



2025 tax update

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January 2025

Do you know what your tax rate is?



It's 2025: Do you know what your tax rate is?

January 2025

Jamie Golombek

Managing Director, Tax and Estate Planning, CIBC Private Wealth



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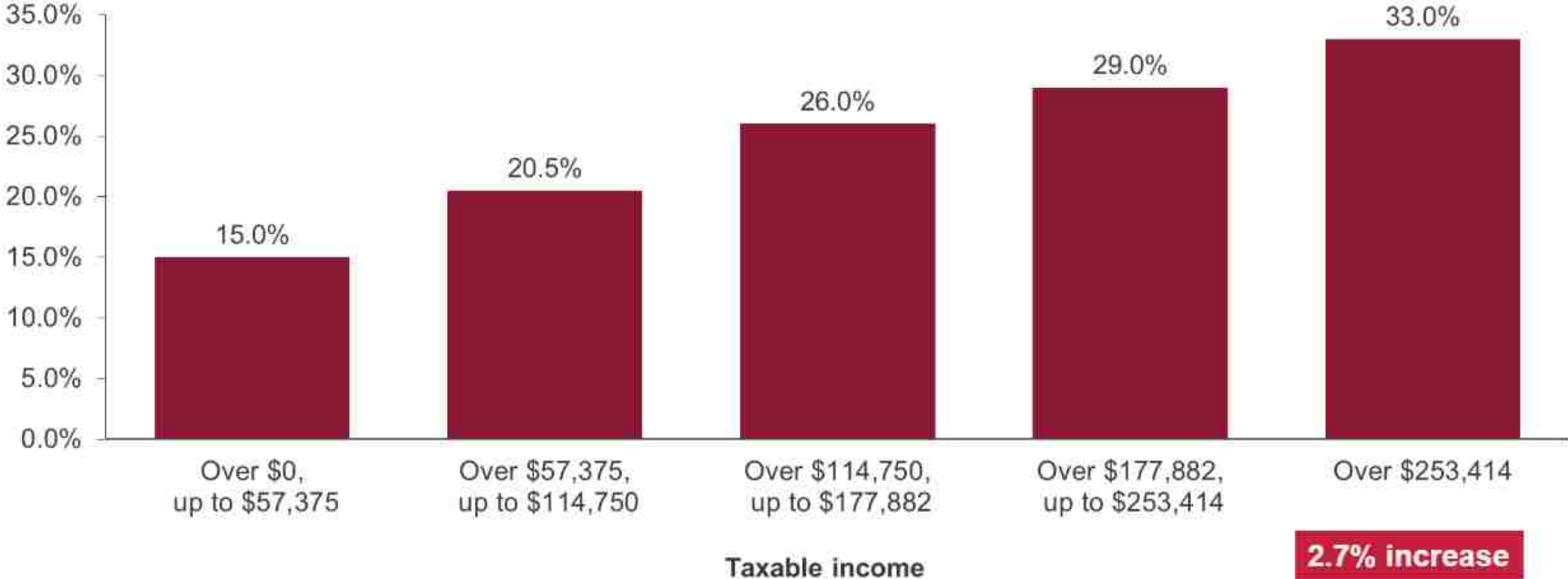
- [cibc.com/content/dam/personal_banking/advice_centre/tax-savings/do-you-know-your-tax-rate-en.pdf](https://www.cibc.com/content/dam/personal_banking/advice_centre/tax-savings/do-you-know-your-tax-rate-en.pdf)

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Tax Savings Tips: Personal tax planning strategies

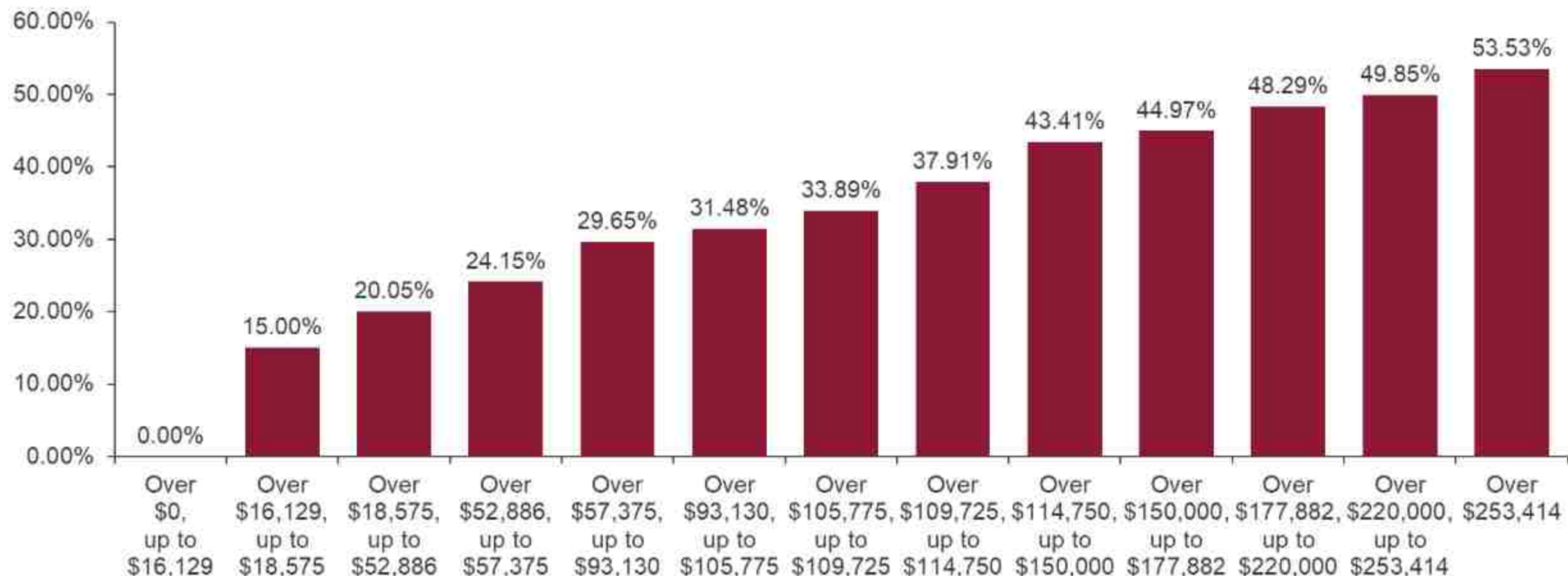
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2025 federal income tax rates



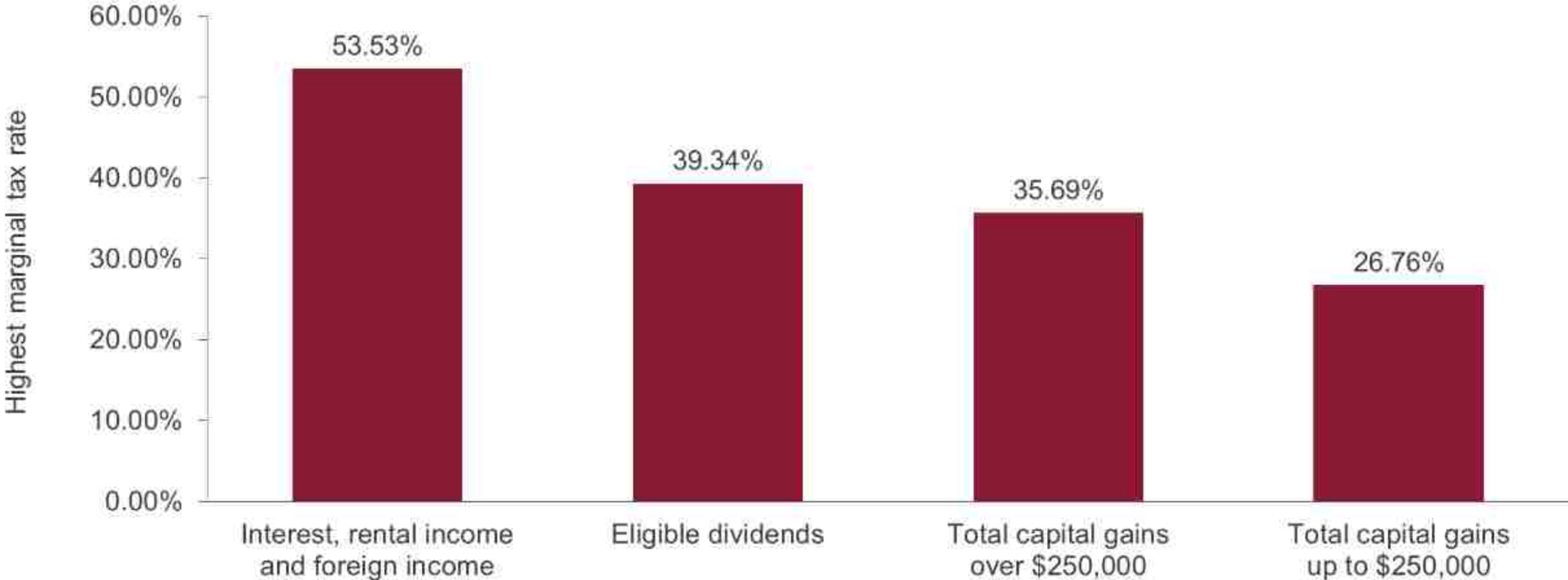
ON 2025: Tax rates on ordinary income



Source: [Tax Tax Templates Inc.](#)

The tax rates include federal and provincial taxes and basic personal amounts. Reversal of low-income tax rate reduction is not included.

