TAX FACTS & FIGURES

FOR TAX PREPARATION AND PLANNING

NOVEMBER 2025

Contents

CHAPTER 1 - PERSONAL INCOME TAX

1.1 FEDERAL TAX RATES – INDIVIDUALS

The following federal tax rates apply for 2025:

Taxable Income from	but not over	the tax		of the amount over
$0	$57,375	$0	+ 14.5%	$0
57,376	114,750	8,319.38	+ 20.5%	57,375
114,751	177,882	20,081.05	+ 26%	114,750
177,883	253,414	36,495.11	+ 29%	177,882
253,415	n/a	58,399.10	+ 33%	253,414

1.2 FEDERAL PERSONAL TAX CREDITS

The following non-refundable federal tax credits apply for 2025:

	Gross	Credit (14.5%)
Basic personal (1)	$16,129	$2,338.71
Married or equivalent (2)	16,129	2,338.71
Age (3)	9,028	1,309.06
Disability Amount	10,138	1,470.01
Supplement for children with disabilities (maximum) (4)	5,914	857.53
Canada Caregiver Credit – infirm spouse/dependent or child under 18	2,687	389.62
Canada Caregiver Credit – infirm adult dependent relative (5)	8,601	1,247.15
First Time Home Buyer Amount	10,000	1,450.00

(1) The 2025 basic personal amount (BPA') before enhancement is $14,538, resulting in an additional BPA of $1,591 through the enhancement legislation. For 2025, the enhanced BPA starts being reduced once personal income reaches the second highest income threshold of $177,882 and is eliminated once income reaches $253,414.

(2) Reduced by spouse's net income and eliminated when this amount exceeds $16,129.

(3) The Age credit is reduced by an amount equal to 14.5% of an individual's net income exceeding $45,522 and eliminated when income exceeds $105,709.

(4) Reduced when the total childcare and attendant care expenses claimed for this taxpayer by anyone exceeds $3,465 and eliminated when it exceeds $9,378.

(5) Reduced when relative’s income exceeds $20,197 and eliminated when it exceeds $28,798.

1.3 ADDITIONAL FEDERAL TAX CREDITS

The following additional non-refundable federal tax credits apply for 2025:

Pension income	-	14.5% of amount up to $2,000 for a maximum credit of $290
Medical expense	-	14.5% of amount in excess of lesser of: 3% of net income or $2,834
Tuition fees	-	14.5% of amount paid in respect of attendance at a post-secondary institution
Charitable donations	-	14.5% for first $200;
	-	29%/33% (3) of balance, limited to 75% of net income (1)(2)
Canada Pension Plan	-	14.5% of contributions up to $4,034.10 for a maximum credit of $584.95 $584.95
Employment Insurance	-	14.5% of contributions up to $1,077.48 for a maximum credit of $156.23
Adoption Expenses	-	14.5% of expenses up to $19,580 for a maximum credit of $2,839.10
Canada Employment Credit	-	14.5% of employment income up to $1,471 for a maximum credit of $213.30

(1) Limitation is increased to 100% in the year of death.

(2) Limitation can be increased by 25% of taxable capital gains arising from a gift of capital property made in the year and included in taxable income.

(3) The 33% rate will apply to the extent that an individual has income that's subject to the 33% tax rate.

1.4 REFUNDABLE MEDICAL EXPENSE SUPPLEMENT

The refundable medical tax credit is equal to the lesser of $1,504 and 25% of the medical expenses eligible for the medical credit, reduced by 5% of family net income in excess of $33,294, which is eliminated when net income reaches $61,699. To be eligible for the credit, a person must be a resident of Canada throughout the year, be 18 years old or over at the end of the year and must have total employment and/or business income for the year of at least $4,390.

1.5 TRANSFERABILITY OF TAX CREDITS

Certain tax credits, if not fully utilized by a taxpayer, may be transferred to a spouse or a supporting person. The following chart shows the transfers available:

Tax Credit	Transferable to
Age	Spouse
Disability	Spouse or supporting person
Pension	Spouse
Tuition tax credit (1)	Spouse or supporting person (transfer limited to $5,000 of federal credit)

(1) Unused tuition tax credit not transferred by the student may be carried forward indefinitely and applied to reduce the student's tax payable in subsequent years.

1.6 ONTARIO TAX RATES – INDIVIDUALS

Ontario personal tax brackets and rates are set independently of the federal tax brackets and rates. The following Ontario tax rates apply for 2025 (excluding surtax – see below):

Taxable Income from	but not over	the tax		of the amount over
$0	$52,886	$0	+ 5.05%	$0
52,887	105,775	2,670.74	+ 9.15%	52,886
105,776	150,000	7,510.00	+ 11.16%	105,775
150,001	220,000	12,445.39	+ 12.16%	150,000
220,001	n/a	20,957.27	+ 13.16%	220,000

For 2025, the surtax is calculated as 20% of Ontario tax between $5,710 and $7,307, and an additional 36% of Ontario tax in excess of $7,307 for a maximum of 56%. The first level of surtax i.e. 20% arises at taxable income of approximately $93,132 and the second level of surtax (36%) arises at taxable income of approximately $109,727 for a single taxpayer with only the basic personal tax credit. The surtax effectively increases the top marginal tax rate for Ontario residents to 20.53% (13.16% x 1.56).

1.7 ONTARIO PERSONAL TAX CREDITS

The following non-refundable Ontario tax credits apply for 2025:

	Gross	Credit (5.05%)
Basic personal	$12,747	$643.72
Married or equivalent [(1)]	10,823	546.56
Age [(2)]	6,223	314.26
Disability Amount	10,298	520.05
Supplement for children with disabilities (maximum) [(3)]	6,007	303.35
Canada Caregiver Credit – infirmed spouse/dependent or child under 18 [(4)]	0	0
Canada Caregiver Credit – infirmed spouse/dependent or adult over 18 [(5)]	6,008	303.40

(1) Reduced by spouse's net income in excess of $1,082 and eliminated when income exceeds $11,905.

(2) The Age credit is reduced by an amount equal to 5.05% of an individual’s net income exceeding $46,330 and eliminated when income exceeds $87,817.

(3) Reduced when the total childcare and attendant care expenses claimed for this taxpayer by anyone exceeds $3,518 and eliminated when it exceeds $9,525.

(4) Ontario does not have the additional credit for an infirm spouse/eligible dependent or child under 18.

(5) Reduced when relative’s income exceeds $20,554 and eliminated when it exceeds $26,562.

