unnoticed.

Eligible fees

The main eligible tuition fees are those paid for post-secondary education at the following education establishment:

- University;
- CEGEP;
- College offering a Diploma of Vocational Studies (DVS).

Tuition paid for primary and secondary schools are unfortunately not deductible.

Textbooks and other supplies are also not eligible expenses for the credit.

If the child does not pay enough income tax to claim the tuition credit, the unused portion of the fee can be transferred to the parents (maximum $5,000 at the federal level) or carried forward by the student himself to a future year.

It should be noted that, regardless of who claims the fees, the tax savings will be the same at 20.5% because it is a credit.

Eligible expenses appear on the federal **T2202 and Relevé 8 in Quebec**. Students usually have to download these tax forms from their school's Internet site from their student file. Most institutions no longer send them by mail.

It is important that the T2202 statement be signed on the back by the student.

Back

Tax credit for interest paid on student loans

Interest charges paid on a student loan qualify for a 32.5% tax credit.

Tax credit for interest paid on student loans		
Federal	**Quebec**	**Total**
12.5%	20%	32.5%

Only amounts for interest paid on student loans under the Quebec Student Financial Assistance Act or the Canada Student Loans Act are eligible. Interest paid on a student line of credit offered by financial institutions is not eligible.

The unused portion of the costs can be carried over five years at the federal level and without limits in Quebec.
It is not transferable to parents.

Students must obtain the statement of annual interest charges on eligible loans from their financial institution.

Moving expenses

If, at the end of his studies, a student has to move to occupy a dwelling closer to 40km or more of their place of work, he could deduct some moving expenses. For example:

- Hotel, meals while searching for new accommodations;
- Penalty for terminating the former lease;
- Furniture storage costs;
- Moving Truck Expenses.

Quebec Solidarity tax credit and GST tax credit

If your children are aged 18 or more and are still pursuing their studies, they should be receiving the Quebec Solidarity Credit payments or GST payments. If not, it would be important to inform us and send us a void cheque from their bank account so they can be registered to direct deposit when producing their income tax returns.

Governments require them to register for direct deposit in order for the payments to go into their bank account.

The Solidarity tax credit is in the order of $350 if the child lives with you and can be in the order of $1,300 if he lives in his apartment on December 31, 2024, in which case he must obtain a Relevé 31 from his owner. The GST credit amounts to around of $340.

Back

Lifelong Learning Plan (LLP)

The LLP was introduced in 1999 when the economy was in recession and many workers were losing their jobs, often with little hope of finding one in the same industry.

The purpose of LLP is to allow tax-free withdrawals from the registered retirement savings plan (RRSP) in order to fund full-time education to acquire new knowledge and allow for a career realignment or further specialization.

Eligible Education Programs

Eligible post-secondary programs must be for a minimum of 3 cumulative months, during which the student must devote at least 10 hours per week.

Programs offered for the following institutions are generally eligible:
- University;
- CEGEP;
- College offering a Diploma of Vocational Studies (DVS).

> For the purpose of the LLP, Medical Residents are considered to be in an eligible training program and may use this strategy.

How the plan works

The LLP works in a similar way to the Home Buyer's Plan (HBP), and some call it the "Education HBP".

Withdrawals

The LLP allows to withdraw tax-free $10,000 annually from the RRSP with a maximum cumulative amount of $20,000 over 5 years.

For a couple, it is possible to withdraw up to $40,000 from the RRSP, or $20,000 from each spouse's RRSP, to finance the education of one spouse.

Repayments to RRSP

Refunds to the RRSP must begin no later than:
- 2 years after returning to school
- 5 years after 1st withdrawal

Repayments must be made over 10 years in 10 equal payments.

Special cases

The balance of the LLP must be fully repaid at age 71 or if the person ceases to be a resident of Canada.

LLP	
Amount that can be withdrawn from the RRSP ▪ **Annual** ▪ **Cumulative (on 5 years)**	 $ 10,000 $ 20,000
Start of repayments	At the latest : ▪ 2 years after the end of the studies ▪ 5 years after the first withdrawl
Annual repayment	1/10 of the amount withdrawn (on a 10 years period)

Registered retirement savings plan (RRSP)

The RRSP was introduced in 1957 at the federal level and in 1959 in Quebec.

Maximum deduction

The maximum deduction for 2024 is $31,560. It is calculated as 18% of the previous year's earned income.

RRSP		
	Maximum deduction $	Earned income required $
2023	30,780	175,333
2024	31,560	180,500
2025	32,490	187,333
2026	33,810	-

The earned income required in 2025 is $187,833 to maximize the RRSP of $33,810 in the following year, 2026.

If you are a member of a Registered Pension Plan (RPP) or an Individual Pension Plan (IPP) or a Deferred Profit Sharing Plan (DPSP), the maximum RRSP contribution will be reduced by the Pension Adjustment (PA) in box 52 of your federal Employment Tax Slip (T4).

Earned income

Earned income for the purpose of calculating the RRSP contribution consists primarily of:

- Employment income
- Self employed income
- Rental income

Investment or retirement income are not considered as earned income.

Spousal RRSP

An individual can contribute based on his own contribution room to their spouse's RRSP. He will benefit from his RRSP deduction and the spouse will be taxed on the withdrawal at retirement. This strategy can be beneficial if the spouse is expected to have a lower income at retirement. It should be noted that if the spouse is a common-law spouse, the spousal RRSP contribution is in fact a gift to the spouse that he or she will keep in case of separation.

End of RRSP

The RRSP matures in the year the individual turns 71.

At the latest in the year an individual is aged 71, the RRSP must be transferred to a Registered Retirement Income Fund (RRIF) or can be used to purchase an annuity.

Back

Tax Free Savings Account (TFSA)

The TFSA was established in 2009.

The purpose of the plan is to encourage Canadians to make more savings.

How the TFSA works

Unlike RRSPs, contributions are not tax deductible and withdrawals will not be taxable. Investment income (interest, dividends, capital gains) earned in the TFSA accumulates tax-free and can be withdrawn tax-free.

Contributions

The annual TFSA limit is $7,000 in 2025. The cumulative limit since its introduction in 2009 is therefore $102,000 in 2025 as illustrated in the following table.

Year	TFSA ceiling ($)	Year	TFSA ceiling ($)
2009	5,000	**2018**	5,500
2010	5,000	**2019**	6,000
2011	5,000	**2020**	6,000
2012	5,000	**2021**	6,000
2013	5,500	**2022**	6,000
2014	5,500	**2023**	6,500
2015	10,000	**2024**	7,000
2016	5,500	**2025**	7,000
2017	5,500	**Total**	102,000

Unused contributions can be reported in future years.

The minimum age to contribute is 18 years old but there is no maximum age. A retiree of more than 71 years of age can contribute to a TFSA even if it can no longer contribute to an RRSP.

Contributions exceeding the allowed maximum are subject to a 1 % monthly penalty on each dollar in excess. There is no $ 2,000 cushion like in the case of the RRSP.

It should be noted that RRSP's and TFSA's are independent plans and contributions can be made to either one without influencing the amounts that can be contributed for the other plan.

Withdrawals

Amounts withdrawn from a TFSA are not taxable (neither the invested capital, nor the accumulated investment income).

Amounts can be withdrawn at any time from a TFSA. There is no minimum period of detention for investments in the TFSA to benefit from the non-taxation of the invested income at the time of withdrawal.

It is important to note that amounts withdrawn in a year from a TFSA can be reinvested in the TFSA in the year following the withdrawal or after

Back

	RRSP	TFSA
Contributions		
Deduction	Yes	No
Maximal annual contribution in 2024	18 % of earned income (maximum $ 31,560) Reduction if participation to the employer pension plan	$7,000
Can be differed	Yes	Yes
Contribution to spouse plan	According to own contributions rights	According to spouse's contributions rights
Annual contribution deadline	60 days after year end	December 31st
Minimum age	No	18 years old
Excess contributions - Cushion - Penalty	 $2,000 1 % monthly	 None 1 % monthly
Income		
Accumulation	Non taxable	Non taxable
Withdrawals		
Taxable	Yes	No
Possible reinvestment	No	Yes
Transfer to or from RPP	Yes	No
Maximum age	71 years old	No limit
Other considerations		
Loan guarantee	No	Yes
Interest on loan incurred for contributions	Not deductible	Not deductible
Family patrimony	Yes	No

Back

TFSA or RRSP?

Should we favor the RRSP or the TFSA when our savings do not allow us to contribute to both?

The following example demonstrates that if the tax rate is equal at the time of contribution and at the time of withdrawal, the TFSA and the RRSP will give the same results if the tax savings generated by the RRSP are annually reinvested in the TFSA.

	Scenario 1		Scenario 2
	RRSP	TFSA	TFSA
Contribution	$5,000	-	$5,000
Reinvestisment of tax savings (50 %)	-	$2,500	-
Value after 10 years (Return of 6 %)	$8,954	$4,477	$8,954
Tax on withdrawals (50%)	($4,477)	-	-
After tax value	$4,477	$4,477	$8,954
	$8,954		$8,954

The net after tax amount in the two scenarios is identical at $ 8,954 because the tax rate of the taxpayer is the same at the time of the contribution (50 %) and at the time of the withdrawal (50 %).

If the tax rate is lower upon retirement, the RRSP will give a better result while if the tax rate is higher upon retirement, the TFSA will be more effective.

The key factor resides in the difference between the tax rate at the time of contribution and at the time of withdrawal.

Tax rate at the time of the withdrawal compared to tax rate at the time of contribution	Plan to favor
Lower	RRSP
Equal	Neutral
Higher	TFSA

Back

Workers' Fund
Fonds de Solidarité (FTQ)
Fondaction (CSN)

History

Labour-sponsored funds were created in the wake of the economic crisis of the early 1980s, to support Quebec businesses and prevent major job losses.

The Fonds de solidarité FTQ was first created in 1983, and the Fondaction CSN several years later, in 1996.

Tax credits

The purchase of shares in labour-sponsored funds entitles the buyer to a 30% tax credit, i.e. 15% at the federal level and 15% in Québec. The maximum annual limit for the purchase of fund shares is $5,000, giving a maximum credit of $1,500.

In addition, shares are RRSP-eligible, which can represent total tax savings of between 58% to 83%, as illustrated in the table below

Taxable income	Tax savings in 2023			Net cost Contribution $5,000
	RRSP	Funds	Total	
$	%	%	%	$
20,000	28	30	58	2,100
55,000	37	30	67	1,650
110,000	41	30	71	1,450
165,000	49	30	79	1,050
235,000	53	30	83	800

High-income individuals

The Quebec government has announced that, starting in 2027, individuals with a net income of over $130,000 in 2025 (corresponding to the income at which the maximum tax rate applies) will no longer be entitled to the 15% Quebec tax credit associated with labour-sponsored funds. Income will be determined on the basis of the tax deduction for the 2nd preceding year, i.e. 2025.

Long-term investment

Generally speaking, shares have be held until retirement although there are several exceptions where shares can be sold before retirement.

For example

- Purchase of a first home under the Home Buyers' Plan (HBP);
- Returning to full-time studies;
- Leaving Canada;
- Illness;
- Death.

Extended maximum holding period

The minimum holding period to qualify for the credit is gradually extended from 2 to 5 years for shares acquired from June 1, 2024, 2025 and 2026.

Back

To invest in Labor-sponsored funds or not?

Given the obligation to hold shares until retirement, it may be more prudent to wait until you're within around 10 years of retirement before acquiring shares in the funds, in order to limit the risks associated with prolonged holding.

Shares are eligible for the **Home Buyers' Plan (HBP).**
Shares can be sold and amounts withdrawn from RRSPs (maximum $35,000) when purchasing a first home. The amount withdrawn from the RRSP must be repaid to the RRSP over a 15-year period, and used to acquire new Labour Sponsored Funds shares. This could be of interest to young adults saving for their first home.

People who have difficulty saving and are unable to contribute to a traditional RRSP could consider Labour Sponsored Funds shares, which, given the larger deductions, could enable them to contribute to an RRSP while respecting their ability to save.

Lump-sum contributions and deductions

- FTQ Fund

Since the pandemic, the FTQ Fund has limited lump-sum contributions (max $5,000) and monthly deposits from bank accounts. However, people who were already making monthly contributions can continue to do so. For new contributions, the FTQ Fund periodically holds a draw for random allocation. Unfortunately, the most recent draw has ended, since registration was required for the period of December 16, 2024 to January 24, 2025. Interested parties should check the FTQ Fund website from time to time for future draw periods.

- Fondaction CSN

Lump-sum contributions or monthly transfers are still allowed by Fondaction

	Fonds de solidarité FTQ	Fondaction CSN
	Creation	
Year	1983	1996
Share value	$10.00	$10.00
	To November 30, 2024	
Share value	$63.71	$16.73
Net assets	$21.7 billions	$4.0 billions
Number of participants	795,374	222,366
Performance		
▪ Since creation	4.4 %	1.6 %
▪ 10 years	7.3 %	5.4 %
▪ 5 years	6.6 %	5.7 %
▪ 1 year	14.1 %	9.8 %
	Main characteristics	
Maximum contribution	$5,000	$5,000
Credit		
▪ Rate	30 %	30 %
▪ Maximum age	65 year old	65 year old
Shares acquired after June 1st		
▪ **2024**		
▪ **2025**	3 year	3 years
▪ **2026**	4 years	4 years
	5 years	5 years
Eligibility		
▪ RRSP	Yes	Yes
▪ TFSA	Yes	Yes
▪ TFFHSA	**No**	**No**
Contribution options		
▪ Unique	**Periodic draw**	**Yes**
▪ Automatic payments	**Periodic draw**	**Yes**
▪ Payroll deductions	Yes	Yes

Back

Employment expenses

Office expenses

Under the detailed method, employees can claim a deduction based on actual amounts paid for home office expenses.