ON 2025 highest marginal tax rates



Under a Notice of Ways and Means Motion tabled on September 23, 2024, which proposes to amend the *Income Tax Act*, the capital gains inclusion rate is 2/3, though a lower 1/2 inclusion rate applies for an individual on up to \$250,000 of combined total capital gains and stock option benefits realized in a year.



ON 2025 donation tax credits

Total donations:	Up to \$200	Over \$200	Over \$200	Over \$200	Over \$200
Taxable income:	Any amount	\$0 to \$93,130	\$93,130 to \$105,775	\$105,775 to \$253,414	Over \$253,414*
Federal	15.00%	29.00%	29.00%	29.00%	33.00%
ON basic	5.05%	11.16%	11.16%	11.16%	13.16%
ON surtax	0.00%	0.00%	2.23%	6.25%	6.25%
Total	20.05%	40.16%	42.39%	46.41%	50.41%

Carry forward unused donation tax credit for five years

* For charitable donations to the extent that taxable income exceeds \$253,414.

2024 donation deadline extended

2024 proposals to extend donation deadline:

- Dec. 2024 - Imagine Canada, Cooperation Canada & the Health Charities Coalition of Canada:
 - About 40% donations are made during holidays, when mail delayed by postal strike
- Dec. 24, 2024 letter to PM from Chair of the Council of the Federation on behalf of Canada's premiers (Doug Ford)

Dec. 30, 2024 announcement:

- "government intends to amend the *Income Tax Act* to extend the deadline for making donations ... until February 28, 2025"
- No draft legislation



The screenshot shows the top of a news release page from the Government of Canada. At the top left is the Canadian flag and the text "Government of Canada" and "Gouvernement du Canada". To the right is a search bar with the text "Search FIN" and a magnifying glass icon. Below this is a dark blue "MENU" button with a downward arrow. Underneath the menu is a breadcrumb trail: "Canada.ca > Department of Finance Canada > News: Department of Finance Canada". The main heading of the news release is "Government of Canada announces extension of 2024 charitable donations to February 28, 2025", with "2025" underlined. Below the heading is the text "From: Department of Finance Canada". The section is titled "News release" and the date is "December 30, 2024 - Ottawa, Ontario - Department of Finance Canada". The body of the text begins with "Today, the Honourable Dominic LeBlanc, Minister of Finance and Intergovernmental Affairs, along with the Honourable Élisabeth Brière, Minister of National Revenue, announced that the federal government intends to amend the *Income Tax Act* to extend the deadline for making donations eligible for tax support in the 2024 tax year, until February 28, 2025."

canada.ca/en/department-finance/news/2024/12/government-of-canada-announces-extension-of-2024-charitable-donations-to-february-28-2025.html

2012 proposals to extend donation deadline

Feb. 2012 - Ottawa charity lawyers to Standing Committee on Finance:

- Dec. 31 “falls during the busy holiday season, when... many families have financial constraints”

October 2012, Private Member's Bill C-458:

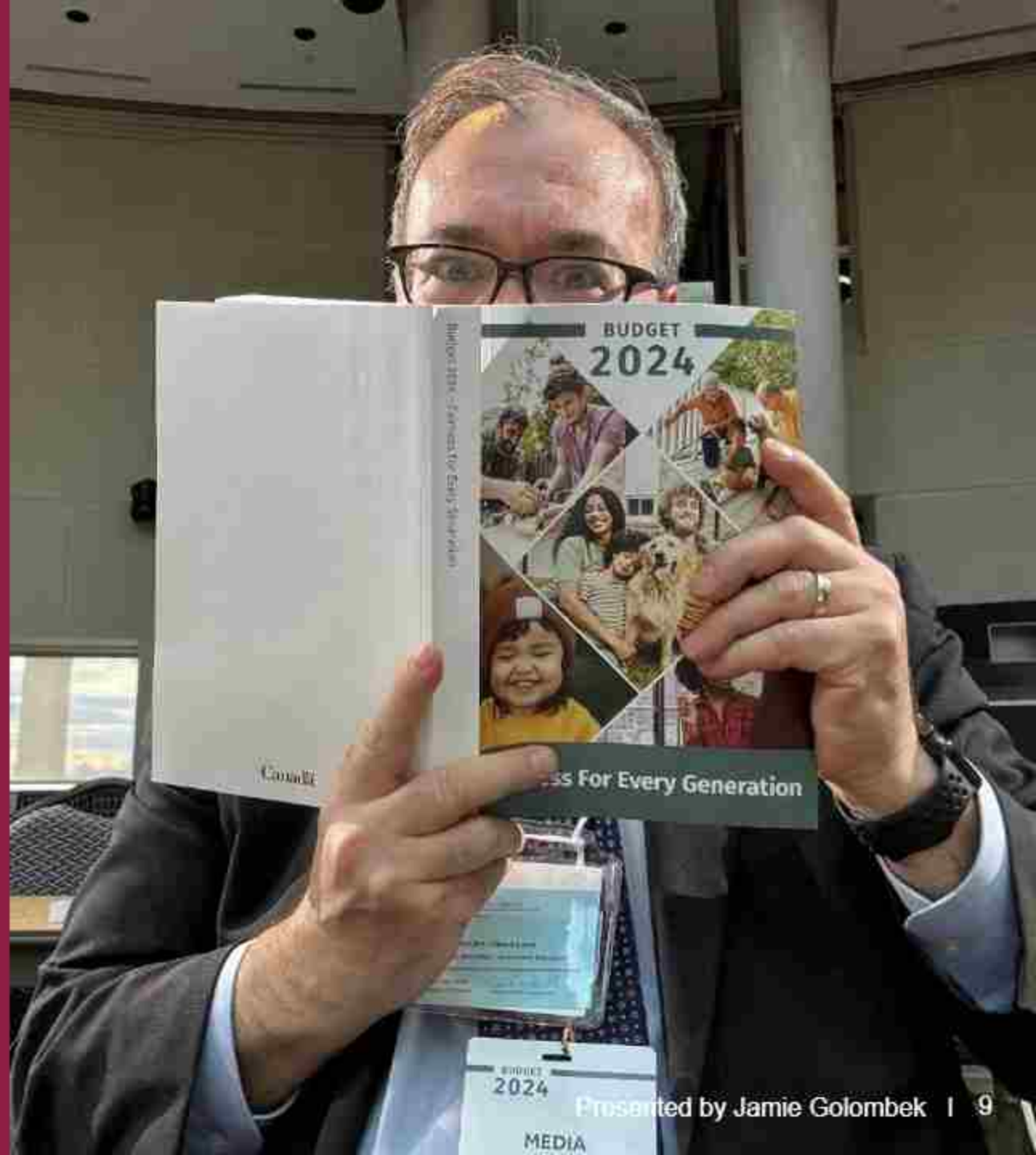
- Extend deadline to end of February, like RRSP deadline

<p>C-458</p> <p>First Session, Forty-first Parliament, 60-61 Elizabeth II, 2011-2012</p> <p>HOUSE OF COMMONS OF CANADA</p> <p>BILL C-458</p> <p>An Act respecting a National Charities Week and to amend the Income Tax Act (charitable and other gifts)</p> <hr/> <p>FIRST READING, OCTOBER 31, 2012</p> <hr/>
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parl.ca/DocumentViewer/en/41-2/bill/C-458/first-reading