1.8 ADDITIONAL ONTARIO TAX CREDITS

The following additional non-refundable Ontario tax credits apply for 2025:

Pension Income	-	5.05% of amount up to $1,762 for a maximum credit of $88.98
Medical Expense	-	5.05% of amount in excess of lesser of: 3% of net income or $2,885
Tuition Fees	-	$0
Education Amount	-	$0
Charitable Donations	-	5.05% for first $200; 11.16% of balance, limited to 75% of net income (1)(2)
Canada Pension Plan	-	5.05% of contributions up to $4,034.10 for a max credit of $203.72
Employment Insurance	-	5.05% of contributions up to $1,077.48 for a max credit of $54.41

(1) Increased by 25% of taxable capital gain arising from a gift of capital property and by 25% of recaptured capital cost allowance arising from a gift of depreciable capital property.

(2) Limitation is increased to 100% in the year of death.

1.9 DIVIDENDS

The following amount of Canadian dividends (actual amount, not taxable amount) can be received by an Ontario resident with **no federal tax, no provincial tax, and no minimum tax**, assuming no other income or deductions other than the personal and dividend tax credits.

2025		**2024**	
Eligible	**Ineligible**	**Eligible**	**Ineligible**
$76,443	$ 37,179	$ 71,779	$ 34,313

For federal tax purposes, the gross-up rate for eligible dividends remains 38% and the federal dividend tax credit remains 15.02% of the grossed-up amount (20.73% of the cash amount).

For non-eligible dividends, the dividend gross-up rate remains 15% and the federal dividend tax credit remains 9.03% of the grossed-up amount (10.39% of the cash amount).

For Ontario tax purposes, the dividend tax credit on eligible dividends remains 10% of the grossed-up amount (13.80% of the cash amount). For non-eligible dividends, the dividend tax credit remains 2.99% of the grossed-up amount (3.43% of the cash amount).

1.10 CAPITAL GAINS

The capital gains inclusion rate is 50%.

The inclusion rate is 0% for capital gains resulting from donations of publicly traded securities and ecologically sensitive land to certain registered charities.

1.11 MARGINAL TAX RATES – INDIVIDUALS

Below you will find a table showing the combined Federal and Ontario marginal rates. This assumes all federal and provincial taxes and surtaxes are included; and the taxpayer only qualifies for the basic personal tax credit.

Current Combined Federal & Ontario Tax Brackets (Including Surtax)

			Salary, interest, etc.			Dividends (Eligible/non-eligible)			Capital Gains		
Taxable Income			Federal	Ontario	Total	Federal	Ontario	Total	Federal	Ontario	Total
			%	%	%	%	%	%	%	%	%
$16,129	-	or less	0	0	**0**	0	0	0	0	0	0
16,130	-	52,886	14.50	5.05	**19.55**	-0.72/6.29	-6.83/2.07	**-7.55/8.66**	7.25	2.53	**9.78**
52,887	-	57,375	14.50	9.15	**23.65**	-0.72/1.17	-1.17/12.21	**-1.89/13.38**	7.25	4.58	**11.83**
57,376	-	93,132	20.50	9.15	**29.65**	7.56/13.19	-1.17/7.09	**6.39/20.28**	10.25	4.58	**14.83**
93,133	-	105,775	20.50	10.98	**31.48**	7.56/13.19	1.36/9.19	**8.92/22.38**	10.25	5.49	**15.74**
105,776	-	109,727	20.50	13.39	**33.89**	7.56/13.19	4.68/11.97	**12.24/25.16**	10.25	6.70	**16.95**
109,728	-	114,750	20.50	17.41	**37.91**	7.56/13.19	10.23/16.59	**17.79/29.78**	10.25	8.70	**18.95**
114,751	-	150,000	26.00	17.41	**43.41**	15.15/19.52	10.23/16.58	**25.38/36.10**	13.00	8.70	**21.70**
150,001	-	177,882	26.00	18.97	**44.97**	15.15/19.52	12.38/18.38	**27.53/37.90**	13.00	9.48	**22.48**
177,883	-	220,000	29.31	18.97	**48.28**	19.72/23.33	12.38/18.38	**32.10/41.71**	14.66	9.48	**24.14**
220,001	-	253,414	29.31	20.53	**49.84**	19.72/23.33	14.53/20.17	**34.25/43.50**	14.66	10.26	**24.92**
253,415	-	or over	33.00	20.53	**53.53**	24.81/27.57	14.53/20.17	**39.34/47.74**	16.50	10.26	**26.76**

1.12 OLD AGE SECURITY BENEFITS

	2025	2024
January – March	$727.67	$713.34
April – June	727.67	713.34
July – September	734.95	718.33
October – December	740.09	727.67

Benefits start in the month following the 65th birthday and are paid in the month of death.

Old Age Security ("OAS") pensioners aged 75 or older are eligible for a 10% increase to their regular OAS pension. For example, for eligible seniors, the OAS monthly payment for the fourth quarter will be $814.10 instead of $740.09.

For 2025, benefits are repayable if net income exceeds $93,454. The repayment is 15% of the excess income and is fully clawed back when income reaches $151,959 ($157,810 for seniors aged 75 or older). Tax withholdings are deducted from the monthly OAS payment in respect of the claw-back based upon the prior year's net income.

1.13 CANADA PENSION PLAN BENEFITS - MAXIMUMS

		Annual Total	2025	2024
Death Benefit		N/A	$5,000.00	$2,500.00
Retirement	- per month	$17,196.00	1,433.00	1,364.60
Disability pension	- per month	20,078.88	1,673.24	1,606.78
Survivor pension	- under 65, per month	9,250.56	770.88	739.31
	- 65 and over, per month	10,317.60	859.80	818.76
Orphan's benefit	- Under 18 or a full-time student, per month	3,621.24	301.77	294.12

These maximums assume collection of benefits starts at age 65 (i.e. no reduction/premium for early/late collection).

Additionally, contributors can now earn a "top-up" amount for the death benefit starting in 2025. The top-up benefit is an additional $2,500 to the basic amount, increasing the maximum death benefit to $5,000. To qualify for the top-up amount, the deceased must:

- Have never received a disability benefit, post-retirement disability benefit or retirement pension under the CPP/QPP
- Not have a surviving spouse or common-law partner who is eligible to receive a survivor's pension

1.14 EMPLOYMENT INSURANCE BENEFITS

	2025	2024
Maximum, per week - 55% of insurable earnings	$695	$668

Benefits are repayable when net income exceeds $82,125 in 2025 (2024 - $79,000).

1.15 CANADA WORKERS BENEFIT (CWB)

The ***Canada Workers Benefit (CWB)*** is a refundable tax credit that provides tax relief for eligible low-income individuals and families who are in the workforce.