To be eligible for the deduction, the employee must have been working more than 50% of the time at home for at least four consecutive weeks.

Eligible expenses		
	Employee	Employee who earns commissions
Rent	X	X
Electricity	X	X
Internet	X	X
Property taxes		X
Insurance		X
Computer and cellphone rent		X
Office supplies		X

Generally speaking, expenditures must be prorated.

For example, based on the % of space occupied by the workspace in the case of rent and insurance or on the % of use in the case of Internet or rental of equipment.

Unfortunately, homeowners cannot deduct interest on mortgages. The cost of a fixed telephone line cannot be claimed neither.

• Other expenses

Employees who also claim other expenses, such as for an automobile expenses.

Employees must obtain from their employers the usual more detailed T2200 and TP-64.3 forms to be able to claim work expenses.

Expenses reimbursement by employer

It should be noted that, both at the federal and Quebec level, reimbursement of expenses up to $500 for the purchase of personal computer equipment or office equipment required for telework does not have to be included in the employee's income.

Back

Canada training credit (CTC)
(25 to 65 years old)

In 2019, the federal government introduced a training tax credit for workers from age 25 to 65 to help them stay up to date and improve their skills.

A worker who pay tuition fees in a years is able to claim a training credit of 50% up to the amount of the training credit accumulated at that time.

This credit gradually accumulates by $250 per year since 2020 until age 65 to reach the maximum potential of $5,000 after 20 years, i.e. in 2039 or less if the worker reaches age 65 before that date. The potential amount of credit accumulated at maturity would be $5,000 for maximum expenses of $10,000.

Eligibility

To accumulate a $250 credit in 2023, the individual must:

- be aged at least 25 and not more than 65 at the end of the year;
- have work income (salary or self-employed) of at least $11,511 for that year. The following types of income are also eligible : employment insurance, Québec Parental Insurance Plan payments and taxable scholarships.
- Have an individual net income lower than $165,430.

	Canadian training credit	
	2024 ($)	2023 ($)
Minimum work income	11,511	10,994
Maximum net income	165,430	155,625
Eligible expenses • **Tuition fees** • **Incidental expenses (e.g. admissions, exams)**		
Maximum expenses Annual Cumulative	 500 2,500	 500 2,000
Credit rate	50 %	50 %
Maximum credit Annual Cumulative	 250 1,250	 250 1,000

The excess eligible fees over the cumulative CTC can be claimed as tuition fees during the year. However, the tuition credit is only 12.5% at the federal level and 8% in Quebec, compared with 50% for the training credit.

Back

Childcare expenses

Limits per child

Annual limits per child			
Children age	Federal ($)	Québec ($)	Weekly limit (summer camp) ($)
0-16 ans	8,000	11,935	200
7-16 ans	5,000	6,010	125
Disabled	11,000	16,335	275

Let us recall that these are cumulative limits. For example, a family with two children aged 6 or under and a child aged 7 to 16 is entitled in Québec to an overall limit of $21,000 for all the children calculated on 2 x $8,000 + 1 x $5,000 ($29,880 for Quebec). This means that if the childcare expenses for a child are less than his maximum limit, the unused portion can be used for the other children whose child's care expenses exceeds their limits.

Federal deduction

At the federal level, child care expenses are deductible from the income of the spouse with the lower net income, at that spouse's tax rate. In addition, the deduction is limited to 2/3 of the spouse's working income (i.e., no deduction if the spouse does not work).

Federal Deduction rate 2024	
Lowest net income of couple	**Deduction rate**
($)	**%**
15,705 – 55,867	12.53
55,868 – 111 733	17.12
111,734 – 173,305	21.71
173,306 – 246,753	24.22
Over 246,753	27.55

Québec Child Care Credit Rates

Québec Credit rate 2024	
Family income	**Credit rate**
($)	**%**
Up to 24,110	78
24,111 – 48,805	75 to 71
48,806 – 116,515	70
Over 116,575	67

Back

Potential tax savings

The table at the bottom of this page shows the percentage of tax savings (federal and Québec) on the portion of eligible childcare expenses according to family income and to the work income of the spouse with the lowest income.

We can notice that the tax savings is 84% for a middle-income family and can even go up to 95% for higher income family.

Therefore, a nanny fee or private daycare fee of $40 per day corresponds to a fee of $9.10 in 2025 ($8.70 in 2024) charged by subsidized daycare centers (CPE) because the latter one do not qualify the Québec child care tax credit is shown on the **Annual limits per child** table.

It should be noted that these tax savings only apply to eligible child care expenses within the limits set by the government based on the age of the children shown previously.

Percentage savings on eligible daycare expenses							
Lowest working income of the couple	**Family income**						
$	$50,000	$75,000	$100,000	$150,000	$200,000	$350,000	$500,000 and more
-	70 %	70 %	70 %	67 %	67 %	67 %	67%
25,000	83 %	83 %	83 %	80 %	80 %	80 %	80 %
50,000			83 %	80 %	80 %	80 %	80 %
75,000				84 %	84 %	84 %	84 %
100,000					84 %	84 %	84 %
175,000						91 %	91 %
250,000 and more							95 %

Requirement to file a Relevé 24

Since 2022, individuals providing childcare services (a nanny for example) is required to file a **Relevé 24** with Revenu Québec and provide a copy to parents.

Childcare fees receipts will no longer be accepted.

In order to respect the February 28 deadline, we filed the Relevé 24 of client's nannies for whom we produce the employment T4 slips.

Back

Family allowance for children 2024

The following tables show the amounts of the Canada Child Benefit as well as the Support Payment paid by the Québec Government in 2024

Federal
Canada Child Tax Benefit (CCTB)

The maximum annual CCTB amount is $7,787 per child under age 6 and $6,570 per child aged 6 to 17.

	Canada Child Tax Benefit Maximum annual amount	
Age of the child	**2024 $**	**2023 $**
Less than 6 years old	7,787	7,437
6 to 17 years old	6,570	6,275

Quebec
Family Allowance (FA)

The maximum annual FA amount is $2,923 per child aged 0 to 17.

	Family Allowance Maximum annual amount	
Age of the child	**2024 $**	**2023 $**
0 to 17 years old	2,923	2,782

Reduction thresholds

These amounts are not taxable but are gradually reduced when the family income exceeds $36,502 at the federal level and $57,822 at the Quebec level.

	Canada Child Benefit Reduction (federal level)			
	Number of children			
Net family income	1	2	3	4
$ 36,502 - $ 79,087	7%	13.5%	19%	23%
More than $79,087	3.2%	5.7%	8.0%	9.5%
Maximum income	$	$	$	$
Less than 6 years	229,275	251,455	269,962	303,855
6 to 17 years	191,243	208,754	224,325	252,613

	Support Payment Reduction (Quebec level)			
	Number of children			
	1	2	3	4
Net family income More than $ 57,822	4%	4%	4%	4%
Minimum support payment	$1,163	$2,326	$3,489	$4,652
Maximum income	$101,822	$145,822	$189,822	$238,822

Examples

The following tables show the amount of family allowances that a family may receive from both governments based on family income and the age number and age of the children.

	Number of children under 6 **2024**			
Family income **($)**	**1**	**2**	**3**	**4**
Federal **Québec**	7,787 2,923	15,574 5,856	23,361 8,784	31,148 11,712
Up to 36,502	10,715	21,430	32,145	42,860
57,822	9,218	18,542	28,079	37,936
79,087	6,878	14,820	23,188	32,195
100,000	5,373	12,792	20,679	29,372
150,000	3,700	8,109	14,769	22,622
200,000	2,100	5,259	9,086	15,872
305,000	1,163	2,326	3,489	4,652

	Number of children aged 6 to 17 **2024**			
Family income **($)**	**1**	**2**	**3**	**4**
Federal **Québec**	6,570 2,923	13,140 5,856	19,710 8,769	26,280 11,692
Up to 36,502	9,498	18,996	28,479	37,922
57,822	8,001	16,108	24,428	33,068
79,087	5,661	12,386	19,537	27,327
100,000	4,156	10,358	17,028	24,504
200,000	1,163	2,825	5,435	11,004
255,000	1,163	2,326	3,489	4,652

Please note that there are calculators on government websites that allow you to calculate these amounts more precisely according to your own situation (see link below).
- Federal: https://www.canada.ca/fr/agence-revenu/services/prestations-enfants-familles/calculateur-prestations-enfants-familles.html
- Quebec: https://www.rrq.gouv.qc.ca/fr/services/services_en_ligne/soutien_aux_enfants/Pages/calcul_aide.aspx

The amounts of family allowances are adjusted on July 1st of each year on the basis of the family net income from the previous year's personal tax returns.

> Given the high amount of family allowances, they should be considered an important planning element in establishing a good compensation strategy for incorporated clients.

Back

Tax credit for children's activities

	Children	
		Disable
Age Maximum expenses Credit Maximum credit	5 to 15 years $500 20% 100	5 to 18 years $1,000 20% 200
Maximum family income of the parents to be eligible	$163,800	

Eligible activities

Fees for the enrolment of a child in a program that includes physical, artistic, intellectual or recreational activities of at least:

- 8 consecutive weeks or
- 5 consecutive days (ex: summer camps).

Note that a school tutoring program is eligible.

Ineligible Activities

- After-school program offered by a school;
- Sport-study or art-study program.

Back

Infertility Treatment Tax Credit

The infertility treatment tax credit was introduced in Quebec in 2000.

The maximum eligible expenses are $20,000 and the credit rate varies from 20% to 80% based on family net income.

Tax credit for infertility treatment (Maximum expenditure of $20,000) 2024			
Family net income Québec $		Credit rate %	Maximum credit $
Without spouse	With spouse		
Up tp 30,873	Up to 61,742	80	16,000
30,874 – 74,090	61,743 – 148,180	20 – 80	4,000 – 16,000
More than 74,090	More than 148,180	20	4,000

Eligible Expenses

The main expenses eligible for the credit are:

- Fees for in vitro fertilization (IVF) or artificial insemination treatment provided by a doctor and not reimbursed by RAMQ;
- Fees for assessment by a psychologist or social worker;
- Medical expenses prescribed by a physician.

It should be noted that since November 2021, the RAMQ can, under certain conditions, reimburse one IVF cycle and up to six artificial inseminations.

Credit for adoption expenses

The credit for adoption expenses was introduced in 1994 in Quebec and in 2005 at the federal level.

The maximum amount of the credit is $12,383 per child for expenses in the order of $20,000.

Credit for adoption expenses			
	Federal	Quebec	Total
Maximum eligible expenses	$19,066	$20,000	
Credit rate	12.5 %	50 %	
Tax saving	$2,383	$10,000	$12,383

The main eligible adoption expenses are:

- Legal fees related to an adoption order;
- Travel expenses;
- Mandatory fees paid to a foreign or provincial institutions;
- Payments to an adoption agency.

Back

Surrogate mother

In Canada, it is illegal to pay any consideration (e.g. remuneration) to surrogate mothers. However, surrogate mothers may be reimbursed for certain expenses by the future parents under the Assisted Human Reproduction Act.

Permitted expenses

Permissible expense reimbursements are listed in Article 4 of the Reimbursement for Assisted Reproduction Regulations (RRRPA), which lists some fifteen types of expenses that may be reimbursed, but which are not, however, deductible for the parents with the exception of medical expenses paid for the surrogate mother.
For example:

- Legal services
- Travel expenses
- Maternity clothing
- Medical expenses
- Etc.

Deductibility for parents of surrogate mother's medical expenses

The 2022 Federal Budget broadened the notion of patient to allow future parents to claim a medical expense credit for reimbursements made to a surrogate mother for eligible medical expenses incurred by the latter, excluding other expenses (e.g. legal services) provided for in section 4 of the RRRPA.

Revenu Québec

Revenu Québec also allows future parents to deduct as medical expenses reimbursements in excess of $20,000 for medical expenses incurred by the surrogate mother.

Foley decision

In the Tax Court of Canada case of Mark G Foley v. Her Majesty, rendered on December 2, 2021, the parents argued that expenses incurred for a surrogate mother should qualify for the adoption credit, which has a broader list of eligible expenses (e.g., legal fees), and that this exclusion was discriminatory. Among other things, they had claimed legal fees that qualified for the adoption credit but did not qualify as medical expenses.

The tax authorities argued that the purpose of the adoption tax credit was to help children get adopted, and that it was designed to encourage domestic and international adoptions of vulnerable children.

The Court concluded that there was no discrimination and confirmed that the adoption tax credit could not be granted in the case of surrogacy expenses. To date, the case has not been appealed and is expected to set a precedent.