Capital gains planning



Tax experts debate policy on the capital gains inclusion rate

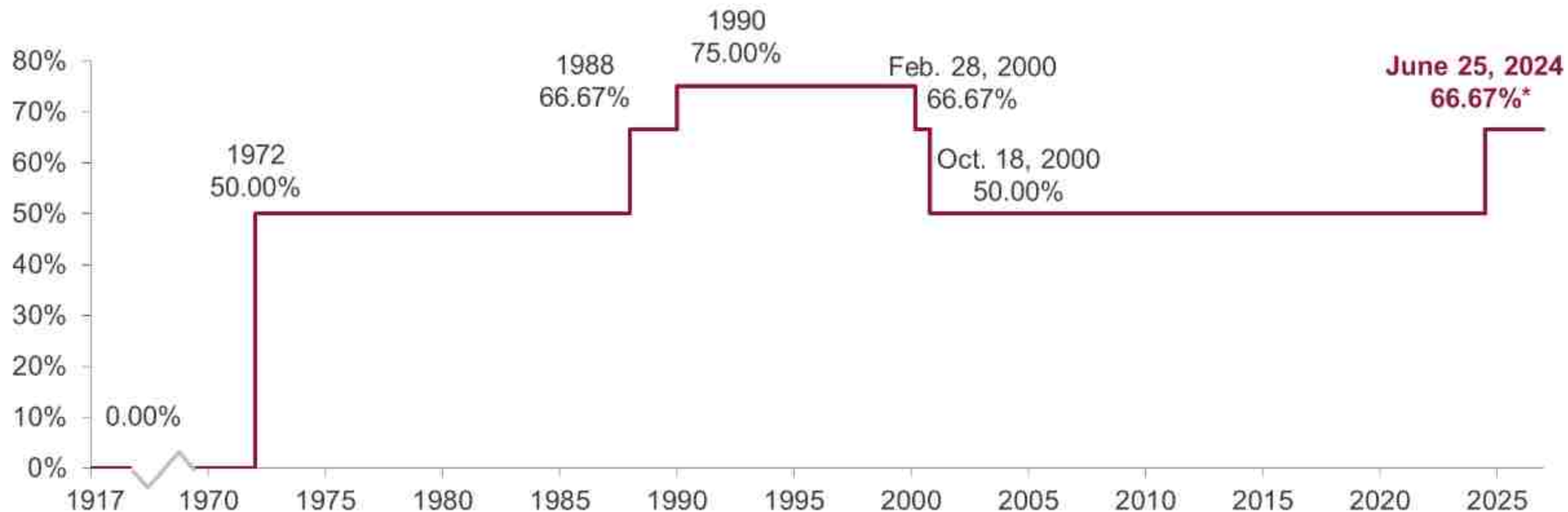
■ 2021 VOLUME 69, N° 4

Canadian Tax Journal Revue fiscale canadienne

POLICY FORUM

- 1151 **Editors' Introduction—The Rate of Taxation on Capital Gains**
FRANCES WOOLLEY, ALAN MACNAUGHTON,
KEVIN MILLIGAN, AND DANIEL SANDLER
- 1157 **Inequity and Inefficiency in the Tax Treatment of Capital Gains**
MICHAEL SMART AND SOBIA HASAN JAFRY
- 1175 **The Real Concentration of Capital Gains in Canada—A Longitudinal Analysis**
TOMMY GAGNE-DUBE,
MATIS ALLALI, LUC GODBOUT, AND
ANTOINE GENEST-GRÉGOIRE
- 1193 **La concentration réelle des gains en capital au Canada — Une analyse longitudinale**
TOMMY GAGNE-DUBE,
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ANTOINE GENEST-GRÉGOIRE
- 1213 **The Australian Experience with Preferential Capital Gains Tax Treatment—Possible Lessons for Canada**
JOHN MINAS, YOUNGDEOK LIM,
CHRIS EVANS, AND
FRANÇOIS VAILLANCOURT
- 1231 **The Taxation of Capital Gains—Principles, Practice, and Directions for Reform**
ARUN ADVANI

100+ years of capital gains inclusion rates



* Per 2024 Federal Budget: For the portion of total capital gains over \$250,000 in a year. The inclusion rate will remain at 50% for the portion of total capital gains up to \$250,000 in a year.

Changes to taxation of capital gains

Capital gains realized before June 25, 2024

- 1/2 of capital gains taxable

Capital gains realized starting June 25, 2024¹

- **Individuals, graduated rate estates and qualified disability trusts**
 - 1/2 of the first \$250,000 of capital gains² taxable
 - 2/3 of other capital gains taxable
- **Corporations and other trusts**
 - 2/3 of capital gains taxable

Legislative Proposals Relating to the Income Tax Act and the Income Tax Regulations

Capital Gains Inclusion Rate

Income Tax Act

1 (1) Paragraph 3(c) of the Act is replaced by the following:

(b.1) determine the amount, if any, by which the total determined under paragraph (a) plus the amount determined under paragraph (b) exceeds the amount determined for the taxpayer for the year under section 38.01,

(c) determine the amount, if any, by which the amount determined under paragraph (b.1) exceeds the total of the deductions permitted by Subdivision E in computing the taxpayer's income for the year (except to the extent that those deductions, if any, have been taken into account in determining the total referred to in paragraph (a)), and

(2) Subsection (1) applies to taxation years that end after June 24, 2024.

2 (1) Clause 13(7)(b)(ii)(B) of the Act is replaced by the following:

(B) the amount determined by the formula

$$A + B - C - D$$

where

A is 1/2 of the elected amount in respect of the property under subsection (7.7),

B is 2/3 of the amount, if any, by which the fair market value of the property at that later time exceeds the elected amount in respect of the property under subsection (7.7),

C is the cost to the taxpayer of the property as determined under clause (A), and

D is 1.5 times the amount deducted by the taxpayer under section 110.6 in respect of the amount, if any, by which the fair market value of the property at that later time exceeds the cost to the taxpayer of the property as determined under clause (A);

1. Per August 12, 2024 [Legislative Proposals Relating to the Income Tax Act and the Income Tax Regulations](#)

2. The \$250,000 limit applies to the combined total of capital gains and stock option benefits.

CRA is administering proposed capital gains inclusion rate legislation



Government of Canada / Gouvernement du Canada



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[CRA sign in](#)

[Canada.ca](#) > [Taxes](#) > [Income tax](#) > [Personal income tax](#)

Line 12700 – Taxable capital gains



The CRA is administering proposed capital gains inclusion rate legislation

On September 23, 2024, the Deputy Prime Minister and Minister of Finance tabled a Notice of Ways and Means Motion (NWMM) to introduce a bill entitled An Act to amend the Income Tax Act and the Income Tax Regulations. This NWMM modified the motion tabled on June 10, 2024. For more information about the capital gains tax changes, please visit this [NWMM](#).

canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/personal-income/line-12700-capital-gains.html

CRA confirms it will administer proposed capital gains inclusion rate legislation



The screenshot shows the top navigation bar of the CRA website with the Canadian flag, the text 'Government of Canada' and 'Gouvernement du Canada', a search bar labeled 'Search CRA', and a 'MENU' dropdown. Below the navigation is a breadcrumb trail: 'Canada.ca > Canada Revenue Agency (CRA) > CRA Newsroom > Tax tips 2025'. The main headline reads 'Businesses: Here are the top changes that will affect business taxes in 2025'. Below the headline, the date 'January 8, 2025', location 'Ottawa, Ontario', and publisher 'Canada Revenue Agency' are listed. The sub-headline is 'The CRA is administering proposed capital gains inclusion rate legislation'. The main text explains that on September 23, 2024, the Deputy Prime Minister and Minister of Finance tabled a Notice of Ways and Means Motion (NWMM) to introduce a bill to amend the Income Tax Act and Regulations, modifying a previous motion from June 10, 2024. It concludes by stating that the CRA is administering these changes effective June 25, 2024, based on the proposals in the NWMM.

Government of Canada / Gouvernement du Canada

Search CRA

MENU

CRA sign in

[Canada.ca](#) > [Canada Revenue Agency \(CRA\)](#) > [CRA Newsroom](#) > [Tax tips 2025](#)

Businesses: Here are the top changes that will affect business taxes in 2025

January 8, 2025 Ottawa, Ontario Canada Revenue Agency

The CRA is administering proposed capital gains inclusion rate legislation

On September 23, 2024, the Deputy Prime Minister and Minister of Finance tabled a Notice of Ways and Means Motion (NWMM) to introduce a bill entitled An Act to amend the Income Tax Act and the Income Tax Regulations. This NWMM modified the motion tabled on June 10, 2024. For more information about the capital gains tax changes, please visit [this NWMM](#).

Although these proposed changes are subject to parliamentary approval, consistent with standard practice, the CRA is administering the changes to the capital gains inclusion rate effective June 25, 2024, based on the proposals included in the NWMM tabled September 23, 2024.

canada.ca/en/revenue-agency/news/newsroom/tax-tips/tax-tips-2025/top-changes-affecting-business-taxes-2025.html

Parliament prorogued until March 25, 2024

March 26th deadline to pass a supply bill before government operations face financial issues

What happens now?

- All bills “die on the Order Paper”, including CG legislation
- All committees lose power to transact business
- Liberal Party leadership race
- New session of Parliament starts on March 25
 - Speech from the Throne with a new Liberal leader
- If Parliament dissolved through a non-confidence vote:
 - Governor General directs Chief Electoral Office to issue the writ of election
 - Campaign period: 31 to 51 days
- Would a new government re-introduce CG legislation?