The table below summarizes the 2025 information in comparison to the 2024 information without including Disability Supplement Factors.

Basic Factors affecting Benefits	2025 - Single	2025 - Couple	2024 - Single	2024 - Couple
Base amount of working income	$3,000	$3,000	$3,000	$3,000
% applied to excess of income over base amount	27%	27%	27%	27%
Maximum CWB/ WITB amount	1,633	2,813	1,590	2,739
Adjusted net income base amount	26,855	30,639	26,149	29,833
% of NI over base amount to reduce benefit	15%	15%	15%	15%
NI at which benefit is reduced to zero	37,742	49,392	36,749	48,093
Working Income where benefit is maxed out	9,048	13,419	8,889	13,144

For disabled persons, an additional credit equal to 27% of earned income in excess of $1,150 (up to a maximum of $821) will be allowed.

An individual will qualify for the credit if they are a Canadian resident throughout the year and have attained age 19 by the end of the year. Persons who are full-time students for more than 3 months will not qualify for the credit unless they have a dependent child.

1.16 CANADA CHILD BENEFIT AND ONTARIO CHILD BENEFIT

For the Canada Child Benefit, you will find below the payment amounts for the periods July 2024 – June 2025 and July 2025 – June 2026:

	Basic Canada child benefit amount	
Age of Children	July 2025 – June 2026	July 2024 – June 2025
For children under 6	$7,997	$7,787
For children aged 6 to 17	6,748	6,570

The benefits will be phased out based on the adjusted family net income (see table below).

	-Phase out rates-	
Number of Children	**$37,487 to $81,222**	**Over $81,222**
1 child	7.0%	3.2%
2 children	13.5%	5.7%
3 children	19.0%	8.0%
4 or more	23.0%	9.5%

Benefits for the period of July 2025 to June 2026 will be based on the adjusted family net income for the 2024 tax year. For example, in 2024 a family with adjusted family net income of $85,000 and two children under the age of six would have their annual benefit of $15,994 phased out based on the total of the following amounts:

- 13.5% of the adjusted family net income between $37,487 and $81,222 ($43,735 x 13.5% = $5,904); and
- 5.7% of the adjusted family net income over $81,222 ($3,778 x 5.7% = $215)

As a result, the family would receive an annual Canada Child Benefit of $9,875 ($15,994 - $5,904 - $215) or $823 a month.

ONTARIO CHILD BENEFIT

Monthly payments are issued for each child under 18. The maximum annual payment per child will be as follows:

Period			Amount
July 2024	-	June 2025	1,680
July 2025	-	June 2026	1,727

A reduction in the benefit equal to 8% will apply to family net income over $26,364.

1.17 GST/HST CREDIT

For the period July 2025 to June 2026, the credit will be calculated as follows:

All eligible taxpayers	$349
Supplement for single taxpayers (1)	184
Addition for spouse or equivalent	349
Addition for each qualifying child	184

(1) The supplement for a single person is the lesser of $184 and 2% of net income in excess of the phase-in threshold of $11,337. There is no reduction for single parents.

The maximum that can be received is reduced by 5% of combined net income in excess of $45,521. For example, a single person would receive the credit for July 2025 to June 2026 if their 2024 adjusted family net income was less than $56,181. A married/common-law couple with 2 children would receive the credit if their adjusted family net income was less than $66,841.

For the period July 2024 to June 2025, the credit is calculated as follows:

All eligible taxpayers	$340
Supplement for single taxpayers [1]	179
Addition for spouse or equivalent	340
Addition for each qualifying child	179

(1) The supplement for a single person is the lesser of $179 and 2% of net income in excess of the phase-in threshold of $11,039. There is no reduction for single parents.

The maximum that can be received is reduced by 5% of combined net income in excess of $44,324.

1.18 PENSION CONTRIBUTION LIMITS

	RRSP	RPP	DPSP
2024	$31,560	$32,490	$16,245
2025	32,490	33,810	16,905
2026	33,810	-	-

- The above limits include both employee and employer contributions.
- The maximum RRSP contribution is 18% of the prior year's *"earned income"* subject to adjustments for individuals who are members of RPPs and DPSPs.
- Unused RRSP contribution room can be carried forward indefinitely.

1.19 EXCHANGE RATE – PER BANK OF CANADA

		2025	2024
Average rate for year	- U.S. $		1.3698
	- U.K. £		1.7504
	- Euro		1.4818

1.20 PRESCRIBED INTEREST RATES – LOW-INTEREST LOANS

	2025	2024
January - March	4.00%	6.00%
April - June	4.00%	6.00%
July - September	3.00%	5.00%
October - December	3.00%	5.00%

Average annual rates

2021 – 1.00%

2022 – 1.75%

2023 – 4.75%

2024 – 5.50%

2025 – 3.50%

For purposes of taxable benefit calculations, the Ontario prescribed rate is the same as the federal prescribed rate.

1.21 PRESCRIBED INTEREST RATES – OVERDUE TAXES

			Federal	
			2025	**2024**
January	-	March	8.00%	10.00%
April	-	June	8.00%	10.00%
July	-	September	7.00%	9.00%
October	-	December	7.00%	9.00%

Average annual rates

2021 – 5.00%

2022 – 5.75%

2023 – 8.75%

2024 – 9.50%

2025 – 7.50%

1.22 INCOME TAX INSTALMENTS

- Quarterly tax instalment payments are required if net tax owing was more than $3,000 in the current year and in either of the two preceding year

CHAPTER 2 - CORPORATE INCOME TAX

2.1 CORPORATE TAX RATES FOR CCPC'S - COMBINED FEDERAL AND ONTARIO

	Federal	Ontario	2025 Total	2024 Total
General rate	15.00%	11.50%	26.50%	26.50%
Manufacturing	15.00%	10.00%	25.00%	25.00%
Small business - below $500,000	9.00%	3.20%	12.20%	12.20%
- over $500,000	15.00%	11.50%	26.50%	26.50%
Investment Income	38.67%	11.50%	50.17%	50.17%

2.2 CORPORATE INTEGRATION - 2025 COMBINED FEDERAL AND ONTARIO RATES

The following charts show the after-tax dollars available for use by an individual with different types of income. The calculations first show the two layers of tax where the income is received by the corporation and then paid by dividend to the individual (Total of Amounts (A) and (B)). The second part shows the tax paid when the income is directly received by the individual (Amount (C)).

Please note the calculations use the highest marginal personal tax rates, such that it would apply to individuals with taxable income over $253,414.