Back

Comparison table 2024						
Credit						
	Infertility		Adoption		Surrogate mother	
	Federal	Québec	Federal	Québec	Federal	Québec
Maximum expenditure	S/O	$ 20,000	$ 19,066	$ 20,00	S/O	$ 20,000
Credit rate		20 % - 80 % (according to income)	12.5 %	50 %		20 % - 80 % (according to income)
Maximum credit		$ 4,000 - $ 16,000	$ 2,383	$ 10,000		$ 4,000 - $ 16,000
Expenses eligible for credit	- In vitro fertilization treatment - Evaluation by a psychologist - Fees prescribed by a physician		- Legal fees - Travel expenses - Mandatory fees paid to a foreign institution - Amounts paid to an adoption agency		Medical expenses reimbursed to the surrogate : - In vitro fertilization treatment - Evaluation by a psychologist - Fees prescribed by a physician	
Other permitted but non-deductible expenses					- Consulting fees paid to an agency specializing in the field - Legal fees - Reimbursement of expenses to the surrogate mother (e.g. travel expenses, maternity clothing, etc.)	

Back

Parental leave

Existing plans
Quebec workers have access to the following public plan when they become parents:

- Quebec Parental Insurance Plan (QPIP) offered by the Quebec government

In addition, women physicians, whether incorporated or not, have access to one or other of the following plans negotiated by their respective federations and paid for by the Régie de l'Assurance maladie du Québec (RAMQ):

- Maternity allowance program of the Fédération de Médecins Omnipraticien du Québec (FMOQ)
- Maternity Allowance Program of the Fédération des Médecins Spécialistes du Québec (FMSQ)

It should be noted that, to date, no benefits are payable to the father for the FMOQ and FMSQ programs.

1) Quebec Parental Insurance Plan (QPIP)

As previously mentioned, the QPIP is open to all Quebec workers.

QPIP	
Year of introduction	2006
Salary or self-employed income required to receive maximum allowance	Year preceding birth $94,000
Start of benefits • **At the earliest** • **Latest**	 16 weeks before birth 18 weeks after birth

Back

The QPIP offers workers two options:

- The basic plan, with a maximum duration of **50 weeks**, or
- The special plan, with a maximum duration of **40 weeks**.

QPIP						
	BASIC PLAN			SPECIAL REGIME		
Applicant	Number of weeks	Maximum amount per week ($)	Total ($)	Number of weeks	Maximum amount per week ($)	Total ($)
Mother	18	1,265	22,770	15	1,356	20,340
Mother / Father	7	1,265	8,855	25	1,356	33,900
Mother / Father	25	994	24,850	-	-	-
Total	**50**		**56,475**	**40**		**54,240**
Father	**5**	1,265	**6,325**	**3**	1,356	**4,068**

During the leave period, the father can take 5 weeks (basic plan) or 3 weeks (special plan) at the same time as the mother, but the total leave period is still limited to 40 or 50 weeks.

If the salary or self-employed income for the year preceding the birth is less than $94,000, the benefits will be reduced proportionally. You can use the following simulator to calculate approximate benefits: https://www.rqap.gouv.qc.ca/fr/a-propos-du-regime/simulateur-de-calcul-de-prestations

As the table shows, the total allowance paid by the basic plan ($56,475) is higher than the total for the special plan ($54,240), which is of shorter duration. On the other hand, the weekly allowance for the special plan ($1,356) is higher than that for the basic plan ($1,265/$994).

Parents wishing to return to work in less than 40 weeks would be well advised to choose the special plan, which offers a higher weekly allowance ($1,356) than the basic plan ($1,265 and $994).
($1,265 and $994).

The choice of plan is made at the time of application and is irrevocable. However, once the choice has been made, parents may take advantage of a shorter leave period.

It is important to note that any work income (salary or self-employed income) received during the period in which the QPIP is paid would reduce the QPIP allowance dollar for dollar.

Back

Maternity allowance programs for female physicians (FMOQ and FMSQ)

As previously mentioned, female physicians may also have access to additional maternity allowances paid by the Régie de l'assurance maladie du Québec (RAMQ), negotiated by their respective federations.

The following table illustrates the main features of the two maternity allowance programs.

<table>
<tr><th></th><th>FMOQ</th><th>FMSQ</th></tr>
<tr><td>Year of introduction</td><td>2006</td><td>2011</td></tr>
<tr><td>Periode</td><td colspan="2">12 consecutive weeks including childbirth</td></tr>
<tr><td rowspan="2">RAMQ income required for maximum allowance</td><td colspan="2">12 months prior to pregnancy</td></tr>
<tr><td>> $118,800</td><td>> $157,600</td></tr>
<tr><td rowspan="2">Maximum maternity benefits</td><td>$21,708</td><td>$28,800</td></tr>
<tr><td>$1,809 x 12 weeks</td><td>$2,400 x 12 weeks</td></tr>
<tr><td rowspan="2">Surcharge for private practice</td><td>$9,624</td><td>$12,000</td></tr>
<tr><td>$802 x 12 weeks</td><td>$1,000 x 12 weeks</td></tr>
</table>

If your last 12 months' earnings are less than the earnings required for the maximum benefit, the benefit will be calculated as follows: 67% x (last 12 months' earnings ÷ 44 weeks).

For example, for an income of $100,000 in the 12 months preceding pregnancy, the weekly allowance would be $1,523 (67% x $100,000 ÷ 44 weeks).

Newly practicing physicians are also eligible for the programs, provided they have accumulated a minimum of 10 weeks of practice.

> No service must be rendered by the woman doctor during the 12-week period in which she receives her maternity allowance.

The FMOQ ($1,809) and FMSQ ($2,400) allowances are higher than those of the RQAP ($1,265, $1,365). It is therefore generally advantageous to claim FMOQ or FMSQ benefits first, followed by RQAP benefits.

FMOQ and FMSQ allowances reduce QPIP allowances dollar for dollar. The latter would therefore be reduced to zero in the event of overlap, with the exception of the FMOQ allowance in the case of an incorporated woman physician. In the case of an incorporated woman doctor, however, it may be possible to receive both FMOQ and QPIP benefits, as described below.

> To maximize the benefits of both plans, it is generally preferable to claim the 12-week FMOQ or FMSQ maternity allowance first, and then the lower RQAP benefits.

Back

Incorporated doctors

An incorporated woman physician may continue to receive remuneration in the form of salary or dividend from her company during the period in which she is receiving the FMOQ or FMSQ maternity allowance.

The following table illustrates the remuneration that may or may not be paid by the physician's company under the various plans.

	FMOQ or FMSQ maternity benefits	QPIP parental allowance
Salary	Yes	No
Dividend	Yes	Yes

It should also be remembered that no services may be rendered during the period in which she is receiving the FMOQ or FMSQ allowance.

Possible overlap of QPIP and FMOQ maternity allowance

It is permissible to receive the FMOQ allowance at the same time as the QPIP at the start of maternity leave

In fact, although the FMOQ maternity allowance is paid by RAMQ personally to the physician, it can be considered to belong to the company in the same way as the professional fees paid to the company. To this end, the physician should transfer the FMOQ allowance to his or her company's account. The FMOQ allowance transferred to the company would then not reduce the QPIP benefit, even if there is an overlap in the period.

In this situation, it is generally preferable to request both the FMOQ allowance and the QPIP allowance at the beginning and end of the leave, and not to pay a salary that would reduce the QPIP allowance during this period.

The FMSQ, which used to allow this, no longer does.

For the record, we described this benefit in an article for Santéinc magazine, which was subsequently featured on the front page of Le Devoir. The President of the FMSQ then decided to put an end to this advantage.

Back

Procedures

- FMOQ

At least two weeks before the projected date of leave, go to the FMOQ website under *Compensation/Benefits and reimbursements/Maternity and adoption leave* and click on the *Steps* to follow link. First, complete the application form and mail it to the FMOQ, enclosing a medical certificate attesting to the upcoming birth. Next, complete an Authorization for Release of Information form and send it to RAMQ.
https://www.ramq.gouv.qc.ca/fr/professionnels/medecins-omnipraticiens/evenements-carriere/conge-parental/Pages/situation1.aspx
(Ctrl + clic to follow the link)

- FMSQ

The procedure is very similar to that of the FMOQ. At least two weeks before the projected date of leave, go to the FMSQ website under the *For physicians/Reference documents/Parental leave* tabs. Complete the membership application form, which can be mailed to the FMSQ along with a medical certificate attesting to the upcoming birth. A form authorizing the disclosure of information must then be completed and sent to RAMQ.

- QPIP

As soon as you know the date from which you will stop receiving maternity allowances from your federation, submit an application to the QPIP using the QPIP online services. In addition to basic personal information, you'll need to provide information such as the date your earnings will cease, Schedule L of your Quebec income tax return and banking information for direct deposit purposes.
https://www.rqap.gouv.qc.ca/fr/services-en-ligne/faire-ma-demande-de-prestations (Ctrl + clic to follow the link)

Back

Registered education savings plans (RESPs)

The purpose of the RESP is to help families save for their children's post-secondary education.

The RESP was created in 1974, but it became popular only in 1998 when the federal government began to pay grants on contributions made by parents and Quebec followed suit.

Contributions

RESP contributions are not tax deductible and may be withdrawn tax free when the children begin their post-secondary education. It is a bit like a loan that parents make that will be repaid later.

The lifetime contribution limit is $50,000 per child. Of this amount, $36,000 will be eligible for grants and $14,000 will be non-grantable.

RESP Maximum contribution	
	$
Entitled to subsidies	36,000
Not eligible for subsidies	14,000
Total	50,000

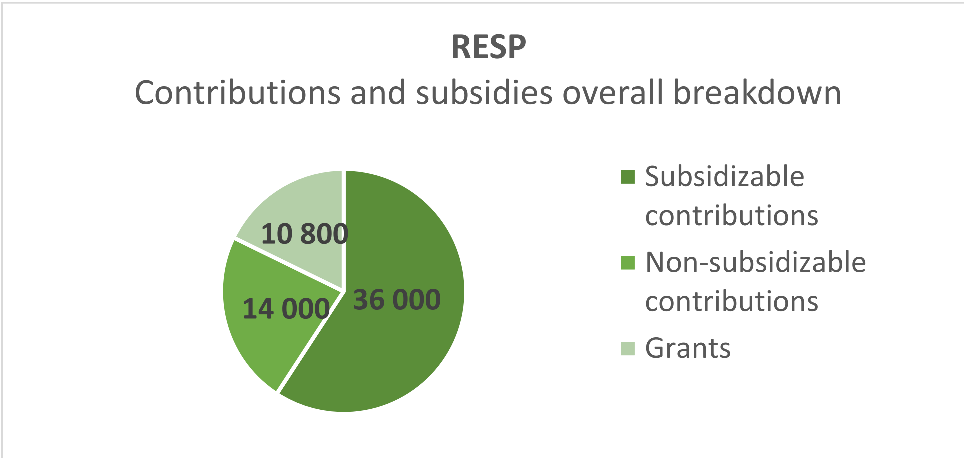
Canada education savings grant (CESG)

The maximum annual contribution eligible for a grant is $2,500 for a maximum annual grant of $750.

RESP		
	Annual	Cumulative
	$	$
Subsidizable annual contributions	2,500	36,000
Grants		
Federal (20%)	500	7,200
Quebec (10%)	250	3,600
Total	750	10,800

Back

The cumulative grant amount is limited to $36,000 for a total grant of $10,800 ($36,000 x 30%).



Accumulation example

If you start contributing annually $2,500 in the year of the child's birth, up to age 15 for a total of $36,000, the total accumulated value assuming a 5% return will be $73,379 at age 18 and $84,945 at age 17.

	RESP Net family income over $ 100,393		
	Annual amount	End of contributions and grants	Start of post-secondary education
Age	1 year old	15 year old	17 year old
	$	$	$
Contributions Grants	2,500 750 2,750	36,000 10,800 46,800	36,000 10,800 48,800
Income (5%)		26,579	38,145
Cumulative amount		**73,379**	**84,945**

If you haven't contributed for certain years, you can catch up on contributions eligible for a grant, but only one year at a time. For example, you could contribute $5,000 in a given year, i.e. $2,500 for the current year and $2,500 for a catch-up year, and receive a grant of $1,500 (2 x $750).

Contributions are eligible for grants up to the age of 17 of the child.

The child age limit to open an RESP and be eligible for grants is 15 years.

Back

Additional grant

The grant rate on the first $500 contribution may be higher if family income is less than $111,733 for an additional grant up to $150.

Maximum cumulative subsidies will however remain at $10,800.

Canada learning bond (CLB)

Families with a net family income of less than $55,867 can benefit from the $500 Canada Learning Bond (CLB) when the plan opens and $100 annually up to a maximum of $2,000.

If is not necessary to contribute to be eligible for the Bond.

Number of children	Canada Learning Bond (CLB) Eligibility thresholds Maximum family income
	$
1 to 3	55,867
4	63,035
5	70,233

	CLB
	$
1st year	500
15 subsequent years ($100/year) (up to age 15)	1,500
Total	2,000

Automatic enrolment in the CLB

To help low-income families, the federal government announced in the 2024 budget its intention to automatically open an RESP in 2028-2029 for eligible children if the family has not yet opened a plan before the age of 4, and to deposit Canada Learning Bonds into the plan.

The federal government will deposit $800, i.e. $500 for the first year of eligibility and $300 for each of the three years up to age 4 ($100/year).

Thereafter, the federal government will contribute $100 per year until the age of 15, for a grand total of $2,000.