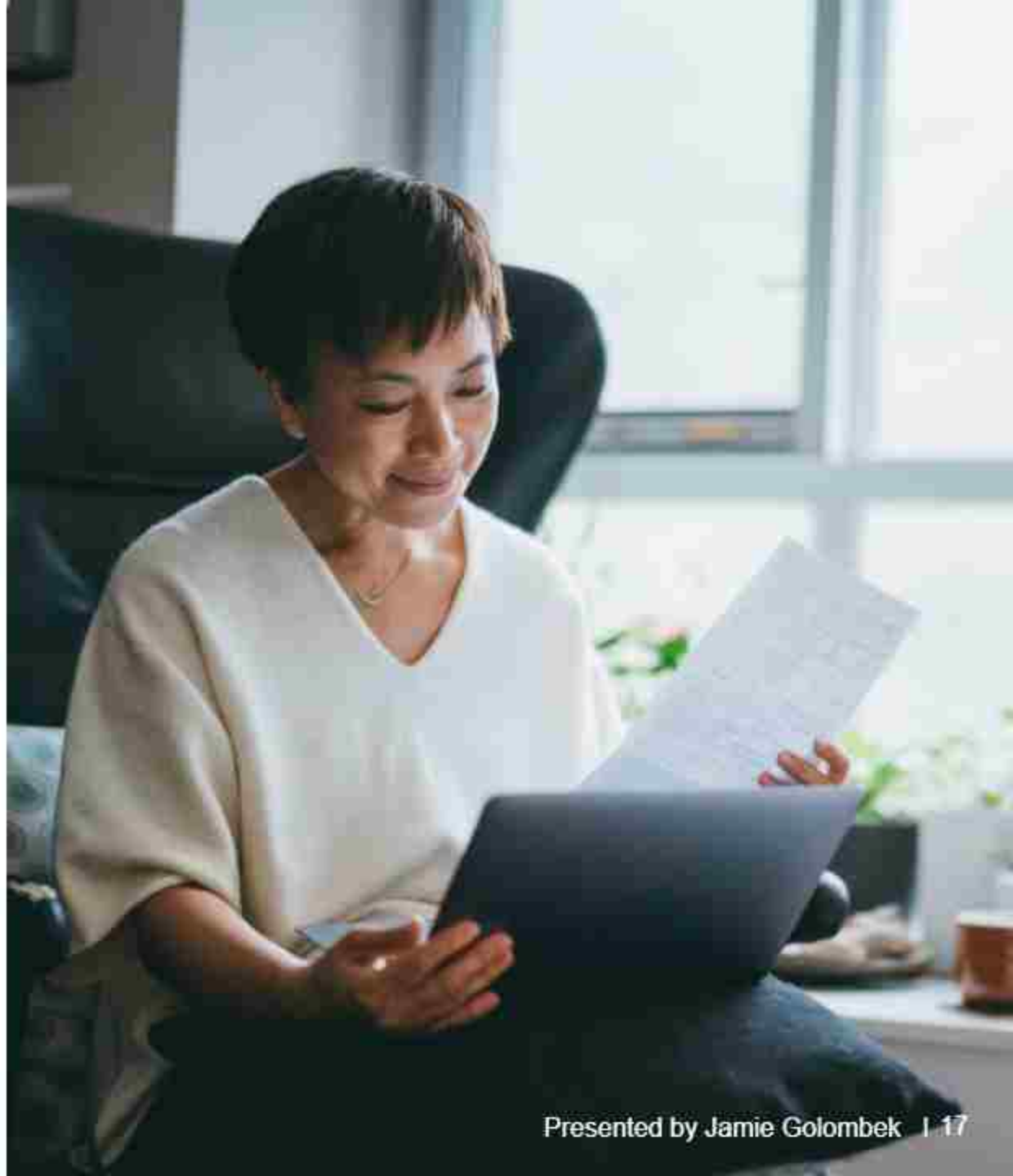
Implications of new rate

- Do we trigger capital gains of \$250,000 annually?
- Vacation properties
- Income / rental properties
- Employee stock options
- Charitable donations "in-kind"
- Death / estate planning
- Becoming non-resident
- Trusts
- Holding investments in corporations
 - Future of professional corporations
- Sale of a business



Which capital gains are still “tax-free”?

- Non-taxable portion of capital gains (50% or 33.33%)
- Principal residence
- Tax Free Savings Accounts
- Registered Accounts (RRSP, RESP, RDSP, FHSA)
- Pension plans
- Permanent life insurance policies
- Lifetime capital gains exemption on sale of QSBC shares, farming or fishing properties



Capital gains tax planning



Capital gains tax planning

July 2024

Jamie Golombek and Debbie Pearl-Weinberg
Tax and Estate Planning, CIBC Private Wealth

Should I sell, or should I hold now?
If I hold, there could be trouble,
And if I sell, it could be double!

- With apologies to The Clash!



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- [cibc.com/content/dam/personal_banking/advice_centre/tax-savings/capital-gains-planning-en.pdf](https://www.cibc.com/content/dam/personal_banking/advice_centre/tax-savings/capital-gains-planning-en.pdf)

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ON 2025 example: Planning for annual capital gains

What is the cost with the higher CG inclusion rate?

- Top tax rate on total capital gains up to \$250,000: 26.77%
 - 53.53% × 50% inclusion rate
- Top tax rate on total capital gains over \$250,000: 35.69%
 - 53.53% × 66.67% inclusion rate
 - **8.92% higher**

Strategy: Trigger \$250,000 of capital gains at 50% inclusion (rather than 66.67% inclusion)

- \$8,920 tax savings for each \$100,000 of CG
- \$22,300 tax savings, when \$250,000 is taxed at 26.77% rather than 35.69%

ON 2025 example: Cost-benefit of realizing \$250,000 of capital gains annually

Total capital gains up to \$250,000 annually:

- Top rate: 26.77% ($53.53\% \times 50\%$ inclusion rate)
- Total tax on \$250,000: \$66,925

Total capital gains over \$250,000 annually:

- Top rate: 35.69% ($53.53\% \times 66.67\%$ inclusion rate)
- Total tax on \$250,000: \$89,225

Difference

- \$22,300 ($\$89,225 - \$66,925$)

Cost-benefit: Prepay \$66,925 of tax to save \$22,300?

Growth rate (annual appreciation)	2%	3%	4%	5%	6%	7%	8%
Number of years	21	15	11	9	8	7	6

Eras of taxes on capital gains

Sold your Taylor Swift tickets?

- Not a professional ticket re-seller?
 - Personal Use Property (PUP):
 - Proceeds – Cost = Capital Gain
 - Proceeds & Cost: Each is greater of \$1,000 and actual
 - If set of tickets sold to one person: Capital gain for the whole set
 - Result: CG tax (up to 36.5%) if set of tickets sold for > \$1,000
- Never intended to go to the concert?
 - Self-employment income (tax up to 54.8%)
- Gifted tickets to (grand)kids, who then sold the tickets?
 - No attribution of capital gains

financialpost.com/personal-finance/cra-want-know-taylor-swift-ticket-profit



FINANCIAL POST

The CRA wants to know if you profited from reselling those Taylor Swift tickets

Jamie Golombek: Special tax rules exist to cover just such a situation

Jamie Golombek

Published Dec 12, 2024 • Last updated 21 hours ago • 3 minute read

Alternative Minimum Tax



The new Alternative Minimum Tax (AMT)



The new Alternative Minimum Tax (AMT)

December 2024

Jamie Golombek and Debbie Pearl-Weinberg

Tax and Estate Planning, CIBC Private Wealth

The Alternative Minimum Tax (AMT) system imposes a minimum level of tax on taxpayers who claim certain tax deductions, exemptions or credits to reduce the tax that they owe to very low levels. Under the AMT system, there is a parallel tax calculation that allows fewer deductions, exemptions, and credits than under the regular income tax calculation. If the amount of tax calculated under the AMT system is more than the amount of tax owing under the regular tax system, the difference owing is payable as AMT for the year.

cibc.com/content/dam/cibc-public-assets/personal-banking/smart-advice/tax-savings-tips/pdfs/amt-changes-en.pdf



AMT Income

Item	Regular tax	2024 AMT
Capital gains	50% or 2/3	100%
Stock option benefit	50% or 2/3	100%
Capital gains on publicly-traded securities donated in-kind	0%	30%



AMT: Broadening the base: Deductions

Only 50% allowed for various deductions, including:

- Employment expenses (other than those incurred to earn commission income)
- Moving expenses
- Childcare expenses
- Interest and carrying charges incurred to earn income from property
- Limited partnership losses of other years
- Non-capital loss carryovers



Registered plans



2024 and 2025 limits for RRSPs and TFSAs

Plan	2024 dollar limits	2025 dollar limits
RRSP	\$31,560 (18% of \$175,333 earned income in 2023)	\$32,490 (18% of \$180,500 earned income in 2024)
TFSA	\$7,000 (\$95,000 cumulative dollar limit for 2009 to 2024*)	\$7,000 (\$102,000 cumulative dollar limit for 2009 to 2025*)

* For individuals who have been resident in Canada and at least 18 years of age since 2009 and have never contributed to a TFSA.

2025 TFSAs present a great opportunity

- 18 years of age and resident in Canada
- For couples, each spouse or common-law partner can contribute
 - No attribution if funds gifted to family members for their own TFSA contributions
- Potential contribution opportunity*:
 - \$102,000 for an individual
 - \$204,000 for a couple
- Withdrawals are not income for recovery (clawback) of:
 - Guaranteed Income Supplement
 - Old Age Security

* Assuming you have been resident in Canada since age 18 and have never contributed to a TFSA.

Birth year	Dollar limit at age 18	Cumulative 2025 dollar limit*
2007	\$7,000	\$7,000
2006	\$7,000	\$14,000
2005	\$6,500	\$20,500
2004	\$6,000	\$26,500
2003	\$6,000	\$32,500
2002	\$6,000	\$38,500
2001	\$6,000	\$44,500
2000	\$5,500	\$50,000
1999	\$5,500	\$55,500
1998	\$5,500	\$61,000
1997	\$10,000	\$71,000
1996	\$5,500	\$76,500
1995	\$5,500	\$82,000
1994	\$5,000	\$87,000
1993	\$5,000	\$92,000
1992	\$5,000	\$97,000
1991	\$5,000	\$102,000
Before 1991	\$0	\$102,000

Make RESP contributions

- Maximum lifetime contributions: \$50,000
- No deduction for contributions
- Canada Education Savings Grant (CESG):
 - 20% of first \$2,500 of contributions = \$500 / year
 - Can carry forward unused room
 - Up to \$1,000 CESG in a year with a “catch-up” contribution of \$5,000
- Earnings accrue on tax-deferred basis
- Consider extra lump-sum contribution:
 - $\$50,000 - \$36,000 = \$14,000$



2025 Registered Disability Savings Plan (RDSP)

- Contributions up to \$200,000 until beneficiary turns 59
- No deduction for contribution but tax-deferred earnings

Description	Contribution	CDSG or CDSB
CDSGs at 300% on first \$500 of contributions for a year	\$500	\$1,500
CDSGs at 200% on next \$1,000 of contributions for a year	\$1,000	\$2,000
CDSG maximum for a year	\$1,500	\$3,500
CDSG lifetime maximum		\$70,000
CDSBs for a year (no contributions needed)	\$0	\$1,000
CDSB lifetime maximum		\$20,000

In 2025:

- CDSGs are limited to 100% of the first \$1,000 in contributions with "family income" over \$114,750.
- CDSBs are phased out with "family income" between \$37,487 and \$57,375.