		Small Business Income <500,000	Active Business Income >500,000
	Income in corporation	$1,000	$ 1,000
(A)	Corporation tax	(122)	(265)
	Available for dividend	878	735
(B)	Personal tax (maximum rate)	(419)	(289)
	Net after tax cash	459	446
	Income earned directly	1,000	1,000
(C)	Personal tax (maximum rate)	(535)	(535)
	Net after tax cash	465	465
(C - A)	Deferral of tax	413	270
	Deferral of tax as a percentage	41.3%	27%
(C - A - B)	Savings (cost)	(6)	(19)
	Savings (cost) of tax as a percentage	-0.6%	-1.9%

CORPORATE INTEGRATION – 2025 COMBINED FEDERAL AND ONTARIO RATES – CONT'D

		Investment Income	Dividend Income
	Income in corporation	$1,000	$ 1,000
(A)	Corporation tax	(502)	(383)
(A.1)	Dividend refund	307	383
	Available for dividend	805	1,000
(B)	Personal tax (maximum rate)	(384)	(393)
	Net after tax cash	421	607
	Income earned directly	1,000	1,000
(C)	Personal tax (maximum rate)	(535)	(393)
	Net after tax cash	465	607
(C - A)	Deferral of tax	34	10
	Deferral of tax as a percentage	3.4%	1.0%
(C - A + A.1 - B)	Savings (cost)	(44)	0
	Savings (cost) of tax as a percentage	-4.4%	0%

2.3 TAXABLE CAPITAL GRIND ON SMALL BUSINESS DEDUCTION

For taxation years ending before April 7, 2022, the Federal small business deduction ("SBD") is "*clawed back*" where the prior year taxable capital employed in Canada exceeds $10,000,000, increasing on a pro rata basis and eliminated when taxable capital reaches $15,000,000. For taxation years ending after April 7, 2022, the upper limit was increased from 15,000,000 to 50,000,000, allowing for more medium sized CCPCs to benefit from the SBD. There is a table below which outlines the federal tax savings. Ontario has also adopted the same change to the Ontario SBD.

Prior year taxable capital	SBD limit for tax years before April 7, 2022	SBD limit for tax years after April 7, 2022	Federal savings
10 million	500,000	500,000	0
12 million	300,000	475,000	10,500
15 million	0	437,500	26,250
20 million	0	375,000	22,500
30 million	0	250,000	15,000
40 million	0	125,000	7,500
50 million	0	0	0

2.4 PASSIVE INCOME GRIND ON SMALL BUSINESS DEDUCTION

Additionally, the federal SBD is clawed back depending on the level of investment income ("AAII"). A passive income threshold of $50,000 has been set meaning any private corporations with AAII over $50,000 (together with associated corporations) in the preceding year will be subject to a grind of the SBD. The SBD limit is reduced by $5 for every $1 of investment income over $50,000 i.e. the federal SBD limit is fully eliminated once investment income reaches $150,000 for an associated group. Ontario did not harmonize, and the AAII grind does not apply to the Ontario SBD

2.5 ONTARIO CORPORATE MINIMUM TAX

The Ontario Corporate Minimum Tax (CMT) applies to corporations that have assets totaling more than $50,000,000 and revenues totaling more than $100,000,000. The CMT rate is 2.7%.

Corporate Minimum Taxable income is a corporation's accounting income, adjusted for specific income inclusions and deductions. A corporation must pay the higher of the CMT and the regular income tax. Any excess of the CMT over the regular income tax can be carried forward and applied as a credit against regular income tax in subsequent years.

2.6 INCOME TAX INSTALMENTS

Monthly federal instalments required for 2025 if total taxes payable for 2024 or 2023 exceeded $3,000. CCPC's qualify to make quarterly instalments instead of monthly if they meet the following criteria:

- SBD claim was made in either the current or previous year
- Taxable income (together with associated corporations) for either the current or previous year does not exceed $500,000
- Taxable capital employed in Canada (together with associated corporations) for either the current or previous year does not exceed $10 million and;
- Corporation has a perfect compliance history in the last 12 months.

2.7 WITHHOLDING TAX ON PAYMENTS TO NON-RESIDENTS

Type of Payment	United Kingdom	United States
Interest	10%	NIL
Estate or Trust Income	15%	15%
Copyright, etc.	NIL	NIL
Immovable Property (rents)	25%	25%
Alimony	NIL	NIL
Dividends		
- corporate shareholder owns (U.K. - controls) at least 10% of voting shares of payor	5%	5%
- other cases	15%	15%
Periodic Pension Payments	NIL	15%
Periodic Annuity Payments:		
- income averaging annuity contracts	25%	25%
- other	10%	15%
Lump Sum Pension, Annuity or similar type payments	25%	25%
Fees for services performed in Canada	15%	15%

CHAPTER 3 - PAYROLL AND EMPLOYEE BENEFITS

3.1 CANADA PENSION PLAN CONTRIBUTIONS

	2025	2024
Contributory earnings	$ 71,300	$ 68,500
Basic exemption	3,500	3,500
Maximum contributory earnings for CPP	67,800	65,000
Maximum contributory earnings for CPP2 (1)	81,200	73,200
Maximum contributions for CPP/CPP2:		
employees – 5.95%/4% (1)	4,034/396	3,868/188
self-employed – 11.9%/8% (1)(2)	8,068/792	7,735/376

(1) Starting in 2019, the Canada Pension Plan (CPP) was gradually enhanced, meaning that taxpayers received higher benefits in exchange for making higher contributions. During Phase 1 from 2019 to 2023, the contribution rate for employees gradually increased by one percentage point (from 4.95% to 5.95%) on earnings between $3,500 and the original earnings limit.

Phase 2 for the period 2024 to 2025 will only affect individuals with earnings above the max CPP pensionable earnings amount, allowing them to make an additional contribution of CPP2. For example, if an employee earned remuneration of $80,000 in 2025, the regular CPP contribution amount would be $4,034 ($67,800 x 5.95%) and the additional CPP2 contribution would be $348 [($80,000 - $71,300) x 4%].

(2) One-half of the CPP contributions payable by self-employed individuals is deductible against income.