According to the government, 130,000 children will receive the CLB each year as a result of automatic enrolment.

Back

Strategies during the accumulation period

Based on the previous rules, here are some planning ideas:

- If you start contributing as early as the child's year of birth and contribute $2,500 annually, you will benefit of the maximum grants of $10,800 **by age 15** after having contribute a total of $36,000.

- Contributions must begin no later than at child's **age of 10** in order to receive the maximum grants of $10,500 and you will need to **double** the annual contribution to $5,000 until age 17.

- If you have never contributed to the plan and your child reaches the **age limit of 15** to set up an RESP, it may still be interesting to open an RESP at age 15 and contribute $5,000 per year for 3 years until age 17. This will qualify for $4,500 grants ($1,500 x 3) that could be used in the short term when the child begins post-secondary education.

- Sometimes grandparents will make the first RESP contributions for their grandchildren. In this case, it is often preferable to open the RESP's **in the parent's name** instead of grandparent's name. If the grandchildren do not pursue their studies, the accumulated income can be used to contribute to the parents' RRSP, which would generally not be possible for grandparents because their RRSP would have been converted to a RRIF at age 71.

- It is generally more advantageous to set a **family plan** for all children rather than individual plans for each child. Indeed, in a family plan, the accumulated income can be attributed to each child according to his education cost which may be different from one child to the other (e.g.: a child studies in Montreal and stays at home and another child studies in the United States). Also, if a child no longer goes to school, the accumulated investment income could go to other children who continue their studies, although grants for the child who did not attend school could be lost.

Back

Withdrawals from RESP funds during studies

- Eligible studies

Funds accumulated in an RESP can be used for children's post-secondary education generally at the following educational institutions:

- Universities
- CEGEP
- Colleges offering a Diploma of Vocational Studies (DVS)

- Contributions reimbursement to parents

Parental contributions can be withdrawn from the RRSP by parents **without tax** as they were not deducted. They do not necessarily have to be used for children's studies and could be used for other purposes.

- Grants and accumulated income

These amounts are taxable on children's tax returns as they are withdrawn. They may, however, be administered by the parents. The maximum withdrawals for the first trimester of studies is $8,000.

The financial institution managing the RESP will generally require proof of enrolment in an eligible program of study before disbursement of funds. If the withdrawal for a year exceeds $22,000, the institution could also request a study estimates.

If the child doesn't undertake post-secondary education?

When the RESP has been in existence **for 10 years** or more and the child reaches the **age of 21** and has not undertaken a post-secondary education it is permitted from that point on to use the accumulated income to contribute to the RRSP of the parent(s) who have set up an RRSP based on the usual RRSP contribution room.

RESP
Time schedule

Age	Time schedule
1	Start of contributions
15	Limit age to open an RESP and be eligible for grants
17	End of contributions eligible for grants
21	Age at which income can be used by parents to contribute to their RRSP if the child is not attending school and the RESP has been in existence for 10 years or more
31	End of contributions
35	End of the plan

Back

Parental union

On May 30, the *Loi portant sur la réforme du droit de la famille et constituant le régime d'union parentale* was passed by the Quebec National Assembly and subsequently given assent on June 4, 2024.

The new parental union regime will automatically apply to common law spouses having children together born after **June 29th, 2025**.

This new measure is not retroactive, so couples with children born before that date will not be covered by the new Act.

The regime will apply to reconstituted families only if the spouses have a child in common born after June 29, 2025.

Purpose of the plan

The main objective of the new Act is to protect children in the event of a separation of common-law spouses.

Indeed, at the time of introducing the bill, Justice Minister Simon Jolin-Barette indicated that 65% of children in Quebec are now born out of marriage.

	Couples		
	Common-law spouses	Married	Total
1981	8%	92 %	100%
2021	42 %	58%	100%

Highlights of the new regime

1) Parental union patrimony

The new plan provides for the creation of a new parental union patrimony, the value of which can be shared 50%/50% between the spouses in the event of separation or death.

Parental union patrimony	
Assets included	**Assets excluded**
-Family residences (including cottages). -Furniture in these residences and used by the household. -Motor vehicles used for family travel.	-Assets received by inheritance or gift before or during the union. -Assets belonging to one of the spouses at the time of application of the new regime, as well as any value increased on these assets, continue to belong to that spouse and are not subject to division with the other spouse.

Unlike the *Loi sur le partage du patrimoine familial* or *the Regime de société d'acquêts* in the case of married couples, **pension plans (RRSPs and employer-sponsored pension plans) are not covered** by the new parental union plan.

Back

2) Temporary right to use the family home

In the event of separation, the spouse with custody of the children may remain in the family home for a certain period of time, to ensure a smoother transition for the children.

3) Death

In the case of an succession without will (*ab intestate)*, a spouse in a parental union will now be recognized as a legal heir if they have been living together for more than a year.

	Inheritance without a will	
	Before the new Law	After the new Law
Spouse in parental union	0%	33.33%
Kids	100%	66.66%

Note that the value to which the surviving spouse is entitled in the parental union patrimony (e.g., residences, furniture, automobiles) must be paid to him or her first. The remainder of the estate after settlement will be divided 33.33% to the spouse and 66.66% to the children.

Naturally, a will can be drawn up to change the distribution of the residue of the estate according to the wishes of the deceased.

4) Compensatory allowance

The new regime favors payment of a compensatory payment rather than spousal support.

In the event of separation or even death, a spouse may apply to the court for a payment allowance in recognition of his or her impoverishment due to his or her contribution to the enrichment of the other spouse.

The benefit may be payable in cash or in instalments.

For example, a compensatory payment could be payable in the following situations:

-Contribution to the spouse's business without adequate remuneration;
-Financial support during spouse's studies;
-Professional sacrifice for the benefit of the family;
-Management and upkeep of joint property, contributing to an increase in its value.

It should also be remembered that spousal support payments for the benefit of the children can be allowed by the court, whether you are married, in a parental union or common-law spouses.

5) Renunciation to the new regime

The spouses will be allowed to renounce by mutual agreement in a notarial deed to the application of the provisions of the new plan within 90 days after the beginning of the parental union (i.e.: at the birth of a child after June 29, 2025). In this case, parental union patrimony is presumed never have been constituted.

Spouses in a parental union will also be able to choose by mutual agreement in a notarial deed to exclude certain assets otherwise included in the parental union patrimony (e.g. residences, furniture, automobiles).

It is important to note that even if a couple has excluded themselves from the application of the parental union patrimony, the spouse in parental union still qualifies as a legal heir (see point 3).

Back

Home Buyer's Plan (HBP)

The HBP was initially introduced in 1992.

It is intended to facilitate access to home ownership by allowing for the temporary withdrawal of RRSP funds for the purchase or construction of a first home.

Ceiling increase

The HBP withdrawal ceiling is increase from $35,000 to $60,000 for withdrawal made after the 16th of April 2024.

As a result of this increase, a couple could withdraw a maximum of $120,000 from their RRSP when they purchase a new home.

	HBP		
	Taxpayer	Spouse	Total
	$	$	$
Maximum withdrawal			
Up to April 16, 2024	35,000	35,000	70,000
After April 16, 2024	60,000	60,000	120,000
Annual repayment over 15 years			
Withdrawal of $35,000	2,333	2,333	4,666
Withdrawal of $60,000	4,000	4,000	8,000

Extended repayment start period

In addition, the repayment start period is increased from 2 years to 5 years after the withdrawal made between January 1, 2022 and December 31, 2025.

HBP	
Year of withdrawal	Year repayment began (5 years)
2022	2027
2023	2028
2024	2029
2025	2030

Conditions to be met when withdrawing from an RRSP

- Must be age 71 or under (there is no minimum age)
- The buyer or his or her spouse must not have owned a residence that they occupied together in the year of purchase or in any of the four preceding years.
- Canadian resident

Eligible Housing

- Single-family homes, townhouses;
- Condominiums;
- Mobile homes;
- Duplexes, triplexes, quadruplexes.

RRSP withdrawals must be repaid over a 15-year period.

Amounts not repaid in a year must be included in income.

Back

Separation to divorce

Since 2019, a couple ending their union can benefit from the HBP again under certain conditions:

- They must have been separated for at least 90 days.
- The initial HBP must have been made after 2019 and must have been fully repaid at the latest 60 days of the following year.

The proceeds of the new HBP may be used to purchase the former spouse's share by the spouse wishing to keep the home, or to purchase new homes by choice of the spouses.

If neither spouse retains the home, it must be sold no later than two years after the end of the year in which the new HBP withdrawal is made.

HBP Schedule	
90 days before withdrawal	Contributions must have been made for withdrawals to be eligible for the HBP
30 days before withdrawal until October 1st of the year following the withdrawal	Period when the purchase of the property must be made
2nd year following withdrawal	Annual RRSP repayments begin
15 years after repayment begins or at age 71	RRSP must be reimburse in total

Back

Tax-Free First Home Saving Account (TFFHSA)

As mentioned in the Income Tax News section, this new measure in force 2023 will certainly be of interest to future owners.

Conditions to be met when opening the TFFHSA

In order to be eligible to open a TFFHSA, an individual must meet the following conditions:

- Aged 18 to 71
- Not having lived in a home owned by him or his or her spouse in the year of purchase and in the previous four years
- Be a Canadian resident

In addition, a second eligibility test applies at the time of withdrawal from the TFSA, but this applies only to the TFSA holder and not to the spouse.

This means that a person who has already opened a TFSA and is moving into the home of a new spouse could continue to contribute to his or her TFSA and possibly use it to acquire an interest in the spouse's home.

Eligible dwellings are the same as for the HBP.

Deductible contributions

The annual contribution limit to the TFFHSA is $8,000 regardless of income and the lifetime contribution limit is $40,000. TFFHSA contributions are tax deductible in the **calendar year** in which they are made, as opposed to RRSP contributions that can also be made within 60 days following the current year (i.e. January, February).

TFFHSA contributions are independent of RRSP contributions. This means you can contribute to both the RRSP and the TFFHSA.

It is not obligatory to claim the deduction in the year the contribution is made. It may be deducted for example in a subsequent year at a higher tax rate if one anticipate an increase of income.

On the other hand, if an individual does not contribute in a year, he or she will be able to contribute and deduct that contribution in a future year, but up to a maximum carry-forward cumulative of only $8,000.

Contributions made in excess of allowable limits are subject to a monthly penalty of 1%.

Withdrawals

Withdrawals from the TFFHSA are not taxable when they are used to purchase a first home that an individual will occupy as his principal place of home.

Withdrawals can begin when an agreement is reached for the purchase or construction of a home before October 1st of the following year and no later than 30 days after the new owner move to the new home.

Back

Maximum duration

The TFFHSA ends with the first following event:

- At the end of the year following the withdrawal
- 15 years after the TFSA was set up. If a home is not purchased, the funds can be transferred to an RRSP
- At age 71. As in the previous case, accumulated funds can be transferred to the RRSP

TFFHSA or Home Buyer's Plan (HBP)?

It is possible to use both the TFFHSA and the HBP for the acquisition of a first home.

The savings potential for a young couple looking to acquire a home could therefore be as high as $200,000.

Taking into account the possibility of contributing $40,000, the tax-advantaged savings potential for a first-time homebuyer is $200,000.

	Taxpayer ($)	Spouse ($)	Total ($)
HBP	60,000	60,000	120,000
TFFHSA	40,000	40,000	80,000
	100,000	100,000	200,000

As a general rule, future homeowners should prioritize annual contribution of $8,000 to a TFFHSA over RRSP contributions given the minimum 5-year period required to reach the TFFHSA limit of $40,000.

Contributions to the RRSP in order to benefit from the HBP could be made later, even up to 90 days before the purchase of the first residence.

TFFHSA Main features	
Age	18 to 71 years old
Future owners	Not having lived in a dwelling owned by the taxpayer or spouse in the year, or in any of the previous four years
Maximum contribution Annually Cumulative	 $8,000 $40,000
Deductible	Yes
Deadline to contribute	December 31st
Possible deferral of contribution deduction to a future year	Yes
Unused contribution deferral	Maximum $8,000
Eligible withdrawals	Non taxable for the purchase of a first home
Maximum duration	15 years or at age 71
Transfer to RRSP	Always possible

Back

Many parents would like to help their children aged 18 or over buy their first home by contributing to their TFSA. However, it's difficult to determine at what age a child will buy his or her first home. The following two points may help determine the best time to start making contributions.

- The maximum lifespan of a TFFHSA is 15 years (after which time, accumulated funds are transferred to an RRSP if no home has been purchased).
- In Canada, the average age of first-time homebuyers is 36.

Therefore, it may be advantageous to start early in order to be able to contribute the 5 years required to maximized the TFFHSA, but not too early so as not to lose the advantage of being able to withdraw the funds from the TFFHSA tax-free if the home is not purchased within the 15-year period.

Separation or divorce

Unlike the HBP, it is not possible to open a new TFSAPP in the event of separation or divorce.

First-time home buyers' tax credit

The tax credit for first-time home buyers is doubled in 2022, both federally and in Quebec.

First-time home buyers' tax credit			
	2023		
	Federal	Québec	Total
Credit	$ 10,000	$ 10,000	
Credit rate	12.5%	14%	
Total	1,252	1,400	2,652

An individual can claim the credit if neither he or she nor his or her spouse has owned another home in the 4 years preceding the acquisition of the new home.