First Home Savings Account (FHSA)



Tax-free First Home Savings Accounts: An overview

March 2024

Jamie Golombek

Managing Director, Tax and Estate Planning, CIBC Private Wealth



The First Home Savings Account (FHSA) is a new registered plan launched in 2023. Here's a brief summary of how this registered plan works.

cibc.com/content/dam/personal_banking/advice_centre/tax-savings/fhsa-overview-en.pdf



FHSAs for first-time home buyers: A deeper dive into the CRA's rules

March 2024 (A previous version of this report appeared in the National Post on Feb 29, 2024)

Jamie Golombek

Managing Director, Tax and Estate Planning, CIBC Private Wealth

Canadians searching for their first home can now take advantage of the new tax-free first home savings account (FHSA) to help pay for that home. Here are answers to common questions, including what to know when one spouse or partner¹ already owns a home.

Since the FHSA's launch in 2023, the Canada Revenue Agency (CRA) has answered a number of common questions that potential contributors have been asking. Before sharing a few of them, let's quickly recap the FHSA basics.

The FHSA is a registered plan that allows prospective homebuyers to contribute \$8,000 per year, up to a \$40,000 lifetime limit, to save on a tax-free basis towards the purchase of a first home in Canada. The FHSA provides contributors with a tax deduction for their contributions, there's no tax on the account's income and growth for up to 15 years, and it allows for the tax-free withdrawal of all contributions, investment income and growth earned in the account when used to buy a first home.

To open an FHSA, you must be a resident of Canada and at least 18 years of age. You must also be a first-time homebuyer, defined as someone who doesn't live in a home as their principal place of residence that is owned, jointly or otherwise, by either them or their spouse or partner in the calendar year in which the account is opened (prior to the home purchase) or in the preceding four calendar years.

The FHSA can remain open for up to 15 years or until the end of the year you turn 71. Any funds in the FHSA not used to buy a qualifying home by this time can be transferred on a tax-deferred basis into a registered retirement savings plan (RRSP) or registered retirement income fund (RRIF), or withdrawn on a taxable basis.

This means opening up an FHSA for qualifying first-time homebuyers is truly a no-risk proposition (ignoring any investment risk): if you don't end up buying a home, you effectively get another \$40,000 (plus growth) of RRSP room and you've enjoyed up to a 15-year tax deferral.

Available from your CIBC advisor.

First Home Savings Account (FHSA)

Requirements to open an FHSA

- At least 18 years old & resident of Canada
- No home in current year and 4 prior years to opening FHSA

Contributions and tax deduction

- Annual: \$8,000 plus carryforward (max. \$8,000) of unused balance
- Lifetime: \$40,000
- Can claim deduction for contributions* that do not exceed limit

No tax on:

- Income or growth on investments in an FHSA
- FHSA withdrawals for a qualifying home purchase

If funds not used for home purchase

- Transfer to RRSP to defer tax, or withdraw and pay tax currently

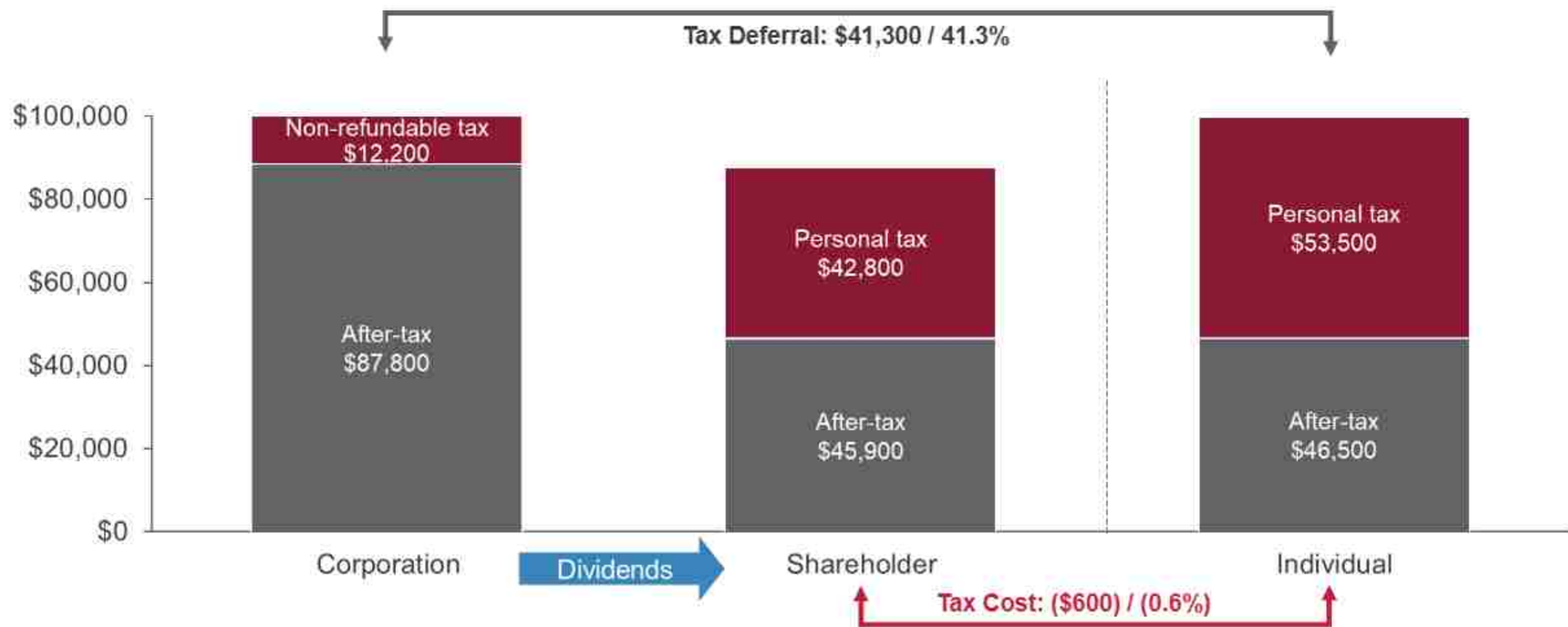
* No deduction may be claimed for transfers from an RRSP to an FHSA



Incorporated business owners



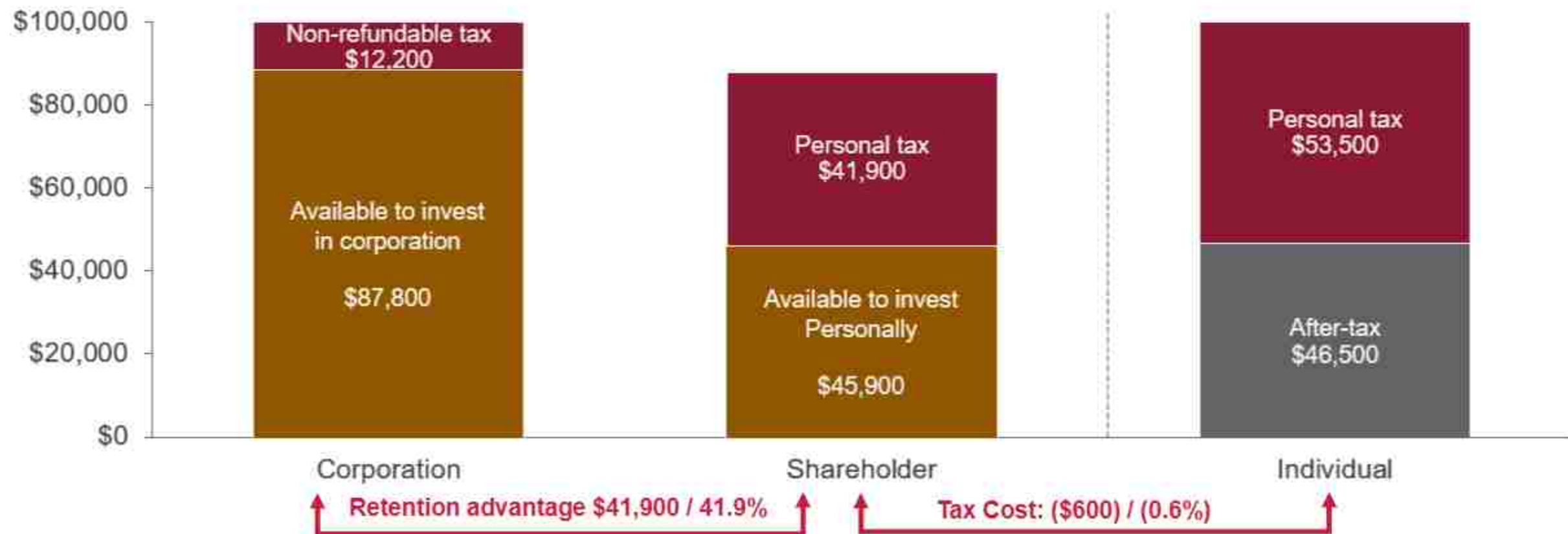
ON 2025: \$100,000 SBD Income (ABI with SBD), earned by CCPC vs. individual



Assuming the top personal marginal tax rate applies.

