

# 2020 Tax planning

## Provincial/territorial income tax rates<sup>1</sup>

(current to January 2020)

British Columbia	
First \$41,725	5.06%
\$41,726 – \$83,451	7.70%
\$83,452 – \$95,812	10.50%
\$95,813 – \$116,344	12.29%
\$116,345 – \$157,748	14.70%
\$157,749 and over	16.80%
Alberta	
First \$131,220	10.00%
\$131,221 – \$157,464	12.00%
\$157,465 – \$209,952	13.00%
\$209,953 – \$314,928	14.00%
\$314,929 and over	15.00%
Saskatchewan	
First \$45,225	10.50%
\$45,226 – \$129,214	12.50%
\$129,215 and over	14.50%
Manitoba	
First \$33,389	10.80%
\$33,390 – \$72,164	12.75%
\$72,165 and over	17.40%
Ontario	
First \$44,470	5.05%
\$44,471 – \$89,482	9.15%
\$89,483 – \$150,000	11.16%
\$150,001 – \$220,000	12.16%
\$220,001 and over	13.16%
Quebec	
First \$44,545	15.00%
\$44,546 – \$89,080	20.00%
\$89,081 – \$108,390	24.00%
\$108,391 and over	25.75%
New Brunswick	
First \$43,401	9.68%
\$43,402 – \$86,803	14.82%
\$86,804 – \$141,122	16.52%
\$141,123 – \$160,776	17.84%
\$160,777 and over	20.30%
Nova Scotia	
First \$29,590	8.79%
\$29,591 – \$59,180	14.95%
\$59,181 – \$93,000	16.67%
\$93,001 – \$150,000	17.50%
\$150,001 and over	21.00%
Prince Edward Island	
First \$31,984	9.80%
\$31,985 – \$63,969	13.80%
\$63,970 and over	16.70%
Newfoundland & Labrador	
First \$37,929	8.70%
\$37,930 – \$75,858	14.50%
\$75,859 – \$135,432	15.80%
\$135,433 – \$189,604	17.30%
\$189,605 and over	18.30%

Yukon	
First \$48,535	6.40%
\$48,536 – \$97,069	9.00%
\$97,070 – \$150,473	10.90%
\$150,474 – \$500,000	12.80%
\$500,001 and over	15.00%
Northwest Territories	
First \$43,957	5.90%
\$43,958 – \$87,916	8.60%
\$87,917 – \$142,932	12.20%
\$142,933 and over	14.05%
Nunavut	
First \$46,277	4.00%
\$46,278 – \$92,555	7.00%
\$92,556 – \$150,473	9.00%
\$150,473 and over	11.50%

## 2020 Top marginal tax rates

(Federal & Provincial Rates Combined)<sup>2</sup>

	Interest	Capital gains <sup>3</sup>	Eligible dividends	Non-eligible dividends
British Columbia	49.80%	24.90%	31.43%	44.64%
Alberta	48.00%	24.00%	31.71%	42.31%
Saskatchewan	47.50%	23.75%	29.64%	40.38%
Manitoba	50.40%	25.20%	37.78%	46.68%
Ontario	53.53%	26.77%	39.34%	47.74%
Quebec	53.30%	26.65%	40.11%	47.15%
New Brunswick	53.30%	26.65%	33.50%	47.76%
Nova Scotia	54.00%	27.00%	41.58%	48.28%
PEI	51.37%	25.69%	34.23%	45.24%
Newfoundland	51.30%	25.65%	42.61%	44.59%
Yukon	48.00%	24.00%	28.92%	42.17%
NWT	47.05%	23.52%	28.33%	36.83%
Nunavut	44.50%	22.25%	33.08%	37.80%

## RRSP/TFSA contribution limits

18% of previous year's earned income to a maximum of	<b>2020</b> – \$27,230
	<b>2021</b> – \$27,830
TFSA Contribution Limit	\$6,000
Accumulated TFSA contribution limit <sup>4</sup>	\$69,500

## Withholding tax rates for RRSP/RRIF withdrawals

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

## 2020 Federal income tax rates

First – \$48,535	15%
\$48,536 – \$97,069	21%
\$97,070 – \$150,473	26%
\$150,474 – \$214,368	29%
\$214,369 and over	33%
Basic personal exemption	\$13,229 <sup>6</sup>

## Attribution rules

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

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

## 2020 Employment Insurance (EI) premiums

	All provinces/territories except Quebec	Quebec
Maximum Yearly Insurable Earnings	\$54,200	\$54,200
Employee's Premium Rate	1.58%	1.20%
Employer's Premium Rate	2.21%	1.68%
Maximum Yearly Employee Premium	\$856.36	\$650.40
Maximum Yearly Employer Premium	\$1,198.90	\$910.56

## 2020 Canada Pension Plan premiums

	All provinces/territories except Quebec	Quebec
Maximum Pensionable Earnings	\$58,700	\$58,700
Basic Exemption	\$3,500	\$3,500
Maximum Contributory Earnings	\$55,200	\$55,200
Employee and Employer Rate	5.25%	5.70%
Maximum Employee/Employer contribution	\$2,898	\$3,146.40
Maximum Self-employed contribution	\$5,796	\$6,292.80

## 2020 CPP and QPP retirement benefit

Maximum monthly benefit (assuming payments begin at age 65): **\$1,175.83**

## 2020 Old age security (OAS) payment rates

(January to March 2020)

<b>Maximum monthly benefit</b>	\$613.53 (assuming payments begin at age 65)
<b>Maximum annual income</b>	For the 2020 tax year, pensioners with net income of \$79,054 or more are subject to OAS clawback. Clawback rate is 15% for each dollar beyond \$79,054. OAS is fully eliminated once net income reaches \$128,137. Applicable to payments made from July 2021 to June 2022.

## RRIF minimum withdrawals

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

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

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

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

For more information, please visit [mackenzieinvestments.com/taxandestate](https://mackenzieinvestments.com/taxandestate)

<sup>1</sup> The table includes and assumes all proposed rates from 2019 provincial budgets, where applicable, have been passed.

<sup>2</sup> Rates include federal and provincial combined marginal tax rates, including provincial surtaxes.

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

<sup>4</sup> Subject to meeting certain criteria.

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

<sup>6</sup> The federal basic personal amount is gradually reduced when income is in excess of \$150,473 and reduced to \$12,298 when income reaches \$214,368.