The 4-year constraint does not apply in the case of a disabled person, provided the new home is better adapted to his or her needs.

The credit is non-refundable and can be shared between the two spouses.

Back

Sale of a residence

If you sold your home or cottage in 2024, this transaction must be recorded on your tax return.

If you only have one home, the gain will generally be exempt from tax if you have owned it for more than one year. **The transaction must still be disclosed, otherwise penalties will apply**. It is important to provide us with the details of this transaction (acquisition year and sale price).

In the case where you own more than one home (e.g., house and cottage) choices can be made upon a sale to exempt in whole or in part the gain or the other. Do not hesitate to contact your advisor to discuss the best strategy to adopt in this situation.

Quick resale of real estate property (real estate flip)

This new measure applies to real estate sold after January 1, 2023 (e.g. residence, cottage, income property).

Under this new rule, the profit on resale of a real estate property that has been owned for a period of less than one year will be deemed to be business income.

Thus, if a residence or cottage owned for less than one year is sold, the profit will be taxable as business income. The principal residence capital gain exemption cannot be claimed.

Similarly, the profit on the sale of an rental property owned for less than one year cannot be considered as a capital gain (generally taxed at 25% of the gain), but rather as business income.

There are several exceptions to this rule. For example, if the property is sold following divorce, death or insolvency.

Short-term rental (ex: Airbnb)

It is important to note that owners who make or plan to make short-term rentals (period of less than 30 days), whether through digital platforms such as Airbnb or other means, should be aware of the significant potential tax implications both in terms of income taxes and consumption taxes (GST/QST). Do not hesitate to contact your advisor on this matter.

Non-conforming short-term rentals

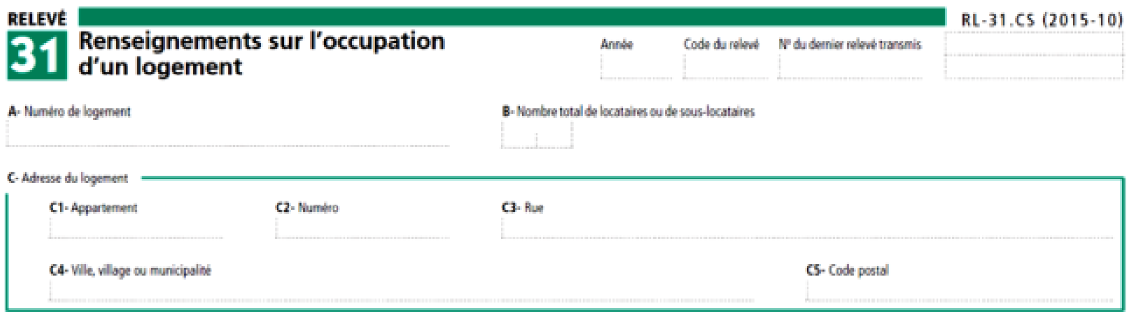
Again, to curb real estate speculation, the federal government announced in its fall 2023 economic statement its intention to disallow rental expenses (e.g. mortgage interest, property taxes, insurance, condominium fees) when renting on a short-term basis:

- is prohibited in the province or municipality;
- does not meet provincial or municipal licensing or registration requirements.

Back

Residential rental buildings Owner's
(Relevé 31)

Owners of residential rental buildings have to produce a new Relevé 31 for their tenants.


RELEVÉ 31 Renseignements sur l'occupation d'un logement

RL-31.CS (2015-10)

Année | Code du relevé | Nº du dernier relevé transmis

A- Numéro de logement

B- Nombre total de locataires ou de sous-locataires

C- Adresse du logement

C1- Appartement | C2- Numéro | C3- Rue

C4- Ville, village ou municipalité | C5- Code postal

Relevé 31 have to be issued before February 28th, 2024 using the Revenu Québec web site. The statements must be handed to tenants who occupied an apartment on December 31st, 2024.

The Relevé 31 produced by residential rental buildings owners will be useful to support possible claims by theirs tenants for the Québec Solidarity Tax Credit when they prepare their Québec tax returns.

It should be noted that the maximum Quebec Solidarity Tax credit is in the order of $ 1,200 for a person leaving alone and $1,900 for a family with two children. The credit is reduced gradually for income over $ 41,000 and is reduced to zero when the income reaches approximately $ 62,000 for a single person or and $ 73,000 for a couple.

Tax credit for upgrading wastewater treatment systems

The tax credit for expenses for the construction or renovation of sewage disposal or treatment facilities (e.g. septic tanks, sewage fields) **is extended until March 31, 2027**. The maximum credit is $5,500 corresponding to 20% of the $30,000 eligible expenses (the first $2,500 is not eligible). The credit can be claimed for the residence and cottage, so twice.

Back

Co-ownership fees

Following the adoption of Bill 141 and Bill 16, many owners are seeing, or will see, a significant increase in their co-ownership fees, particularly in the case of older buildings.

The main goal of these new laws is to improve the management of condominiums, so that they are adequately insured and have sufficient funds to carry out short, medium and long-term building maintenance.

In this regard, many will recall the collapse of a 12-storey building in Surfside, Florida, on June 12, 2021, which resulted in the deaths of over 90 people, including several Quebecers. This event highlighted deficiencies in the maintenance of condominiums, and prompted the authorities in both the United States and Canada to improve their oversight of this sector.

Highlights

1) Insurance requirements (Bill 141)

- Insurance covering reconstruction value in the event of a major disaster. The reconstruction value must be evaluated by an accredited appraiser at least every 5 years.
- Directors' and officers' liability insurance.

2) Maintenance logbook (Bill 16)

The syndicate is required to draw up a building maintenance schedule to help anticipate short, medium and longterm maintenance costs. The maintenance book must be prepared by an authorized expert and updated at least every 5 years.

3) Reserve funds to be set up

Condominiums Funds to be set up	
Self-insurance	Corresponds to the highest deductible among the insurances taken out by the syndicate
Pension fund (maintenance)	Amounts required for major repairs as per established maintenance schedule

It's clear that the new requirements for insurance coverage and the creation of co-insurance and contingency funds for maintenance will lead to a sometimes substantial increase in co-ownership fees.

Hectic co-owners' meetings to be expected...

4) New buyers

The syndicate of co-owners must be able to provide an attestation of the condition of the co-ownership when a unit is sold.

> The prospective buyer of a condominium unit is entitled to request an attestation of the condominium's condition from the syndicate.
>
> Most real estate agents and brokers are now familiar with this new requirement.

Non – Canadians

5 years moratorium (2022-2026)

In an effort to reduce real estate speculation, the federal government prohibits non-Canadians from acquiring residential properties of less than four units for a five-year period (2022 to 2026).

The ban, which was initially intended to be for a period of 2 years, has been extended to 2026 inclusive.

The prohibition does not apply if the purchase is made for the purpose of immigration or employment in Canada within two years after the purchase.

Non-Canadians who purchase a property despite the prohibition, as well as anyone who assists or advises them in the transaction (e.g., notary, real estate broker) are subject to a maximum penalty of $10,000. The property also could be subject to a forced resale.

Taxes on unused dwellings

In the same perspective, the federal government announced in 2022 a new annual tax of 1% of the value of a vacant residential building (less than four units) **held by a non-Canadian**.

A UTH-2900E form must be filed for each residential building held on December 31, 2023.

Back

Capital gains

Few tax issues have caused so much discussions, only to finish in a deadend.

This measure, announced in the Federal Budget of April 16 2024, provided for an increase in the inclusion rate from 50% to 66% in certain situations on capital gains realized after June 25, 2024. Although part of the Notice of Ways and Means Motions tabled on September 23, 2024, this measure was not given assent.

On January 31, 2025, Canada's Minister of Finance, Dominic Leblanc, announced that the government was postponing until January 1, 2026 the date on which the capital gains inclusion rate would increase from 50% to 66.66% in certain circumstances.

Quebec government's Finance Minister Éric Girard subsequently announced that he would harmonize with the measure announced by the federal government.

In the end, we can predict that this measure will probably never be adopted as presented.

Indeed, Conservative Party leader Pierre Poilièvre announced on January 16 2025 that he would not adopt the measure if his party were elected in the next federal election.

Subsequently, the two main candidates to succeed Justin Trudeau as Liberal leader, Chrystia Freeland and Mark Carney, announced that they would not adopt this measure.

If you would like more information on the proposed measure, please consult the bulletin we wrote on the subject in May 2024 on our website by clicking on the link https://www.paulrioux.ca/en/bulletins/capital-gain-inclusion-rate/
(Ctrl+clic to follow the link)

Back

Cryptoassets (e.g. cryptocurrencies)
(Form TP-21.4.39-V)

If you held, acquired or used cryptoassets in 2024, the new Cryptoasset Return Form must be completed. You will find a question to this effect in the tax season questionnaire.

Example of cryptoassets:

- Cryptocurrency (e.g. Bitcoin)
- Security tokens
- Non-fungible tokens (NFT)
- Utility tokens

Gains on cryptoasset transactions may be considered capital gains or business income, depending on the circumstances. In addition, transactions may be subject to commodity taxes (GST-QST). Don't hesitate to discuss this with your advisor.

Potential penalties

Failure to file this new form may result in a penalty of $10 per day (maximum $2,500) after the tax return filing due date (April 30 or June 15 in the case of self-employed workers). In addition, Revenu Québec may impose a $100 penalty for each item of information omitted or erroneous on the form.

It should be noted that these penalties are in addition to those that could be imposed on tax payable on undeclared income gains relating to cryptoasset transactions.

Back

Foreign property
(Form T1135)

If you owned foreign property **with a total cost of more than $100,000** at some point in 2024, it would need to be described on Form T1135 of the federal tax return.

There are penalties for omissions or late declarations.

Among the main foreign property covered are:

- Bank accounts;
- Shares and bonds of foreign companies;
- Real estate property;
- Interest in non-resident trusts (offshore trust), including foreign mutual fund trusts.

Foreign securities (e.g. shares, bonds) held by a stock broker in Canada must be reported as foreign property on Form T1135.

Brokers are usually able to provide you with a summary report that help us to complete Form T1135 of your federal tax return.

However, the following foreign properties **do not have to be reported on form T1135**:

- Foreign property held in an **RRSP, RRIF**;
- foreign investments held in **mutual funds registered in Canada** even if the fund holds foreign investments;
- foreign property used or held exclusively in an active business (form T1134 might be required);
- personal use goods.

For example, a condominium held abroad (ex: Florida) does not need to be reported if it is used solely for personal purposes. But, if it's leased to third parties, it has to be reported on form T1135 reporting purposes.

If you have foreign property with a cost in excess of $100,000 in 2024, please respond to the related question on the income tax season questionnaire and send us the information on these investments (broker summary statement, description of the real estate, etc.).

Penalties

Late filing of Form 1135 after the April 30 deadline (June 15 in the case of self-employed workers) may result in a penalty of $10 per day (maximum $2,500). Higher penalties may apply for false information.

Back

Alternative Minimum Tax (AMT)

The AMT concept was introduced in 1986. It is a personal tax calculation that runs parallel to the regular tax calculation on schedules T691 (federal) and TP-776.42 (Quebec). At the time, the government's main objective was to limit the use of tax shelters (e.g. flow-through shares, films, QSSP, etc.), which were very popular in the 80s.

Very few clients have been affected by the AMT in recent years. Those who have, often because of an exceptional year (e.g., large capital gain, tax shelters), have generally been able to recoup the AMT surplus the following year as their situation returned to normal. The following table summarizes the main differences between the regular tax calculation and the AMT calculation as of 2024.

The new rules are likely to have a particular impact on individuals with large capital gains.

Tax calculation in 2024		
	Regular	**AMT**
Capital gain	50% included	100% included
Capital gains exemption (small businesses and farms)	Yes	Yes
Capital gain on shares of a charitable organization	Excluded	30% included
Dividends	Benefit from a preferential tax rate (max 40%)	Considered ordinary income (36.1%)
RRSP	Deductible	Deductible
Tax shelters (e.g. flow-through shares)	Deductibles	Essentially non-deductible
Personal tax credit	Consider the usual way	Several reduced by 50%
Tax rates	Maximum 53.31% (progressive)	36.1% (fixed)
Deduction	-	$ 175,000 (approximately)
Others		Excess tax created one year recoverable over the next seven years (to the extent AMT is less than regular tax) Does not apply in the year of death

It is to be noted that ATM calculation does not apply in the year of death.

Back

Old age security (OAS)

OAS background information

1927
Adoption of the Old Age Pensions Act. It appears that pension entitlement was severely restricted by income level and citizenship.
1951
▪ Old Age Security Act, providing $40 per month to people aged 70 and over ▪ Old Age Assistance Act, under which people aged 65 to 70 could receive an amount of $40 based on their income
1966 à 1970
The pensionable age is gradually being lowered to 65.
1985
In its 1985 federal budget, the government proposed that pensions be only partially indexed (3% below the rate of inflation). The government backed down under pressure from pensioners. Older pensioners will remember the famous altercation on Parliament Hill, when Madame Solange Doris challenged Prime Minister Brian Mulroney: "You lied to us, Charlie Brown".
1989
Introduction of a refund measure for people earning an individual net income of $53,000 at a rate of 15% on the excess.
1998
Finance Minister Paul Martin announced changes that made benefits more generous ($18,440 for a couple and $11,420 for a single person), but rapidly reduced based on net **family** income. Pensions were reduced to $0 when a couple's family income reached $78,000 ($52,000 for a single person). Faced with pensioners' protests, the government once again backed down.
2013
A new measure allows you to choose to postpone the start of the OAS pension from age 65 to age 70.
2022
Since July 2022, the OAS is increased by 10% at age 75.