ON 2025: \$100,000 SBD Income (ABI with SBD), earned by CCPC vs. individual

When you earn business income in your corporation,
if you withdraw it, you'll have \$600 less than if you earned business income personally
but if you leave it, you'd have \$41,900 more to invest until you withdraw it!



Assuming the top personal marginal tax rate applies.

In good company: Earning investment income in your corporation



In good company: Earning investment income in your corporation

August 2024

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Managing Director, Tax and Estate Planning, CIBC Private Wealth



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ON 2025 integration of investment income

Income type	Integrated corporate and personal tax rates ¹	Personal highest tax rate	Tax Cost
Investment income ²	57.93%	53.53%	(4.40%)
Capital gains (2/3 corporate & 1/2 personal)	38.62%	26.76%	(11.86%)
Capital gains (2/3 corporate & 2/3 personal)	38.62%	35.69%	(2.93%)
Eligible dividends ³	39.34%	39.34%	0.00%
Foreign income (15% withholding)	64.15%	53.53%	(10.62%)

Source: Tax Templates Inc.

1. Total of corporate and personal taxes when income is earned in a CCPC and after-tax income (including refunded taxes) are distributed to an individual shareholder who pay tax at the top marginal personal tax rate as dividends.
2. Including interest, rent and foreign dividends.
3. Portfolio dividends from non-connected corporations.

Just leave it! Corporate versus personal capital gains investing



Just leave it! Corporate versus personal capital gains investing

October 2024

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Managing Director, Tax and Estate Planning, CIBC Private Wealth



Hot off the presses on cibc.com!

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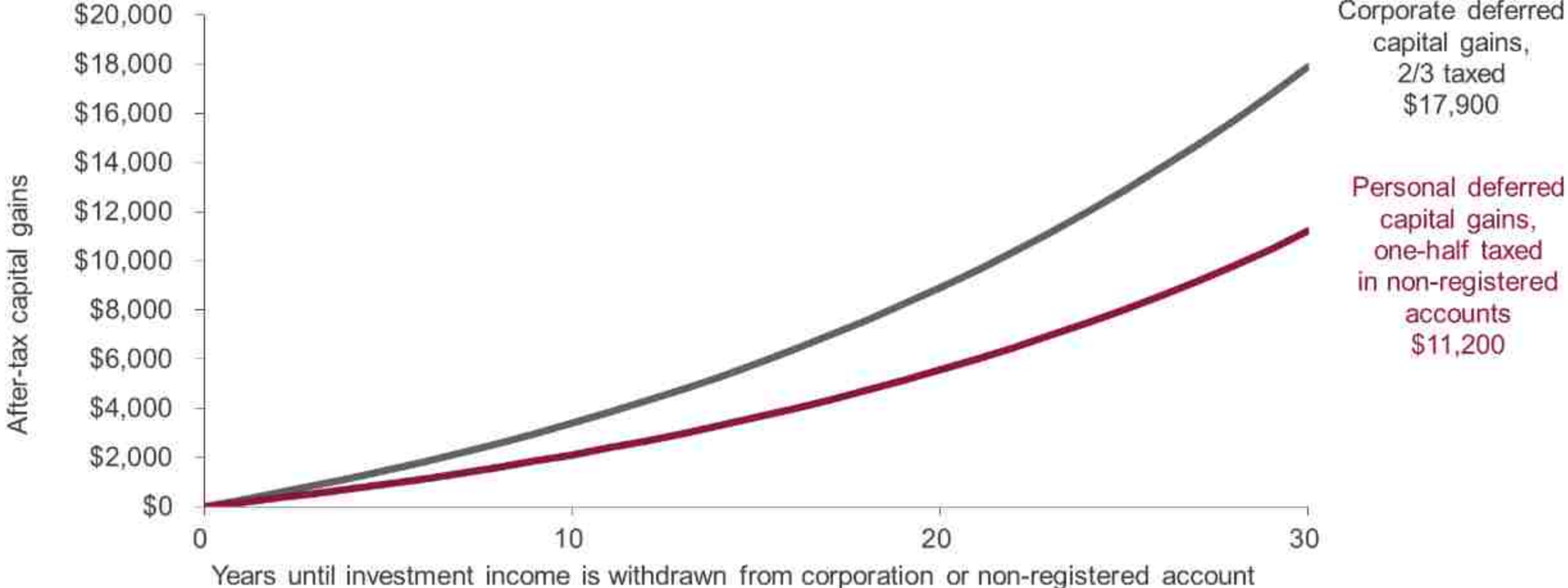
- cibc.com/content/dam/personal_banking/advice_centre/tax-savings/corporate-personal-capital-gains-en.pdf

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Figure 3: After-tax capital gains to shareholder when \$10,000 of SBD Income is used as starting capital for investments that earn 5% capital gains



Assumes \$10,000 of SBD Income is used as starting capital for investments (\$8,780 in a corporation or \$4,590 in non-registered accounts) that earn a 5% capital gains.



RRSPs and TFSAs: Smart choices for business owners



RRSPs and TFSAs: Smart choices for business owners

August 2024

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Available on [cibc.com](https://www.cibc.com)

Directly at:

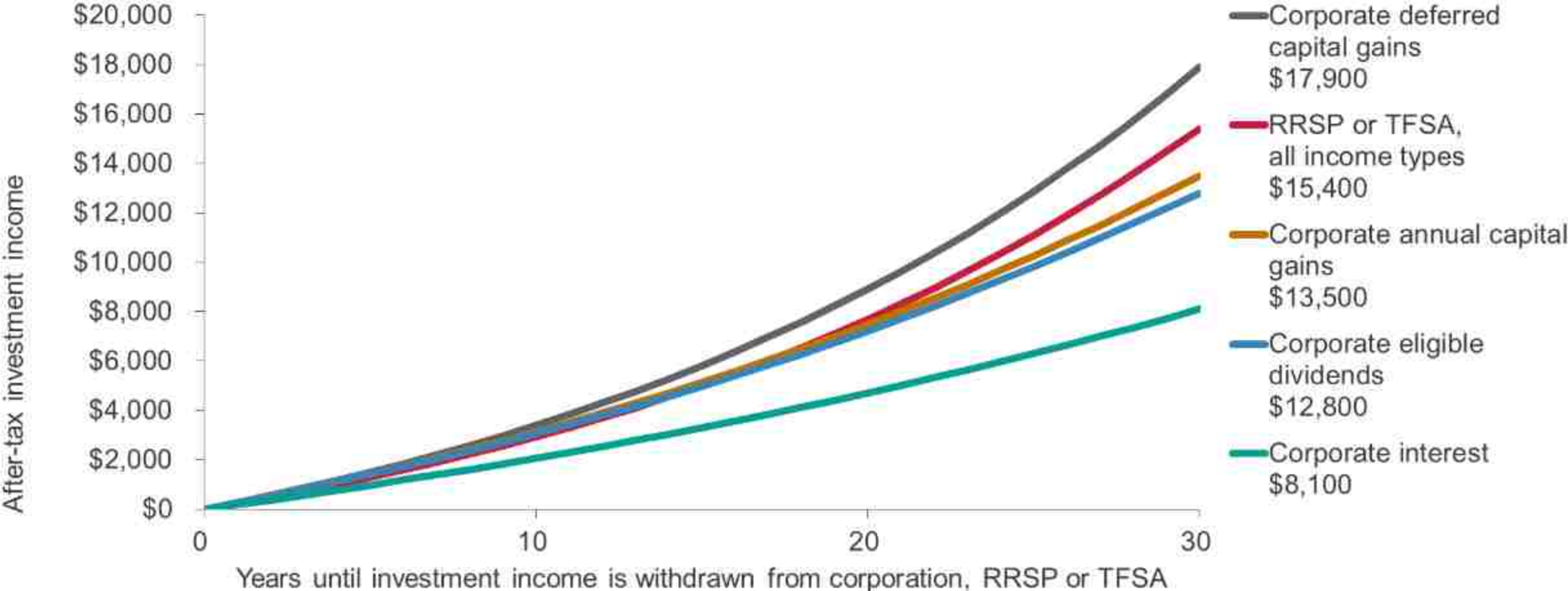
- [cibc.com/content/dam/personal_banking/advice_centre/tax-savings/rrsp-tfsa-business-en.pdf](https://www.cibc.com/content/dam/personal_banking/advice_centre/tax-savings/rrsp-tfsa-business-en.pdf)

With other great CIBC reports on
Tax Savings Tips: Business owners

- [cibc.com/en/personal-banking/smart-advice/tax-savings-tips.html](https://www.cibc.com/en/personal-banking/smart-advice/tax-savings-tips.html)



ON 2025 after-tax investment income to shareholder when \$10,000 of SBD Income is used as capital in corporation or RRSP/TFSA that earn 5% ROR



