

THE BAKER GAZETTE YEAR 2025 TAXING TIMES EDITION

2024 Personal combined B.C. FEDERAL/PROVINCIAL Personal Tax Calculations.

MARGINAL RATE %

Taxable Income To \$	Salary/ Interest \$	Under 250K Capital Gains \$	Over 250K Capital Gains \$	Eligible Dividends \$	Ineligible
47,937	20.1	10.0	13.4	0.0	10.4
55,867	22.7	11.4	15.1	0.0	13.5
95,875	28.2	14.1	18.8	1.6	19.8
110,076	31.0	15.5	20.7	5.5	23.0
111,733	32.8	16.4	21.9	8.0	25.1
133,664	38.3	19.2	25.5	15.6	31.4
173,205	40.7	20.4	27.1	18.9	34.2
181,232	44.0	22.0	29.4	23.5	38.0
246,752	46.1	23.1	30.8	26.4	40.4
252,752	49.8	24.9	33.2	31.4	44.6
252,753 and up	53.5	26.8	35.7	36.5	48.9

IMPORTANT DATES AND INFORMATION

- February 3, 2025 - Interest payments on inter-family and employee loans.
- February 28, 2025 - T-4's, T-5's. Due
- February 28, 2025 - RRSP deadline! Max \$30,780 based on 2023 income.
- March 31, 2025 - T-3 Returns, T5013 and NR4. A
- April 30, 2025 - Personal T-1 returns due and taxes thereon. A
- June 16, 2025 - Self-employed T-1's including spouse's return.

- Date of Death Returns 70(1) - later of six months after death or April 30th year following death
- T-3 Trust Returns due 90 days from year end. Worksafe: virtually all employers must register, contact 604 - 244 - 6181 to register and check for eligibility. (worksafebc.com)
- Business Registration on the WEB (businessregistration.gc.ca)
- Foreign Reporting (Form T-1135) is mandatory for residents to report assets of almost any sort that cost \$100,000 and are of a country other than Canada (Severe penalties)
- 2024 Prescribed interest rates. 6% for Q1 and Q2, and 5% for Q3 and Q4.
- B.C. Excise Taxes: 5% GST 7% PST (PST info: 1-877-388-4440 Pensioners collecting CPP between 65-70 who are employed or self-employed can opt out of CPP exemption)
- CPP/OAS information 1-800-277-9914

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- Discontinue CPP withholdings by filing Form CPT 30. All recipients must pay CPP if collecting same between ages 60 - 65.
- CRA contact:

Personal	1-800-959-8281
Corporate	1-800-959-5525
- Services Canada (CPP, OAS and GIS) (1-800-277-9914)

SPECIFIC ITEMS

1. Check 2023 Personal T-1 Notice of Assessment for 2023 RRSP eligible amount - Buy RRSP prior to February 28, 2025 for 2024 deductibility. Self-employed individuals should pay particular attention to this calculation. You must report RRSP's purchased in the first sixty days of 2025 on your 2024 return.
2. Accumulate tax information now and keep in a safe place.
3. Donations and alimony are deductible on a calendar year basis only so these amounts should be paid in the calendar year wished to be claimed. Donations of listed stocks allows for the elimination of capital gains altogether and a 50% tax credit. Medical expenses can be deducted for any 12 month period ending in 2024.
4. RRSP's must be converted to RRIF in the year a person reaches age 71. Withdrawal amounts can be based on the lower spouses' age. RRSP overcontributions are allowed to a maximum of \$2,000 for excess contributions. TFSA penalties similar.
5. Principal Residence - Individuals must report the sale of real property whether principal residence for all years or partial. Both spouses or individuals must report their share. (Form T2091). Failure to file form penalties are severe. Must file 70(1) final return at death.
6. Capital gains/losses on dispositions must be reported in year earned otherwise tax deduction thereon maybe denied. Please retain all monthly statements regarding mutual funds or securities cost. You should call your financial planner or the actual mutual fund and obtain the actual gain or loss.
7. RRSP home buying plan remains available for up to \$60,000 for individuals purchasing their first principal residence or over five years since last ownership. Home Buyers Tax credit for 1st time owners or no ownership for five years can obtain a federal tax amount of \$1,500. First Home Savings Account (FHSA). Annual contributions of \$8,000 to a maximum of \$40,000 are allowed but only one of the RRSP HBP.
8. Underused Housing Tax (UHT) Return Due May 1, 2024
9.
 - a) Reporting a nil payroll remittance monthly by phone: Call 1-800-959-2256 and follow prompts
 - b) Taxpayer Relief. If penalty or interest assessed to which fairness is sought: Complete Form RC4288E and send to the Manager, Taxpayer Relief, 9755 King George Blvd., Surrey, B.C. V3T 5E1.
10. File returns on time including making required instalments to avoid Non-Deductible penalties and interest. Canada Revenue Agency's (CRA) interest is not competitive and compounds daily.