Amount of OAS

Amount of OAS		
	65 years old ($)	75 years old ($)
2023	8,354.52	9,189.97
2024	8,619.96	9,481.96

Since July 1, 2022, pensioners have benefited from a 10% increase in PSV when they reach the age of 75.

Back

Full pension

Persons meeting the following conditions are eligible for the full pension:

- Be 25 years of age on July 1, 1977 (i.e. born before July 1, 1953) and have resided in Canada for 10 years prior to application.
- Have resided in Canada for 40 years after age 18.

People born before July 1, 1953, who could benefit from the first 10-year residence criterion, are now aged 71 in 2024 and already retired.

New retirees must therefore meet the second criterion of 40 years of residence after age 18 in order to qualify for the full pension.

Partial pension

People who are not entitled to a full pension may still receive a partial pension if they have resided in Canada for at least ten years after the age of 18.

They are entitled to 1/40th of the pension per year of residence. For example, if a person has lived in Canada for 25 years, he or she will be entitled to a pension of $5,386 i.e. 25/40ths of the full pension of $8,620 in 2024.

People living abroad must prove 20 years' residence in Canada to be entitled to a pension.

Pension reduction

In 1989, the federal government introduced a OAS reduction factor of 15% for people earning at the time an individual net income of over $53,000.

In 2024, the individual net income at which the OAS is reduced is $90,997.

	Old Age Security (OAS)	
	2024	
	65 years old	75 years old
		+ 10%
Full pension	$ 8,620	$ 9,482
Individual net income over which OAS is reduced	$ 90,997	$ 90,997
Reduction rate	15%	15%
Net income where OAS becomes zero	$ 148,463	$ 154,210

Strategies

The following income splitting strategies can be considered to avoid exceeding the individual net income $ 90,997 threshold at which the PSV begins to be reduced:

- retirement income (e.g. employer pension plan, IPP, RRIF)
- dividends from the time the incorporated professional reaches age 65, provided the spouse is a shareholder of the company.

Back

Choice of deferral until age 70

Since 2013, it is possible to defer the start of the OAS until age 70. The pension is then increased by 7.2% per year of deferral, up to a maximum of $11,362 in today's dollars.

Old Age Security (OAS) 2023						
Age at the beginning		Increase compared to age 65	Pension at 65 years old	Increase over previous year		Pension at age 75 (+10%)
		(%)	($)	($)	(%)	$
65	Annual increase of 7.2%	100.0	**8,620**	-	-	9,481
66		107.2	9,241	621	7.2	10,165
67		114.4	9,861	621	6.7	10,847
68		121.6	10,482	621	6.3	11,530
69		128.8	11,103	621	5.9	12,213
70		136.0	11,723	621	5.6	12,895

OAS registration

Service Canada sends a notice in the month following a person's 64th birthday.

Automatic registration
If Service Canada has sufficient information, the person receives a letter confirming registration, and payments begin at age 65.

ISP-3550 registration form
If Service Canada does not have all the information, the person must complete and return the ISP-3500 form received from Service Canada to request payment of the OAS.

Service Canada usually mails out the form one year before age 65, on your 64th birthday.

People who wish to defer their OAS pension must inform Service Canada of their intentions. If they start receiving payments, they must write a letter to Service Canada within 6 months to cancel the payments and defer the start of the pension.

Back

Québec Pension Plan (QPP)

History

The Quebec Pension Plan (QPP) came into effect in 1966. The contribution rate at the time was 1.8% for employees and 1.8% for employers. The maximum salary on which employees could contribute was $5,000.

As we'll see later, things have changed a lot since then, as the government has made numerous modifications and improvements over the years of the plan's existence. In 2025, the contribution rate is 6.4% for employees and 6.4% for employers up to a maximum salary of $71,300 and 4.7% on the salary bracket between $71,300 and $81,200.

The successive increases in the contribution rate, whose main aim was to ensure the sustainability of the plan in the context of an aging population, have given rise to much debate over the years.

Indeed, the government wants to act like a good head of family by forcing workers to save for their retirement. But for many workers having an average income, compulsory QPP contributions reduce the personal saving amounts available for their RESPs, RRSPs, TFSAs or TFFHSA, which could enable them to adopt a savings strategy better suited to their personal situation.

Contributions

Contribution period

- Start at age 18, calculated on earned income
- Ceases when workers stop working and no later than January 1 of the year in which the worker reaches age 73 if he continues to work.
- It is possible to stop contributing at age 65 when receiving a QPP pension.

Contribution rates

The following table illustrates the QPP contribution rate in 2025.

QQP contributions				
Income	Employees		Self employed workers	
$	%	$	%	$
0 – 3,500				
3,501 – 71,300	6,4	4,339.20	12,8	8,678.40
71,301 – 81,200	4	396.00	8	792.00
81,200 and more	-		-	
Total	4,735.2		9,470.40	

As you can see, contributions for a self-employed worker (maximum $9,470) are significantly higher than those for an employee (maximum $4,735), i.e. twice as much. Note that in the case of an employee, the employer pays the other half (maximum $4,735).

This is the case, for example, of an incorporated professional whose company pays him a salary. He will personally contribute $4,735 to the QPP, while his company will pay another $4,735.

Back

Pension

Pension commencement

The QPP pension can be claimed no earlier than age 60 and no later than age 72, subject to a reduction of 6% per year of anticipation before age 65 and an increase of 8.4% per dererral year after age 65.

Pension amount

The normal retirement age under the QPP is 65. To be entitled to the maximum QPP pension of $17,196 in 2025, workers must generally:

- Have contributed for at least 35 years since the age of 18. Note that a mothers with children under age 7 and earning less than $3,500 can subtract these years when calculating the 35 years required by the QPP so they won't be penalized;
- Have earned the maximum QPP-eligible salary throughout their career since the age of 18. It should be noted that the QPP salary requirement of $66,600 in 2025 was $ 10,400 in 1978, the year in which a person aged 65 in 2025 was 18 (age at which contributions begin).

Maximum pension

The following table illustrates the maximum pension at age 65 ($17,196 in 2025) and the effect of the 7.2% annual reduction when claiming the pension before age 65 or the 8.4% annual increase when choosing to defer the pension after age 65.

QPP									
Age at the begining in 2025		Increase compared to age 65	Annual pension	Increase compared to the previous year		Number of years required for deferral to be beneficial Pay back period			
		(%)	($)	($)	(%)	Compared to age 60	Age at recovery	Compared with the previous year	Age at recovery
60		64.0	11,005						
61	⬆	71.2	12,244	1,238	11.25	8,89	70	8.89	70
62		78.4	13,482	1,238	10.11	9,39	71	9.89	72
63	7.2% annual	85.6	14,720	1,238	9.18	9,89	73	10.89	74
64	reduction	92.8	15,958	1,238	8,41	10.39	74	11.89	76
65		**100.0**	**17,196**	**1,238**	**7,76**	10.89	76	12.89	78
66	8.4% annual	108.4	18,640	1,444	8,40	11.08	77	11.90	78
67	increase	116.8	20,085	1,444	7,75	11.37	78	12.90	80
68		125.2	21,529	1,444	7,19	11.72	80	13.90	82
69		133.6	22,974	1,444	6,71	12.10	81	14.90	84
70		142.0	24,418	1,444	6,29	12.51	83	15.90	86
71		150.4	25,863	1,444	5,92	12.94	84	16.90	88
72	⬇	158.8	27,307	1,444	5,59	13.38	85	17.90	90

Notes :

- These projections are in constant dollars (without indexation).

Back

Increase in QPP maximum pensionable earnings

Until now, the maximum pensionable earnings (MPE) for QPP purposes corresponded to the average industrial wage, published annually by Statistics Canada ($71,300 in 2025).

Over the next two years, the MGA will increase significantly, reaching 114% of the average industrial wage. It will then be indexed to inflation in subsequent years.

	Average industrial salary	QQP Increase of the limit	Maximum eligible to QQP
	$		$
2023	66,600	-	66,600
2024	68,500	x 1.07	73,200
2025	71,300	x 1.14	81,200

Workers earning more than the MPE will thus be entitled to receive higher pensions, and will also benefit from the gradual increase in the pension percentage from 25% to 33.33%. At maturity, younger workers earning $81,200 or more could therefore expect a pension of around $27,000 in today's dollars (33% x $80,400), provided they have contributed enough years, generally 35 years.

Gradual increase in pension from 25% to 33% of pensionable earnings

Since its creation, the pension paid at retirement has corresponded to 25% of the average worker's salary, subject to the maximum pensionable earnings ($71,300 in 2025).

> The annuity rate will gradually increase from 25% in 2019 to 33.33% in around 40 years.

Younger workers will benefit most from the increase in the rate based on the number of years of contributions.

Few workers are entitled to the maximum pension

It is to be noted that only 2.8% of workers are entitled to the maximum QPP pension, as shown in the table below:

Percentage of maximum pension	Percentage of new retirees in 2020
%	%
Under 30	21.4
30 to 49	16.5
50 to 69	17.8
70 to 99	41.3
100	2.8

Source : CFFP, Université de Sherbrooke, Septembre 2023, Quand débuter ses prestations de retraites, Les Avantages de la flexibilité
Retraite Québec (2021) Statistique de l'année 2020 p.6

There are two main reasons for this:

- The maximum salary used by the QPP is the average industrial salary for large companies in Canada (200 employees or more) published annually by Statistics Canada. The average wage in Canada is about $10,000 lower than the average industrial wage used by the QPP. As a result, a majority of workers earn less than the salary required to obtain the maximum QPP pension.
- It is difficult to reach the required 35 years of contributions (late start of career after university, illness, remuneration in the form of dividends rather than salary by incorporated professionals, etc.).

Back

To postpone the pension or not?

We could determine the ideal age from a financial point of view to claim the QPP pension if we could predict the future (e.g. age of death, inflation rate, effect of the pension on tax credits and other social programs).

Unfortunately, there are too many imponderables. This is a situation where forecasts can vary widely. As an old mathematics professor used to say, "The result of an operation cannot be more precise than the least precise of its components".

In such a situation, it's best to rely on certain basic principles.

Consider the number of years to recuperate deferred years
Another angle is to consider the number of years required for the higher pension obtained through deferral to recover the pension amounts sacrificed during the deferral period.
Thus, as illustrated in the last column of the table, if we choose to take the annuity at age 67, for example, it will take 11.4 years to obtain the same annuity accumulation, i.e. at age 78.

It is important to note that :

- The previous projections shown in the table are intended as trends only. They do not take into account factors such as pension compensation, maximum increase in pensionable earnings, potential return on pension and tax implications.
- The table and examples have been prepared using QPP maximum pension amounts. As previously mentioned, few workers are entitled to the maximum pension. However, the reasoning remains the same for pensions below the maximum.

Consider the impact of annual annuity increases
It's interesting to consider the pension increase in terms of the percentage increase of the pension for each deferral year. For example, as shown in the table above, if the annuity is taken from age 61 ($12,444) instead of age 60 ($11,005), it will be 11.25% higher. It can also be seen that the annual deferral gain gradually decreases from 11.25% to 5.59% from age 61 to 72.

Insuring survival risk

Postponing the annuity period allows you to insure the risk of survival, i.e. to benefit from a stable income if you are lucky enough to live to a ripe old age.

As a guide, the following table gives the probability that a 65-year-old woman or man in 2023 will reach a certain age. For example, a 65-year-old man in 2023 has a 25% chance of reaching 94.

Survival expectancy		
Person aged 65 in 2023		
Probability to reach a certain age	**Man**	**Woman**
50%	89 year old	91 year old
25%	94 year old	96 year old
10%	97 year old	100 year old

Source : CFFP Université de Sherbrooke, Septembre 2023, Quand débuter ses prestations de retraite, les Avantages de la flexibilité p.14
IQPF Normes d'hypothèses de projection.

While each situation is unique, generally speaking, the best age to start claiming QPP benefits is probably 67 or 68.

Back

Pension protection at age 65

A retiree who chose to defer his or her pension after age 65 could suffer a negative impact on pension calculation due to the fact that he or she earned no work income during the deferral period and did not benefit from the full annual pension increase of 7.2% per year of deferral.

As of January 1, 2024, years of low or zero earnings during the deferral period after age 65 will no longer negatively affect the pension calculation. The retiree will also be able to benefit from the full annual pension increase of 8.4% per deferral year.

It is likely that, thanks to this new measure, more pensioners will differ the start of their pension after age 65.

Few retirees differ their QPP pension after age 65

Despite the recent increase in the deferral bonus to 8.2% per year after age 65, only 8% (6% + 2%) of retirees had chosen to defer their pension after age 65 in 2022. However, this proportion is higher than in 2017, when only 4% (3% + 1%) of retirees deferred the start of their pension after age 65.

Age at the beginning of the pension	Year	
	2017	2022
	%	%
60	63	46
61 to 64	18	25
65	15	21
66 to 69	**3**	**6**
70 or more	**1**	**2**
	100	100

One might even think that those who claimed it after age 70 had simply forgotten to claim it, since the option of deferring the annuity from age 70 to 72 was only introduced in 2024.