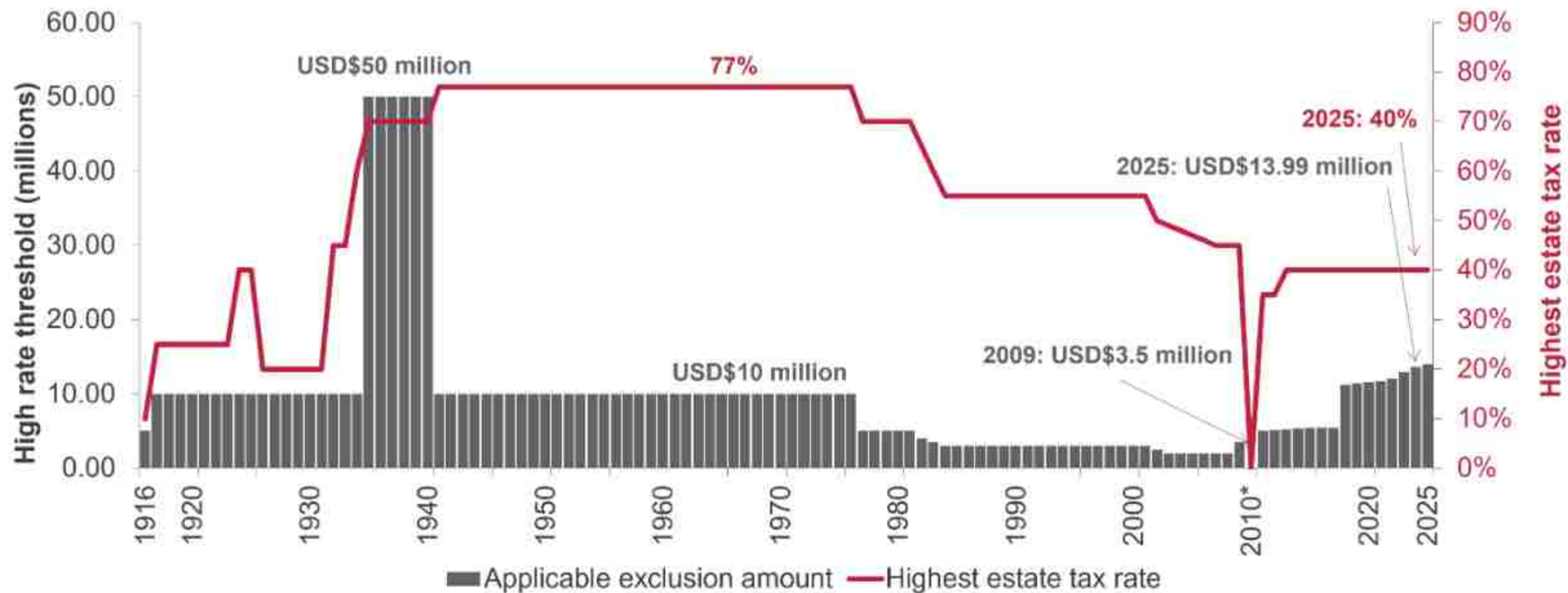
Assumes \$10,000 of SBD Income is used as starting capital for investments (\$8,780 in a corporation, \$4,650 in a TFSA, or \$10,000 in an RRSP) that earn a 5% rate of return, and that capital gains in a corporation are 2/3 taxed.



US estate tax



2025: 100+ years of US estate tax



* In 2010, a taxpayer could elect a high rate threshold of \$5 million and highest estate tax rate of 35%.

Source of data: Historical Look at Estate and Gift Tax Rates, CCH 2015; updated to 2024 by CIBC.

US estate tax for US person & non-US person

US person

US citizen, green-card holder
or US domiciliary

Not a US person

Tax on worldwide estate:

- Includes life insurance that is essentially owned by the decedent

Tax on “US-situs” property,
which may include:

- US real estate
 - US securities (even if held in Canadian accounts, including RRSP, RRIF, TFSA)
 - US business assets
 - Tangible personal property located in the US (boats, vehicles, artwork)
-

US estate tax credit is prorated if you are not a US person

Under the Canada-US treaty, Canadian residents are allowed a prorated credit

$$\text{Credit} \times \frac{\text{US Situs Assets}}{\text{Worldwide Assets}^*}$$

* Worldwide assets include death benefits from life insurance owned by an individual.

US estate tax exemption: Sunset provision

01

- Doubled exemption is only temporary
 - Effective if you die between 2018 through 2025
- Will return to the pre-2018 regime (about USD\$7 million) in 2026, unless permanent legislation is enacted

US estate tax exemption is indexed to inflation after 2018.



Best tax cases



Canadian Western Trust Company v The King (2024 FCA 108)

- Court heard appeal on June 11, 2024 in Vancouver
- Decision – five pages, delivered orally from the bench
- Unanimous

Court said:

- “Had Parliament also intended to exempt from tax a TFSA's income... Parliament would have legislated accordingly, just as it had for RRSPs,”
- Taxpayer's wishful reading of the *Income Tax Act* “would amount to a re-drafting of the provision ... It is not for this court to make new tax policy or amend existing tax legislation.”

financialpost.com/investing/cra-watches-marketable-securities-tfsa



Qu v The King (2024 TCC 138)

- Taxpayer was member of company pension plan until March 2021
 - T4 Pension Adjustment (PA): \$16,692 for 2020 & \$3,505 for 2021
- Taxpayer contributed \$25,362 to RRSP, based on “anticipated PA”
 - Actual 2021 deduction limit of \$12,175, supplemented by the difference between his “anticipated” 2021 PA of \$16,692 (PA in 2020) and his actual 2021 PA of \$3,505

Court said:

- No PAR because all pension credits up to the date he terminated his membership in the pension plan in March 2021 were fully vested
- Taxpayer's theory was “remarkably creative,” but “previsioned” or “anticipated PA” had no basis in the law

financialpost.com/personal-finance/taxes/ontario-taxpayers-rrsp-deduction-denied-pension-adjustment



FINANCIAL POST

CRA denies Ontario taxpayer's RRSP deduction due to pension adjustment

Jamie Golombek: One-year lag in pension adjustment calculations can cause confusion for taxpayers and lead to RRSP contribution errors

Jamie Golombek

Published Nov 07, 2024 • Last updated Nov 07, 2024 • 4 minute read

To help save for retirement, Canadians are encouraged to contribute to a registered retirement savings plan (RRSP) each year. The amount you can contribute is based on 18 per cent of the prior year's earned income, up to an annual maximum. For 2024, that annual maximum is \$51,560. Earned income includes employment earnings, self-employment earnings, and rental income.

Cheema v The King (2024 TCC 81)

- In 2016, taxpayer owned bungalow for 33 days, then sold for \$73,000 profit
 - Didn't report on tax return because expenses "erased any possible gain"
- In 2021, CRA reassessed (after 3-year limit), adding \$73,000 income
- In court, taxpayer argued that:
 - Intended to rent but needed to sell quickly, so profit is capital gain
 - Gain should be reduced to \$12,500, due to expense for referral fees

Court said:

- "A misrepresentation was clearly made... through negligence or at least carelessness or wilful default" so reassessment permitted beyond 3 years
- Profit of \$41,100 included in income (not capital gain) since:
 - No evidence of intention to rent or that "a sudden sale came to mind"
 - Documents supporting a portion of the referral fees "are far too ambiguous, vague, unclear and unreliable"

financialpost.com/personal-finance/unreported-capital-gain-home-flipped-taxpayer



Refind Environment Inc. v The King (2024 TCC 2)

- Nov. 27, 2019 Notices of Assessment for 9 monthly GST/HST returns for periods between December 2016 and May 2019
- Feb. 26, 2021: Taxpayer requested extension to file an objection, saying:
 - Feb. 26, 2020 (90 days) was objection deadline
 - Feb. 26, 2021 (one year) was extension deadline
- CRA rejected request saying:
 - Feb. 25, 2020 was objection deadline (90th day after Nov. 17, 2019 NOA)
 - Feb. 25, 2021 was extension deadline (one year after Feb. 25, 2020)

Court said:

- Extension deadline was indeed **Feb. 25, 2021**, so no choice but to dismiss the taxpayer's application for an extension

financialpost.com/personal-finance/missing-cra-deadline-derail-assessment-appeal



FINANCIAL POST

Want to appeal a CRA assessment? Better not be one day late, as this taxpayer found out

*Jamie Golombek: Best to file CRA appeals within 90
days of the date on your notice of assessment*

Published May 02, 2024 • 5 minute read



Brand v AGC (2024 FC 159)

- June 2020: Taxpayer used AutoFill to download tax slips to return
- Dec. 2021: “Unreported income letter” from CRA for “missing” T5
 - Taxpayer re-confirmed T5 slips matched CRA My Account
- June 2022: Notice of Reassessment
 - **\$70,000 arrears interest**
- Taxpayer asked for relief from interest:
 - Relied on CRA My Account
 - “CRA encourages taxpayers to use the download facility”
- CRA refused relief twice

Court said:

- Sent matter back to the CRA for review by different officer

financialpost.com/personal-finance/taxes/cra-auto-fill-can-cost-you-tax-case-missing-income

FINANCIAL POST

Relying on CRA's Auto-fill can be costly as tax case over missing income shows

Jamie Golombek: One taxpayer faced more than \$70,000 in arrears interest after Auto-fill failed to capture all his income