3.2 EMPLOYMENT INSURANCE PREMIUMS

	2025	2024
Employee maximum: 1.64% x $65,700 (2024: 1.66% x $63,200)	$ 1,077.48	$ 1,049.12
Employer maximum: 1.4 x $1,077.48 (2024: 1.4 x $1,049)	1,508.47	1,468.77

Self-employed individuals can enter into an agreement with the Canada Employment Insurance Commission and start paying EI premiums on their self-employment income. The premium rate will be the same as salaried employees currently pay. The payment of the premiums for individuals opting in during the 2025 calendar year will be made through their 2025 tax return

3.3 ONTARIO EMPLOYER HEALTH TAX

The Employer Health Tax (EHT) is remitted by employers based on their Ontario payroll. Effective January 1, 2020, employers are exempt from tax on the first $1 million of Ontario payroll. The EHT exemption is indexed to inflation and the next scheduled adjustment for is January 1, 2029.

Employers with annual Ontario payroll over $5 million cannot claim this exemption. Only one annual exemption is available for an associated group of employers. When the combined total Ontario remuneration of all associated employers exceeds $5 million, these employers are not eligible for the exemption.

Registered charities, including those with payrolls over $5 million, remain eligible for the exemption.

The EHT rates vary from 0.98% on Ontario payroll less than $200,000, up to 1.95% for payroll in excess of $400,000. The applicable tax rate is based on the amount of payroll before deducting any tax exemptions. For example, if an employer in Ontario pays remuneration of $1,300,000, they would have to pay EHT at the highest rate, due to the fact that they are in the highest bracket before claiming the $1 million exemption. This would result in EHT of $5,850 [($1,300,000 - $1,000,000) x 1.95%].

See the rates below:

Ontario Payroll	Rate
Up to $200,000.00	0.98%
$200,000.01 to $230,000.00	1.101%
$230,000.01 to $260,000.00	1.223%
$260,000.01 to $290,000.00	1.344%
$290,000.01 to $320,000.00	1.465%
$320,000.01 to $350,000.00	1.586%
$350,000.01 to $380,000.00	1.708%
$380,000.01 to $400,000.00	1.829%
Over $400,000.00	1.95%

Starting in 2021, eligible employers are not required to remit tax instalments until the cumulative remuneration exceeds the $1.2 million instalment threshold. The instalment requirement is as follows:

Annual total Ontario remuneration	Non-associated employers eligible for EHT exemption	Associated employers eligible for EHT exemption	All employers not eligible for EHT exemption
Up to $1M	No instalments No annual return required	No instalments No annual return required	No instalments Annual return required by March 15 of the following calendar year
From $1M to $1.2M	No instalments Annual return required by March 15 of the following calendar year	No instalments Annual return required by March 15 of the following calendar year for members with taxable remunerations One member must file associated Employer Exemption Allocation Form	No instalments Annual return required by March 15 of the following calendar year
Over $1.2M	Monthly instalments required by the 15th of the following month Annual return required by March 15 of the following calendar year	Monthly instalments required by the 15th of the following month Annual return required by March 15 of the following calendar year for members with taxable remunerations One member must file associated Employer Exemption Allocation Form	Monthly instalments required by the 15th of the following month Annual return required by March 15 of the following calendar year
Ontario remuneration paid once-a-year (special filers)	Employers who pay all their Ontario remuneration once-a-year will continue to receive Special returns		

3.4 ONTARIO HEALTH PREMIUM

The Ontario Health Premium is based on an individual's taxable income for a taxation year. Individuals with taxable income of $20,000 or less will be exempt from this premium.

The rates for 2025 are as follows:

Taxable Income	Premium
$0 - $20,000	$0
$20,001 - $24,999	6% over $20,000
$25,000 - $36,000	$300
$36,001 - $38,499	$300 + 6% over $36,000
$38,500 - $48,000	$450
$48,001 - $48,599	$450 + 25% over $48,000
$48,600 - $72,000	$600
$72,001 - $72,599	$600 + 25% over $72,000
$72,600 - $200,000	$750
$200,001 - $200,599	$750 + 25% over $200,000
$200,600 and Over	$900

The maximum Ontario Health Premium for 2025 is $900.

This health care premium is included in source deduction withholdings for an employee. Otherwise, the health premium is paid when the individual files the personal income tax return.

3.5 SOURCE DEDUCTION REMITTANCES

The frequency of source deduction remittances by employers is based on the average monthly remittances made in the second preceding calendar year. (i.e. 2025 frequency is based on average monthly remittances made in 2023). However, employers may choose to base the timing of their remittances on the prior year's average remittances, if beneficial.

New employers who have been open for less than 12 months with total monthly withholdings of less than $1,000 can automatically remit quarterly instead of monthly, on the condition that they maintain a perfect compliance record on all payroll and GST/HST accounts.

Small employers open for more than 12 months with total monthly holdings of less than $3,000 and a perfect compliance record can also be eligible for quarterly instalments, however they must be notified in writing by the CRA to be eligible for quarterly instalments.

The due dates for remittances are as follows:

Average Monthly Remittance	Due Date
New and small employers (Quarterly)	April 15th for the 1st quarter July 15th for the 2nd quarter October 15th for the 3rd quarter January 15th for the 4th quarter
Under $25,000 (Monthly)	15th day of month following month when the deduction was made
$25,000 - $99,999 (Bi-weekly)	25th day of same month 10th day of the next month
$100,000 and over (Weekly)	3rd working day after the 7th 3rd working day after the 14th 3rd working day after the 21st 3rd working day after the last day of the month

3.6 AUTOMOBILES USED IN BUSINESS

1. Restrictions on deductibility of expenses for 2025

Leasing costs	$1,100/month (30-day period) (2024 - $1,050)
Interest	$350/month (2024 – same)
CCA	Depreciable cost limited to $38,000 before HST (2024 - $37,000), net of applicable input tax credits or rebates $61,000 before HST for eligible zero-emission passenger vehicles (2024 – same)
Non-taxable allowance to employees	$0.72/km for first 5,000 km (2024 - $0.70) $0.66/km for additional kms (2024 - $0.64) Yukon, N.W.T. and Nunavut are $0.76 and $0.70 respectively for first 5,000 and over 5,000 kms

2. Employee Benefits:

Standby Charge:

Company owned car	2% x original cost (including HST) x number of months vehicle available for use
Company leased car	2/3 x lease payments (including HST) x number of months vehicle available for use
Operating Cost Benefit:	$0.34/personal use kms (2024 - $0.33) $0.31/personal use kms (2024 - $0.30) for employees principally in selling or leasing automobiles

A reduction of the standby charge is available if the automobile was used by the employee for more than 50% business use and the personal use was not more than 1,667 kilometers per 30-day period.

GST/HST implications on standby charge and operating cost benefit

The employer must remit a portion of the standby charge and operating cost benefit as GST/HST. The remittance rates for 2025 are 12/112 (no change from 2024) of the standby charge and 9% of the operating cost benefit. (Please see table below if employer is a large business subject to restricted input tax credit).