Back

QPP pensioner who is still working after age 65

Choosing to stop contributing to the QPP

Workers over age 65 who receive the QPP pension and contribute to the QPP see their annual pension increase by 0.66% the following year.

For example, if the salary is $71,300 in 2025, the pension will increase annually by $475 ($71,300 x 0.66%) in 2025.
The required contribution is $4,339 for an employee ($8,320 for a self-employed worker).

Workers (salaried or self-employed) who receive a QPP pension may choose to stop contributing to the plan since January 1, 2024.

> An employee will recover through the pension increase an amount equivalent to his $4,339 contribution after approximately 9 years, i.e ($475 x 9 years), while a self-employed worker will recover $8,678 ($475 x 18 years) only after around 18 years.

Each situation must be analyzed individually, but generally speaking, it would be advantageous to continue to contribute for an employee (6.4%), while a self-employed person whose contribution is double (12.8%) for the same pension increase (0.66%) could benefit from choosing to stop contributing.

	Contribution's rate	Annual increase of the pension	Recovery period
Employee	6.4%	0.66%	9 years
Independent worker	12.8%	0.66%	18 years

Form to be produced
Employees who choose to stop contributing must complete the following form and submit it to their employer;

- *Election to Stop Contributing to the Québec Pension Plan, or Revocation of an Election (RR-50 (2024-1))*

The decision not to contribute is not final. It may subsequently be revoked.

QPP Summary table			
	2025	**2024**	**2023**
	($)	**($)**	**($)**
Maximum annual pension at age 65	17,196	16,375	15,679
Maximum eligible earnings	71,300	68,500	66,600
Additional maximum eligible earnings	81,200 (x 1.14)	73,200 (x 1.07)	S/O
Employee contributions Basic plan (6.4%) Supplementary plan (4.0%)	 4,339.20 396.00	 4,160.00 188.00	 4,038.40 -
	4,735.20	4,348.00	4,038.40

Back

Continue to work after age 65?

In the context of labour shortages, governments have introduced or improved a number of measures to encourage seniors to continue working and to allow them to stay active or to make ends meet.

Working income exemptions for the calculation of the Guaranteed Income Supplement (GIS)

Seniors who turn 65 years old of age and would like to continue working part-time often hesitate to do so because they fear losing their Guaranteed income supplement, often called the "big pension".

First, let us remind you that, starting at age 65, people are generally entitled to receive the Old Age Security (OAS) ($ 8,620 in 2024)

In addition, individuals with low income can also receive a second pension, the GIS, to a maximum annual amount of $13,043 ($15,702 for a couple). However, the GIS is quickly reduced based on other income earned at a rate of 50% (25% for a couple) for every dollar of additional income (ex: working income, QPP pension, investment income).

To encourage seniors to continue working past the age of 65 and be less penalized, the federal government allows them to earn $5,000 of working income without affecting their GIS and a 50% exemption for working income from $5,000 to $10,000.

It is to be noted that the OAS income do not reduce the GIS.

	Guaranteed Income Supplement (GIS) 2025		
	Single	**One spouse over 65**	**Two spouse over 65**
Amount of GIS	$ 13,043	$ 13,043	$ 15,702
Reduction rates based on other income	± 50%	± 25%	± 25%
Maximum net income (1)	$ 22,056 $	$ 52,848	$ 29,136

(1) The following incomes are excluded in the reduction calculation:
- OAS
- Working income
  - First $5,000
  - 50% between $5,000 to $10,000

Back

Tax credit for career extension (age 60 and more)

In its economic update, the Quebec's government announced changes to the career extension credit. The main one will exclude workers aged 60 to 64.

In addition, the credit will be reduced on the basis of **net income** (work income, pension income, investment income, etc.) rather than **work income** alone.

	Tax credit for career extension (age 60 and more)		
	2025	2024	
Eligible age	65 years old and over	60 to 64 years old	65 years old and over
Qualifying work income	$ 7,500 $ to $ 20,000	$ 5,000 to $ 15,000	$ 5,000 to $ 16,000
Credit rate	14 %	14 %	14 %
Maximum credit	$ 1,750	$ 1,400	$ 1,540
Reduction threshold	$ 56,500 (net income)	$ 40,925 (work income)	$ 40,925 (work income)
Reduction rates	7 %	5 %	5 %
Maximum income where the credit is reduced to $0	$ 81,500	$ 68,925	$ 71,725

Work Premiums

To increase income of low-income workers a "bonus" system payable along with the tax returns was introduced by both levels of government a few years ago.

A single person earning between $2,400 and $12,334 will be eligible for a bonus of nearly 50% of salary up to a maximum of $4,857. For a couple without children, the 50% bonus applies to salaries in the range of $3,600 to 19,092 up to a maximum of $7,576. The bonus is gradually reduced when net income exceeds the previous maximum.

	Workers premiums			
	Single		**Couple**	
	Federal	**Quebec**	**Federal**	**Quebec**
Working income **Minimum** **Maximum**	($) 2,400 12,334	($) 2,400 12,334	($) 3,600 19,092	($) 3,600 19,092
Credit rate **Maximum**	37.3 % $3,705	11.6 % $1,152	37.3 % $5,779	11.6 % $1,797
Maximum	**$4,857**		**$7,576**	
Reduction rate **Net income** **Threshold** **Maximum**	20 % ($) 13,830 32,355	10% ($) 12,334 23,857	20 % ($) 21,257 47,987	10 % ($) 19,092 37,062

In conclusion, it may be very interesting for a retired person who otherwise has little income to earn a salary in the range from $3,000 to $15,000 when considering this previous incentives. This might be of interest for parents of many clients.

Back

Individual Pension Plans (IPP)
Incorporated clients

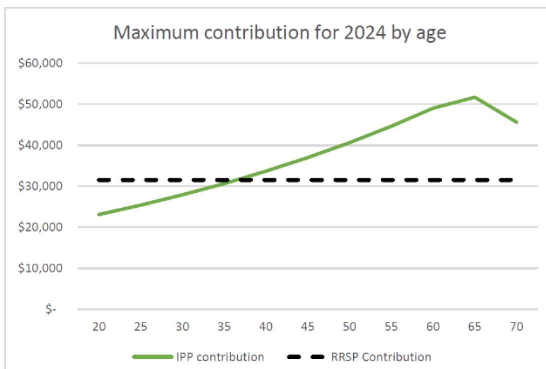
Until 2018, taking into account the different tax rates it was generally preferable that companies pay dividends for the remuneration of their shareholders instead of salaries.

Starting in 2018 and following changes in tax rates, it has generally became more advantageous to pay salaries instead of dividends, which is now the case for the majority of incorporated clients.

Since this change, incorporated clients have the possibility to contribute to their RRSP. The maximum annual RRSP contribution in 2024 is $30,780 or 18% of a salary of $171,000.

Another option now available is to implement an Individual Pension Plan (IPP).

The main advantage of the IPP over the RRSP as show in the illustration below is that the annual contribution increases with age while the RRSP contribution is the same at $30,780 regardless of age. The IPP contribution becomes higher than the RRSP contribution at age 35 and reaches around $50,000 at age 65.



If you are incorporated and over the age of 35, contributing to an IPP instead of an RRSP could be a beneficial strategy.

Please consult the specific IPP Bulletin on our website, or ask your advisor for more information. (https://www.paulrioux.ca/en/bulletins/individual-pension-plan-ipp/)

Back

Registered Retirement Income Fund (RRIF)

The RRSP must be transferred to a RRIF no later than December 31st of the year in which the age of 71 is reached. The firsts mandatory withdrawals begin the following year at age 72 (note that the funds accumulated in the RRSP can also be used to acquire an annuity).

The following table shows the minimum withdrawals required according to age. There is no maximum withdrawal limit.

RRIF Minimum withdrawals			
Âge	%	Âge	%
72	5,40	84	8,08
73	5,53	85	8,51
74	5,67	86	8,99
75	5,82	87	9,55
76	5,98	88	10,21
77	6,17	89	10,99
78	6,36	90	11,92
79	6,58	91	13,06
80	6,82	92	14,49
81	7,08	93	16,34
82	7,38	94	18,79
83	7,71	95 and over	20,00

Amounts may be paid monthly or annually at the recipient's option.

In order to reduce mandatory minimum withdrawals, it is possible to choose a spouse's age when he or she is younger.

RRIF income can be split with a spouse starting at age 65.

Note that financial institutions do not have to withhold income tax at source on minimum withdrawals. However, it is generally recommended to ask the institution to voluntarily withhold an amount of tax in the range of 15% to 20% at each level of government (federal and Quebec) so that taxes are paid as RRIF payments are received and avoid a surprise on April 30.

Income splitting

Retirees who receive an income from a registered retirement income fund (RRIF), an employer pension's plan or an IPP can generally split their pension with their spouse on their tax return starting at age 65.

At the federal level, an employer's retirement pension or an IPP can be split even before age 65, as soon as the pension begins to be paid.

Note that an amount withdrawn directly from an RRSP cannot be split with the spouse. The amount must first be transferred from the RRSP to a RRIF and then withdrawn from the RRIF to be split.

	Minimum retiree age to split	
	Federal	Quebec
Employer Pension and IPP	Upon retirement	65 years old
Registered Retirement Income Fund (RRIF)	65 years old	65 years old

Back

Tax Credit For Home-Support Services for seniors (70 years old or more)

The purpose of this credit is to help people aged 70 and older who live in their dwelling (e.g., house, condo, seniors residence or apartment) by granting them a tax credit on certain expenses.

Credit rate

The base credit rate was 35% in 2021 and is increased by 1% per year up to 40% in 2026 (38% in 2024).

Credit rate %					
2021	2022	2023	**2024**	2025	2026
35	36	37	**38**	39	40

Eligible Expenses

Homeowners (house, condo)

The main eligible expenses are:

- Services related to routine domestic chores (e.g., housekeeping) and outdoor work (e.g., mowing the lawn, cleaning the windows);
- Maintenance of appliances;
- Cleaning carpets and upholstered furniture;
- Cleaning air ducts and chimney sweeping;
- Supply service (grocery and pres
- cription drug delivery);
- Services related to daily activities (e.g., dressing, hygiene, meal preparation);
- Nursing services;
- Condo fees share attributable to current expenses (ask manager for a report).

Tenants

The maximum eligible monthly rent for tenants of a rental property is $1,200 (with a minimum of $600). The credit rate is 5% for a relatively modest annual maximum tax saving of $274 (5% x $1200 x 12 months x 38%).

Managers will usually apply directly to the government for the credit to be paid monthly to the resident. A Relevé 19 will be issued by the government, and the credit received in a given year must be entered on the tax return.

Back

Seniors' residences

In the case of seniors' residences, residence managers will allocate a predetermined percentage of the rent to eligible expenses based on the services provided under the lease, as illustrated in the following table

	Home support credit Single independent person Seniors' residences 2024						
	Base	Laundry	Housekeeping	Food services	Nursing care	Personal care	Total (Maximum 65% of rent)
Minimum	$	$	$	$	$	$	$
Monthly rent up to **Eligible portion** **Credit (38%)**	1,000 150 57	1,000 50 19	1,000 50 19	1,000 100 38%	1,000 100 38	1,000 100 38	 550 209
Rate of increase	15%	5%	5%	10%	10%	10%	
Maximum	$	$	$	$	$	$	$
Monthly rent **Eligible portion** **Credit (38%)**	2,500 375 145	2,500 125 48	2,500 125 48	2,000 200 76	2,500 250 95	3,500 350 133	 1425 542

	Credit for home maintenance Independent couples Seniors' residences 2024						
	Base	Laundry	Housekeeping	Food services	Nursing care	Personnal care	Total (Maximum 65% of rent)
Minimum	$	$	$	$	$	$	$
Monthly rent up to **Eligible portion** **Credit (38%)**	1,250 150 57	1,500 75 24	1,250 50 29	1,250 200 76	1,500 100 38	1,500 200 76	 800 305
Rate of increase	12%	5%	4%	12%	8%	15%	
Maximum	$	$	$	$	$	$	$
Monthly rent **Eligible portion** **Credit (38%)**	3,125 375 143	2,500 125 48	3,125 125 48	2,917 400 152	3,250 250 95	4,167 600 226	 1875 712

Back

Maximum expenses

Tax credit for home-support services		
	Maximum expenses	**Maximum credit (38%)**
Autonomous persons	$	$
Single	19,500	7,410
Couple	39,000	14,820
Dependent persons		
Single	25,500	9,690
Couple (one dependent spouse)	45,000	17,100
Couple (two dependent persons)	51,000	19,380

Reduction of credit based on family income

The credit is reduced by 3% of the amount of family income in excess of $69,040 and by 7% of family income in excess of $111,845. Unfortunately, many clients no longer qualify for the credit because of their high family income.

Family income	Credit rate reduction
Up to 69,040	0 %
69,041 – 111,845	3 %
More than 111,845	7 %

The following table shows the minimum amount of expenses required for autonomous seniors to become eligible to the credit considering family income.

Autonomous persons	
2022	
Family income ($)	**Minimum amount of expenses ($)**
Up to 69,040	100% eligible
90,000	1,655
111,845	3,379
125,000	5,802
150,000	10,408

Dependent persons

It is important to note that individuals who are **not autonomous** are entitled to the full tax credit of 35**% regardless of their family income**. In addition, if their income is less than $65,700, they also could also benefit of the 1% to 37% which would be gradually reduced if income exceeds $65,700.