Jamie Golombek

Published Feb 13, 2024 • Last updated Feb 13, 2024 • 5 minute read



Golombek vs. the CRA... again

- October 2022: 4-page, single-spaced CRA “review letter” asking for support for home office expenses (6.52% of home expenses), including:
 - Detailed breakdown of amount claimed and calculation for deductible percentage of expenses, with supporting documents
 - Copy of the floor plan of the residence with the home office
- Responded with detailed schedule of monthly expenses, complete with dates and amounts, and detailed monthly statements for all utilities
- June 29, 2023: CRA denied \$231 (6.52% of about \$3,500 internet costs):
 - “your internet service is bundled with your TV, we are unable to allocation (sic) the corresponding amount since amount for TV is not eligible”

financialpost.com/personal-finance/cra-battle-shows-what-involved-in-tax-dispute



Golombek vs. the CRA... again

- CIBC Media Spokesperson
- Need TV for work!
- BNN on all day in background



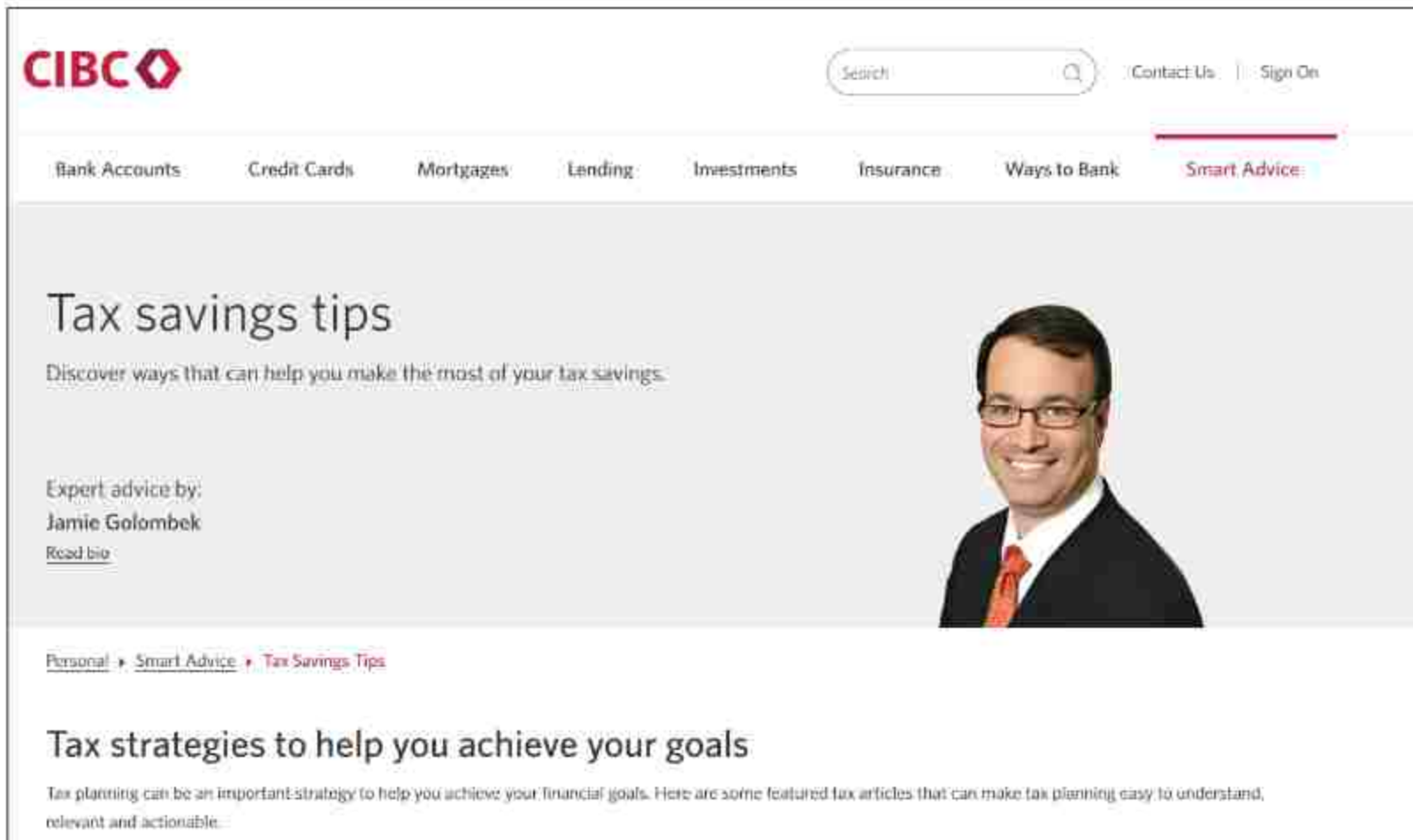
Golombek vs. the CRA... again

- Objected to Notice of Reassessment: Paid \$124 tax plus \$10 of interest
- June 28, 2024: CRA willing to settle
- Allowed \$88.40 (6.52% of about \$1,400 internet costs *without* cable TV)
- Plus \$8.14 refund interest (taxable...)

financialpost.com/personal-finance/cra-battle-shows-what-involved-in-tax-dispute

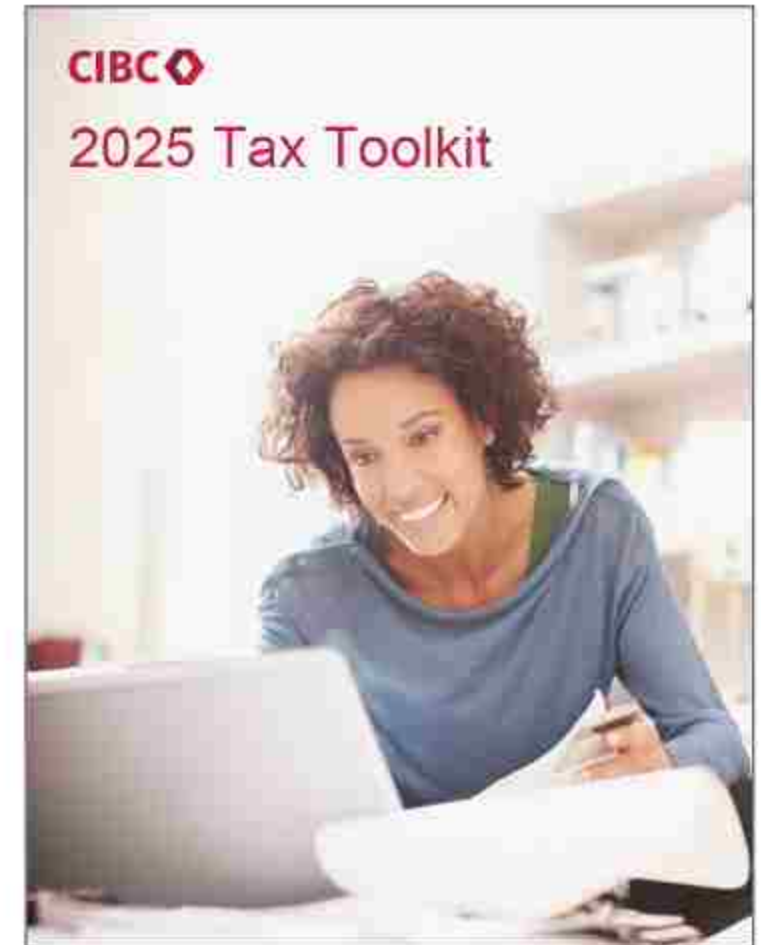


For more information



The screenshot shows the CIBC website's 'Smart Advice' section for 'Tax savings tips'. At the top left is the CIBC logo. To its right is a search bar with the word 'Search' and a magnifying glass icon. Further right are links for 'Contact Us' and 'Sign On'. Below this is a horizontal navigation menu with links for 'Bank Accounts', 'Credit Cards', 'Mortgages', 'Lending', 'Investments', 'Insurance', 'Ways to Bank', and 'Smart Advice'. The 'Smart Advice' link is highlighted with a red underline. The main content area features the title 'Tax savings tips' in a large font, followed by the subtitle 'Discover ways that can help you make the most of your tax savings.' Below this is a portrait of Jamie Golombek, a man with glasses wearing a suit and tie. To the left of the portrait, it says 'Expert advice by: Jamie Golombek' with a link to 'Read bio'. Below the portrait is a breadcrumb trail: 'Personal > Smart Advice > Tax Savings Tips'. At the bottom of the page, there is a section titled 'Tax strategies to help you achieve your goals' with a paragraph of text: 'Tax planning can be an important strategy to help you achieve your financial goals. Here are some featured tax articles that can make tax planning easy to understand, relevant and actionable.'

cibc.com/en/personal-banking/smart-advice/tax-savings-tips.html



The image shows the cover of the 'CIBC 2025 Tax Toolkit'. At the top left is the CIBC logo. To its right is the title '2025 Tax Toolkit' in a large, bold font. The background of the cover is a photograph of a woman with curly hair, wearing a blue top, sitting at a desk and smiling while looking at a laptop. She has papers and a pen in front of her.

cibc.com/content/dam/personal_banking/advice_centre/tax-savings/tax-toolkit-en.pdf



Questions and answers

cibc.com

jamielogolombek.com