The GST/HST remittance rates on standby charges and operating cost benefits for large businesses are as follows:

Taxation Year(s)	Standby Charge	Operating Cost Benefit
2011 – 2014	6.0%	4/104
2015	6.6%	6/106
2016	7.2%	8/108
2017	7.8%	10/110
2018	8.4%	12/112
2019 and subsequent years	9.0%	12/112

CHAPTER 4 - GOODS & SERVICES TAX (GST) AND QST

4.1 GST/HST REGISTRATION

All persons engaged in a commercial activity in Canada, must register to collect and remit GST/HST in respect of all taxable supplies made in the course of that activity except if:

- The person is a small supplier and not subject to the new mandatory registration requirements applicable to accommodation platform operators and distribution platform operators;
- The commercial activity is the sale of real property other than in the normal course of business;
- The person is a non-resident that does not carry on any business in Canada, except for those who are subject to the GST/HST mandatory registration requirements effective as of July 1, 2021

A reminder: New GST/HST mandatory registration requirements for non-resident persons as of July 1, 2021

<u>Selling digital products or services (including traditional services)</u>

Non-resident vendors will be required to register for and collect GST/HST if they meet the following criteria:

- Make taxable sales in Canada of digital products or services to persons* who do not provide evidence that they are registered for GST/HST, and
  **for GST/HST purposes, a person can include an individual, a corporation, a partnership, NPO, charity and others*
- Sales in Canada to persons who do not provide evidence that they are registered for GST/HST exceed CAD$30,000 over any 12-month period beginning on or after July 1, 2021

The requirement applies to cross-border vendors providing digital products and services directly to their customers or through a digital platform. If the taxable supply is provided through a digital platform, the digital platform operator will be required to register for and collect GST/HST in respect of the taxable sales, if the vendor is not already registered for GST/HST.

<u>Qualifying taxable goods supplied in Canada</u>

Non-resident vendors and / or distribution platform operators will be required to register for and collect GST/HST if they meet the following criteria:

- Sell taxable goods that are delivered or made available to the purchaser in Canada, and those goods are shipped from a place in Canada to a purchaser in Canada, including goods that are located in a fulfillment warehouse that is located in Canada, and

- Sales in Canada to persons who do not provide evidence that they are registered for GST/HST exceed CAD$30,000 over any 12-month period beginning on or after July 1, 2021

<u>Platform-based short-term accommodation</u>

Suppliers will be required to register for and collect GST/HST if they meet the following criteria:

- Supply short-term accommodation in Canada through a platform, either by the property owner or by the accommodation platform operator, and
- Sales in Canada to persons who do not provide evidence that they are registered for GST/HST exceed CAD$30,000 over any 12-month period beginning on or after July 1, 2021

GST/HST Registration Options for Non-Resident Vendors

Simplified GST/HST

- Charge and collect GST/HST only on taxable supplies made to Specified Canadian Recipients*
  **Specified Canadian Recipients are recipients having not provided satisfactory evidence in support of them being GST/HST registrants under the normal registration regime, and the usual place of residence of the recipients are in Canada; essentially, they would not be required to collect and remit GST/HST on their supplies to recipients who are registered for GST/HST.*
- The rate to be charged and collected depends on the place of supply
- GST/HST reporting year ends on December 31 of each year
- No security deposit that is normally required from non-resident GST/HST registrants
- Not allowed to claim input tax credits (ITC)
- Able to apply to calculate the net tax in a qualifying foreign currency (i.e. U.S. dollar or Euro)
- Available for
  - Non-resident vendors selling digital products or services
  - Non-resident distribution platform operators facilitating the supply of a non-resident vendor's sale of digital products or services
  - Non-resident accommodation platform operators not carrying on business in Canada

Normal GST/HST

- Non-resident vendors are required to post a security deposit with the CRA
- Mandatory for
  - E-commerce Suppliers meeting the registration requirement as of the July 1, 2021 new rules
  - Suppliers meeting the registration requirement prior to the July 1, 2021 new rules
- Optional for vendors permitted to use the Simplified GST/HST method detailed above
- Available for persons who carry on a commercial activity and wish to register voluntarily

How to Register for GST/HST

- *Canadian residents, use form RC1 or call CRA 1-800-959-5525*
- *Non-residents, use form RC1 under the general stream, or use the CRA link here to register under the simplified stream*

4.2 SMALL SUPPLIER THRESHOLD

Type of Business	Threshold
Charity or public institution*	Gross revenue** in either of the two previous fiscal years of $250,000 or less, even of its taxable supplies exceed $50,000. Revenue** from taxable supplies of $50,000 or less in the preceding four calendar quarters.
Taxi operator or commercial Ride-sharing driver	Self-employed drivers have to register even if taxable supplies of $30,000 or less
All others	Revenue** from taxable supplies of $30,000 or less in the preceding four calendar quarters.

**a registered charity which is also a MUSH entity (MUSH includes a school authority, public college, university, hospital authority or a local authority determined to be a municipality)*
*** includes revenue of associates*

4.3 FILING FREQUENCY, REPORTING DEADLINES, AND PAYMENT DUE DATES

Frequency	Threshold	Due Date
Monthly	Sales* > $6 million	Return and payment due one month after end of each month. Return must be filed electronically.
Quarterly	$1,500,000 < Sales < $6 Million	Return and payment due one month after end of each quarter. Return must be filed electronically.
Annually	Sales < $1,500,000	Return due three months after year end with payment. Instalments required quarterly unless annual net GST/HST remittance is less than $3,000 in the previous year. Instalments due at end of month following end of fiscal quarter. Return must be filed electronically except for charities and selected listed financial institutions

** Sales refers to GST/HST taxable supplies (including zero-rated) made in Canada along with the revenue from all associated persons including the supply of tangible personal property, services, and/or intangible personal property*

Notes:

- *Sole proprietors who file on an annual basis, and have a December 31 year end have until June 15 to file their return but payment is due by April 30;*
- *Annual filers have to make quarterly instalment payments in the current year if the previous year's net GST/HST tax owing is $3,000 or more. CRA "My Business Account" portal has an instalment payment calculator within the GST/HST section to help with the calculation.*

Use Form GST20 to change GST/HST reporting periods.

4.4 FISCAL YEAR

Normally a GST year is a fiscal year which corresponds to the taxation year. However, a registrant can elect to have a GST fiscal year that corresponds to the calendar year.

Use Form GST70 to make an election or revocation of an election to change a GST/HST fiscal year.