For the purpose of the Home-Support Tax Credit, a person is considered to be dependent if he or she:

- needs assistance on a regular basis for personal needs (washing, dressing, personal mobility or eating)
- has a serious mental disorder (e.g., Alzheimer's, dementia, etc.)

The status has to be confirmed by:

- a written attestation from a physician or nurse;
- or TPZ-1029.MD.A form completed and signed by a physician or nurse.

Back

Federal Home Accessibility Tax Credit
(aged 65 and more)
and Quebec independent living tax credit for seniors (aged 70 and more)

Federal (age 65 and over)

People aged 65 and over, as well as those eligible for the disability tax credit, can take advantage of a non-refundable tax credit of up to $2,500 on expenditures of up to $20,000 for work to enable them to access their dwelling and perform the tasks of daily living, or to reduce the risk of injury in the dwelling. The work must be of a durable nature and an integral part of the dwelling.

Home Accessibility Tax Credit	
Maximum amount of expenses	$ 20,000
Credit rate	12.5 %
Tax savings	$ 2,500

Examples of eligible work :

- steel wheelchair ramps;
- bathtubs with door;
- grab bars;
- mechanical chair for going up and down stairs.

Expenses for routine maintenance (painting, housework), renovations or furniture purchases are not eligible.

Quebec (age 70 and over)

If you're over age 70, you may also be eligible for a refundable tax credit equal to 20% of the expenses for home mobility aids as described above for the federal Accessibility Tax Credit. **There is no maximum limit on eligible expenses.**

In Quebec, in addition to the above, expenses for the purchase, rental or installation of the following equipment to maintain independence are eligible:

- Canes, crutches, walker;
- Non-motorized wheelchair;
- Hospital bed;
- Hearing aids;
- Warning system for the hearing-impaired.

Back

Combined tax savings (federal and Quebec)

As described above, a person aged 70 or over is entitled to both the federal credit and the Quebec credit for work to continue living independently in his or her home.

The potential savings on this type of work could therefore reach $6,450, or 32.5% (12.5% + 20%) on expenses up to $20,000, and 20% in Quebec on expenses over $20,000.

	Work to make getting around the house easier 2024		
	Federal	Québec	Total
Expenses	$ 20,000	$ 19,750	
Credit rate	12.5%	20%	32.5%
Tax savings	$ 2,500	$ 3,950	$ 6,450

Don't forget to send us invoices for any work carried out in 2023 to make it easier to move around the house, or for the purchase or rental of equipment to maintain independence.

	Home Accessibility Tax Credit	**Independent living tax credit for seniors**
	Federal	**Québec**
Age	65 years old and more	70 years old and more
Reimbursable	No	Yes
Expenses - Minimum - Maximum	 No minimum $ 20,000	 $ 250 No maximum
Credit rate	12.5 %	20 %
Eligible work		
Work to facilitate movement around the house (e.g. steel ramps, bathtubs, grab bars)	Yes	Yes
Purchase, rental and installation of equipment to maintain independence (cane, non-motorized wheelchair, hearing aid, etc.).	No	Yes

Back

Caregivers

The aging population and the pandemic have led many families to take care of a loved one with physical or mental limitations.

This dedication usually comes with its share of responsibilities and can take a lot of time and money. Let's take for example, a person who is caring for a parent with Alzheimer's disease or caring for a severely disabled child.

Fortunately, governments recognize this contribution by providing some tax relief to support caregivers.

In the last few years, the federal and Québec governments have introduced various tax credits for caregivers.

Federal

At the federal level, caregiver credit can be claimed for an eligible spouse, child or relative who is dependent on an individual **because of mental or physical impairment only**. The individual does not have to live with the dependant.

The maximum federal tax savings is $1,047 ($8,375 X 12.5%) and is reduced when the dependants income exceeds $18,397 and is reduced to $0 on income of $28,041 or more.

Québec

In Québec, the scope of the caregiver tax credit is not limited to people with severe and prolonged disabilities. Indeed, it also allows to include an elderly relative, other than a spouse, aged 70 and over who needs support.

The tax credit is divided into two parts:

- A fixed basic amount of $1,453 for cohabitation
- An additional amount of $1,453 (with or without cohabitation) if the person has a mental or physical disability. However, this amount is reduced by 16% of the net income of the person cared for exceeding $25,785.

Eligible Relative

An eligible relative usually includes a direct ascendant or descendant, a brother, sister, uncle, aunt, nephew or niece. It could also be the same relatives of the spouse.

Non-Related Person

A non related person may be eligible as long as a health professional certifies that the individual is providing ongoing assistance.

Severe and prolonged mental or physical impairment

This criterion is generally met when the person needs assistance to perform a basic activity of daily living such as walking, eating or dressing.

The following forms must be obtained:
- Québec: Certificate of Impairment (TP-752.O.14)
- Federal: Disability Certificate (T2201)

Back

	Caregivers (Quebec)	
	Tax savings	
	Situation according to age	
	18 years and older with severe and prolonged mental or physical **impairment**	**70 years** or older
Eligible individuals	Spouse Children Eligible relatives Non relative individuals	Eligible relatives (excluding spouse)
Living together ▪ Fixed basic credit	$1,453	$1,453
Living together or not ▪ Reduced credit based on the income of the person cared for Up to $25,785 $25,786 to $34,866 More than $34,866	 $1,453 16% reduction $0	None
Total	$1,453 - $2,906	$1,453

Senior assistance tax credit
(70 years and more)

This measure is intended to help seniors in the context of the period of high inflation we are facing.

	Senior assistance tax credit 2023		
	Situation		
	Single aged 70 years old or more	One spouse aged 70 years old or more	Two spouses aged 70 years old or more
	($)	($)	($)
Maximum credit	2,000	2,000	4,000
Family income from which the credit is :			
• Reduction threshold	27,065	44,015	44,015
• Reduction rate	5.31%	5.31%	5.31%
• Entirely lost	64,729	81,680	119,345

Back

Disability tax credit

This is probably one of the most often overlooked tax credits even though it can represent significant annual tax savings.

Disability tax credit			
	Federal	Québec	Total
Credit amount	$9,872	$4,009	
Credit rate	12.5 %	14 %	
Tax savings	$1,234	$561	$1,795

Main conditions to be met
To be eligible for the credit, a person must have an impairment of physical or mental functions that prevents him or her from performing daily activities.
For example:

- Seeing, speaking, hearing, walking
- Eating
- Dressing

These criteria can be applied in many situations that, at first glance, might appear not to qualify. For example, a child with a learning disability (ADHD, PDD, autism) or an adult who needs help with personal care.

A multiplier effect!
Qualifying for the disability credit also means you may be eligible for several other programs or credits. For example

- Home accessibility credit before age 65;
- Calculation of the basic 35% home ownership credit in Quebec, without taking into account the reduction based on family income;
- Registered Disability Savings Plan (RDSP).

Required forms

In order to claim the credit, the following forms must be completed by a physician or other health care professional (e.g. nurse, psychologist, speech therapist) and subsequently approved by the tax authorities.

Federal: *Disability Tax Credit Certificate (T2201)*
Quebec: *Certificate respecting an impairment (TP-752.0.14)*

Two comments on these forms

- To improve the chances of tax authorities approving the forms, it is recommended that medical assessment reports and other documents confirming the person's health problems be attached, even if they are not mandatory.
- The medical professional can specify the number of years the person has been incapacitated, allowing the credit to be claimed retroactively for previous years (up to 10 years).

Back

Registered disability savings plans (RDSP)

The RDSP was created 15 years ago in 2008. Although it is one of the most advantageous programs, it is still little known and underused.

The RDSP is primarily intended for parents of children with physical or mental disabilities. The purpose of the program is to allow parents to set up a pension fund for their child with a disability so that they are not financially deprived in the future when the parents won't be able to look after them. An RDSP can also be set up for a spouse with a disability.

Eligible Recipient

- Eligible for the Disability Tax Credit (federal T2201 form signed by a physician)
- Under 60 years of age
- Resident in Canada

Contributions

RDSP contributions are not tax deductible and therefore will not be taxable when withdrawn for the child. Contributions on the other hand qualify for generous grants that will be paid directly into the RDSP by the federal government.

Contributions may be made up to the beneficiary's age of 59, but are eligible for grants only up to age of 49. The lifetime contribution limit is $200,000, but as we'll see later, contributions of $30,000 made after the child's 18th birthday generally qualify for the maximum grants.

Canadian disability savings grant (CDSG)

If the child is under the age of 18, grants are be based on the parents' net family income. When the child reaches the age of 18, the grants are be based on the child's net income, which will generally be lower than the family net income of the parents, leading to more generous grants. The schedule below shows the maximum annual grant amount of $3,500 when the net income is less than $111,733 or $1,000 if the income is more than $111,733. The maximum lifetime grant is $70,000.

	RDSP	
	Income limits for 2024 (Based on 2022 return)	
	Up to $ 111,733	More than $ 111,733
	$	$
Contribution	1,500	1,000
Grant	3,500	1,000
Annual total	5,000	5,000

Note that to determine the subsidy amount, CRA uses the net income of the second year preceding the current year. For example, for 2024, CRA uses income from the 2022 return.

It will generally be more advantageous to wait until the child reaches the age of 18 to start contributing to the RDSP so that the Grant will be determined on the basis of the child's income, which is likely to be less than $111,733, and thus eligible for the annual Grant of $3,500 instead of $1,000.

Back

Canadian Disability Savings Bond (CDSB)

In addition to the Grant, the Government will provide a Bond of $1,000 per year when net income is less than $36,502. The Bond is gradually reduced to $0 when income reaches $55,867.

As for the grant it is the family net income that is considered when the child is under the age of 18 and it is the net income of the child that is considered starting at age of 18.

Therefore, in the majority of cases, if the child's income is less than $ 36,502 the annual bond of 1 000 $ can be paid to the RDSP starting at age 18 of the child.

The lifetime cumulative contribution maximum bond is $20,000.

Accumulation example

If the child is 18 years of age and his or her income is less than $36,502, an annual contribution of $1,500 per year starting at age 18 for 20 years up to age 37, for a total contribution of $30,000, would provide the maximum Grant of $70,000 and the maximum Bond of $20,000 for a total of $90,000.

At age 60, the accumulated value in the RDSP would be $609,377 assuming a 5% return (which accumulates tax-free).

Who says better?

	RDSP		
	Annual amount	Maximum grants	Start of eligible withdrawals
Age	From age 18	At the age of 37 (after 20 years)	At age 60 (after 42 years)
	$	$	$
Contribution	1,500	30,000	30,000
Grant	3,500	70,000	70,000
Bond	1,000	20,000	20,000
	6,000	120,000	120,000
Income (5 %)		88,316	489,377
Cumulative amount		**208,316**	**609,377**

Back

Withdrawls

Eligible payments begin at age 60.

If amounts are withdrawn before the age of 60, Grants and Bonds received in the previous 10 years must be repaid to the Government.

Payments will be taxable on the child's declaration with the exception of the contribution portion which is not taxable.

The minimum withdrawal amount is based on a formula that depends on the age of the child.

RDSP Minimum withdrawls			
Age	**%**	**Age**	**%**
60	4,35	70	7,69
61	4,55	71	8,33
62	4,76	72	9,09
63	5,00	73	10,00
64	5,26	74	11,11
65	5,56	75	12,50
66	5,88	76	14,29
67	6,25	77	16,67
68	6,67	78	20,00
69	7,14	79	25,00
		80 and over	33,33

Social Assistance benefits and RDSP

One concern that often comes up is the consequences that the RDSP could have on social assistance benefits that a beneficiary might receive.

During the accumulation period

Le Règlement de l'Aide aux Personnes et aux Familles specifically exclude the RDSP from the beneficiary's assets. Thus, setting up an RDSP has **no effect** on the social assistance benefits during the accumulation period.

During the payment's period starting at age 60.

According to Section III of the new Règlement de l'Aide aux Personnes et aux Famille, a beneficiary may receive in 2024 a monthly amount of $1,273 ($15,023/year) from the RDSP **without** affecting their social assistance benefit.

Thus, an amount of around $350,000 could be accumulated in the RDSP without affecting social assistance benefits, since the minimum annual withdrawal from the RDSP would be $15,225 (i.e. $350,000 x 4.35%), which corresponds to the social assistance exemption.

To reach this value of $350,000, if one start contributing $1,500 at age 18, he would need only 9 years of contribution until age 25, taking into account the $3,500 annual grant, the $1,000 annual bond and a 5% return.

Back

Schedule

The following schedule summarizes the time schedule of an RDSP according to the age of the beneficiary:

RDSP	
Age	Schedule
Up to 18 year old	Net family income considered for Grants and Bonds
From de 18 year old	Net child (and spouse) income considered for Grants and Bonds
49 year old	End of Grants and Bonds
59 year old	End of contributions
60 year old	Beginning of payments

615, boul. René-Lévesque Ouest
Suite 300
Montréal (Québec)
H3B 1P5
Tél. : [514] 875-7526 (PLAN)
Fax : [514] 875-5206
www.paulrioux.qc.ca
E-mail : prioux@paulrioux.qc.ca