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11. **MAKE SURE YOU HAVE A WILL AND THAT IT IS UP TO DATE.** Ensure you obtain an enduring Power of Attorney. Designate insurance, RRSP and TFSA funds to spouse/beneficiary if appropriate. B.C. Probate fees are \$6 per \$1,000 to \$50,000 (\$25,000 exemption) \$14 per \$1,000 for excess.
12. The OAS Pension is "claimed back" at the rate of 15% of your income in excess of approximately \$82,000 and is completely lost as your income increases to approximately \$135,000.
13. Work Space in Home. Flat rate method no longer available must report expenses and home vs. office size. A signed T2200 is required from employer.
In order to deduct such expenses, the work space must either be:
 - a) location where individual performs (>50%) duties
 - b) used to earn income regularly to meet customers or other persons to perform duties
 - c) Required by Employer to work from home
14. Offshore Assets Reporting (T1135, T1134)
You or your company will be required to file one or more of Canada Revenue Agency's information returns if you are an individual, corporation, trust or partnership and:

You have an interest in foreign property of more than \$100,000 (including items such as shares, bank accounts, real property, but excluding interests in foreign affiliates, property used in an active business and property in RPP's, RRSP's and RRIF's).
15. T-3 Trust Returns: Rules for filing T-3 returns effective for all Trusts. Disclosure requirements for all persons in the Trust are onerous and penalties are harsh. Professional advice recommend.
16. Child Support Payments

Child support payments made assuming original agreement pre - May, 1997 remain deductible from income and are included in the recipient spouse's income. The rules will disallow the deduction of child support payments, for new or amended agreements as of May 1, 1997.
17. Construction companies must file information returns (Contract Payment Reporting System) detailing payments to subcontractors supplying materials and labour in excess of \$500.
18. We recommend all corporations and their shareholders perform proper payroll procedures for all shareholders and employees. Payroll is reported on a calendar year basis and not fiscal.

Bonuses declared must be paid within 180 days of declaration. Please ensure that all employee benefits are included in the employee's T-4. This would include automobile standby charges, parking and interest on any shareholder loans.
19. Automobile logs should be maintained to support mileage claimed. Expense receipts should be detailed why it was expended and on whom. CRA has established rules whereby you can set a standard based on previous years percentage. A positive step. Credit card statements are not sufficient support in case of audit for any expense.
Ensure any benefit to an employee is taxed appropriately. **CRA AUDITS FOCUS ON ORIGINAL RECEIPTS.**

20. Employer Health Tax for all remuneration paid in excess of \$500,000 for profit entities are 2.925% to \$1.5 million and 1.95% thereafter.
21. Tax and Split Income (TOSI)
Severe restrictions to income splitting strategies. Small business deduction in Corporation reduced by passive assets in excess of one million dollars and/or \$50,000 passive income. Professional advice advisable.
22. The tax liability of any unfiled return always remains liable. File regardless. The Crown will allow voluntary disclosures for unfiled returns. Effective 2016, CRA has made the process more difficult and penalties/interest not necessarily waived.
23. Generally, gifts, awards and long-service awards you provide to your employees are taxable. There are options available to provide non-taxable awards up to \$500.
24. Effective June 25, 2024 Capital Gains Inclusion Rate increased for 50% to 66.67% for Capital Gains over \$250,000 annually.
25. Multigenerational Home Renovation Tax Credit up to \$7,500 (15% of \$50,000)
26. Residential Properties owned for fewer than 365 days are treated as Business Income instead of Capital Gains.
27. Taxpayer Payments of \$10,000 must be paid Electronically or a penalty of \$100 will be assessed.

Comments

Income tax preparation is difficult and under more scrutiny by the Crown. Financial planning must consider tax planning and therefore is tax driven.

In closing, any transaction is viewed by Canada Revenue Agency as being at fair market value with few exceptions. In addition, any expense is deductible assuming it is reasonable and you are allowed to deduct them.

The 1917 Tax Act was a temporary measure!

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