4.5 PENALTIES AND INTEREST

Offence	Penalty	Interest
Failure to pay or remit an amount	-	7%
Failure to pay, or late payment of instalment	-	7%
Failure to file a return	1% of unpaid balance plus 1/4 of 1% per month for up to 12 months	-
Failure to answer demand for return	$250	-
Failure to provide information	$100 per failure	-
Failure to provide information required by a regulation	Generally, 5% of the amount plus 1% per month over which tax is understated or rebate overstated	-
Failure to collect tax from a registrant who would have been able to fully recover the tax	Lesser of penalty and interest owing and 4% of unremitted tax	-
Failure to file a return electronically if required	$100 for first failure, $250 for each subsequent failure	

**Arrears interest is determined every three months in advance with the CRA set prescribed interest rate compounded daily. The 7% rate is in effect as of October 1, 2025.*

Neither interest nor penalties are deductible for income tax purposes.

4.6 OBJECTION PERIOD

Time frame	Action
90 days	Limit to file notice of objection.
60 days	Limit to comply with request for further information.
1 year	Limit to ask for an extension of 90-day time limit to file notice of objection, with adequate reason.

Note: If interest and/or penalties have been charged, a fairness request can be made to the district tax office in order to waive or cancel them.

4.7 QUICK METHOD

Eligibility

Sales of worldwide taxable supplies including zero-rated supplies and those of the associates, do not exceed $400,000 (GST/HST included) for four consecutive quarters out of five previous quarters.

Some business types are precluded from making the quick method election. Form GST74 must be filed with the CRA electronically or by paper to affect the election.

Remittance Rates

Will depend on where the business is located and in which province the supplies of the business are made. The rates provided below would apply to businesses operating out of a permanent establishment in Ontario selling goods or providing services in Ontario. Please see the Revenue Canada Guide RC4058 if you have a permanent establishment in any other province or if you sell goods or provide services in any other province.

	Retail Businesses	Other Businesses
	Remittance Rates	
Ontario business with Ontario customers only	3.4% on first $30,000	7.8% on first $30,000
	4.4% on remainder	8.8% on remainder

(all amounts are GST/HST included)

If the Quick method is chosen the registrant must reassess its eligibility to continue using the method. In addition, if the taxable supplies exceed $400,000 during the year the registrant must cease using the Quick method in the following year. To again be eligible for the Quick method, a registrant must meet the eligibility criteria set out above. When an election is made to use the Quick Method, it remains in effect for at least one year.

Form needed for regular business: GST 74, Simplified Accounting Methods for Small Business Form needed for Public Service Bodies: GST 287 Public Sector Bodies Election.

4.8 PROVINCIAL TAX RATES

Province	PST Rate	GST/HST Rate
British Columbia	7%	5%
Alberta	-	5%
Saskatchewan	6%	5%
Manitoba	7%	5%
Ontario	-	13%
Quebec	9.975%	5%
New Brunswick	-	15%
Nova Scotia	-	14%
Prince Edward Island	-	15%
Newfoundland	-	15%

What is new with PST registration requirements for businesses located outside the province?

British Columbia:

- Additional PST registration requirements for businesses either within Canada or outside Canada, but not located in BC came into effect April 1, 2021. Please see BC PST Bulletin PST001 (revised August 2023) for details;
- Effective July 1, 2022, additional PST registration requirements for marketplace facilitators, marketplace sellers and online marketplace services. Please see BC PST Bulletin PST142 (revised March 2025)
- Information has been added about the penalty for failing to file an annual information return as an online marketplace facilitator. Failure to file may result in a penalty equal to the greater of $100 or $25 for each day the return is late, up to a maximum of $2,500.

Manitoba: effective December 1, 2021, PST will apply on the following supplies, irrespective of whether vendors have a physical presence in Manitoba. Manitoba has joined BC, SK, QC and the federal government in implementing the new e-commerce measures.

- Audio and video streaming services
- Sale of taxable goods sold by third parties through online marketplace
- Booking of taxable accommodations through online platforms.

Effective January 1, 2026, charges for cloud computing services will be subject to Manitoba's Retail Sales Tax (RST). Payments made prior to January 1, 2026 for services that begin before that date will not be taxable, even if the service period extends beyond January 1, 2026.

Cloud computing services include:

- Software as a Service (SaaS) – e.g., office suites, CRM tools
- Platform as a Service (PaaS) – e.g., development platforms
- Infrastructure as a Service (IaaS) – e.g., cloud storage, networking, and processing

For full details, please refer to Information Bulletin RST 033 – Computer Software and Online Services (Revised March 2025)

4.9 GST REBATES

4.9.1 NEW TEMPORARY ENHANCED HST REBATE FOR PURPOSE BUILT RESIDENTIAL RENTAL HOUSING

This is a temporary rebate available with respect to residential construction projects that began on or after September 14, 2023 and on or before December 31, 2030. The project must be complete by December 31, 2035. The rebate program provides a 100% refund of the GST/HST to be paid or self-assessed in respect of new housing used for residential rental purposes. Qualified construction projects must contain at least four self-contained residential units or at least 10 private rooms or suites (e.g., a 10-unit residence for students, seniors, or people with disabilities). At least 90% of the residential units have to be designated for long-term rental.

4.9.2 NEW HOUSING REBATE AND NEW RESIDENTIAL RENTAL PROPERTY REBATE – FEDERAL PORTION

Price of New Home	Rebate
Price* < $350,000	36% of the 5% federal portion of the HST
$350,000 < Price* < $450,000	Lesser of $6,300 and 36% of the 5% federal portion of the HST paid multiplied by ($450,000 - selling price)/$100,000
Price* > $450,000	No rebate

**Pretax price*

NEW HOUSING REBATE AND NEW RESIDENTIAL RENTAL PROPERTY REBATE – PROVINCIAL PORTION ONTARIO

Price of New Home	Rebate
Price* < $400,000	75% of the 8% provincial portion of the HST
Price* > $400,000	$24,000**

**Pretax price*

*** For owner-built eligible residential property, the rebate is up to $24,000 if HST was paid on the purchase of the land, and $16,080 if HST was not paid.*

4.2.3 EMPLOYEE REBATE

Employees are allowed to claim a rebate equal to 13/113th of the expenses on which HST was paid, that are eligible to reduce net employment income for tax purposes. The employer has to be a registrant (and cannot be a specified employer) for the employee to get this rebate.

4.9.4 PUBLIC SERVICE BODY REBATES

Type	Federal Rebate*	Ontario Provincial Rebate
Charities and public institutions	50%	82%
Qualifying non-profit organizations	50%	82%
Hospitals	83%	87%
Facility Operators	83%	87%
School authority	68%	93%
University or public college	67%	78%
Municipalities	100%	78%

** eligibility criteria exist.*

Federal rebate applies to the 5% federal portion of the HST and provincial rebate applies to the 8% Ontario provincial portion of the HST. Ontario provincial rebate is available only if the entity has a permanent establishment in Ontario. Other rebates may be available for the provincial portion of the HST paid in other provinces.

Special rules apply for claimants with multiple activity types and / or residents in more than one province. In these cases, more than one rebate rate would apply.

4.10 ITC RESTRICTIONS

General restriction: ITC's cannot be claimed on expenses related to GST/HST exempt goods or services provided (i.e. no GST/HST would have been charged). In addition, the following restrictions exist for all registrants:

Type of Expense	Restriction
Club memberships	No ITC is allowed, if the main purpose is providing dining, recreational or sporting facilities.
Home office expense	ITC disallowed if home office is neither the person's principal place of business nor used continuously to earn income and meet with clients.
Meals and entertainment	Maximum allowed ITC is 50% of the GST/HST paid (Charities excluded).
Passenger vehicle purchase	*If the vehicle is purchased by corporations or a PSB* - >50% use in commercial activities, effective January 1, 2024 can claim the GST/HST paid up to a maximum of $4,810 ($37,000 x 13% in Ontario). If purchase price is in excess of $37,000 (increased from $36,000), only the GST/HST that would be paid on a $37,000 vehicle can be claimed; - <50% use in commercial activities, cannot claim any ITCs. Effective January 1, 2023, the ceiling for zero-emission passenger vehicles increased from $59,000 to $61,000. *If the vehicle is purchased by partnerships or sole proprietorships,* - >=90% use in commercial activities, can claim the GST/HST paid up to a maximum of $4,810. If purchase price is in excess of $37,000, only the GST/HST that would be paid on a $$37,000 vehicle can be claimed; - >10% but <90% use in commercial activities, can claim Fraction* x CCA x % of CCA attributable to the commercial activities as ITC, limited to the purchase price of the vehicle -<10% use in commercial activities, cannot claim any ITCs. *Annual ITC is calculated as: • CCA x 5/105 if paid 5% GST • CCA x 13/113 if paid 13% HST • CCA x 14/114 if paid 14% HST • CCA x 15/115 if paid 15% HST
Leased passenger vehicle	ITCs in respect of passenger vehicle leasing costs are restricted to the amount applicable to the maximum deduction allowed under the Income Tax Act. Effective January 1, 2023, the limit is currently equal to $1,050 (increased from $950) per month. This limit is one of two restrictions that apply to passenger vehicle leasing costs. A separate restriction prorates the deductible leasing cost where the value of the vehicle exceeds the capital cost ceiling which is currently equal to $37,000.

4.10.1 EMPLOYEE ALLOWANCES

A reasonable allowance paid to an employee for a taxable supply, is deemed to be a taxable expense for which an ITC can be claimed. The ITC is calculated as 13/113 of the allowance, if it is reasonable to assume that the employee would have paid GST/HST on the underlying expense (and the expense was incurred in Ontario). In addition, the employer must be paying the allowance in respect of its commercial activities.

These rules also apply to volunteers of charities and public institutions, but do not apply to volunteers of not-for-profit organizations.

4.10.2 REIMBURSEMENTS

A reimbursement paid to an employee for a taxable supply, is deemed to be the expense of the employer. An ITC can be claimed for either the actual GST paid or at a rate of 12/112 of the total expense paid. In addition, the employer must be paying the reimbursement in respect of its commercial activities.

These rules also apply to volunteers of charities and public institutions, but do not apply to volunteers of not-for-profit organizations.

4.11 PLACE OF SUPPLY

GST registrants who deal with customers outside of Ontario will need to be familiar with the place of supply rules which came into effect on May 1, 2010. These rules dictate which rate of GST or HST applies to the supply of goods, services, intangible personal property and real property inside and outside of Canada. More information can be obtained from the CRA document "Draft Technical Information Bulletin B-103 — Harmonized Sales Tax — Place of Supply Rules for Determining Whether a Supply is Made in a Province (draft, June 2012)"

Attention to Canadian resident Youtubers and content creators that provide services and/or intangible personal property to a non-resident platform, please consult with your trusted advisor to ensure the correct application of GST/HST on the revenue.

Note: The Draft GST/HST Technical Information Bulletin B-103 is currently under review and will be replaced by a new series of memoranda. Until the corresponding new memoranda are published, please continue to refer to Bulletin B-103 for guidance on place of supply rules.

Newly Published Memoranda in the Series:

- GST/HST Memorandum 3-3-2, Place of Supply in a Province – Overview
- GST/HST Memorandum 3-3-3, Place of Supply in a Province – Tangible Personal Property
- GST/HST Memorandum 3-3-4, Place of Supply in a Province – Real Property
- GST/HST Memorandum 3-3-5, Place of Supply in a Province – General Rules for Intangible Personal Property
- GST/HST Memorandum 3-3-5-1, Place of Supply in a Province – Specific Rules for Intangible Personal Property

Memoranda Still to Be Published:

- GST/HST Memorandum 3-3-6, Place of Supply in a Province – General Rules for Services
- GST/HST Memorandum 3-3-6-1, Place of Supply in a Province – Specific Rules for Services
- GST/HST Memorandum 3-3-7, Place of Supply in a Province – Transportation

4.12 QST

In general, the registration requirements as well as the imposition of QST are very similar to that of GST/HST.

Effective January 1, 2019, Quebec introduced a mandatory QST registration requirement for business that are non-residents of Canada selling > $30,000 per year of intangible property or services to consumers located in Quebec.

Effective September 1, 2019 the mandatory registration has been expanded to include Canadian companies that operate outside Quebec and are registered for GST but not already registered for QST. These businesses need to register for QST if they sell goods, intangible property or provide services to consumers resident in Quebec and if the total charges to consumers > $30,000 in a twelve-month period.

Businesses registered under the mandatory QST system will not be entitled to claim Input Tax Refunds (ITRs).

ADDENDUM - QUEBEC TAX FACTS AND FIGURES DECEMBER 2025

1. QUEBEC TAX RATES – INDIVIDUALS

The following Quebec tax rates apply for 2025:

Taxable income in excess of	but not over	the tax		of the amount over
$0	$53,255	0	+ 14%	$0
53,255	106,495	7,455.70	+ 19%	53,255
106,495	129,590	17,561.30	+ 24%	106,495
129,590	n/a	23,104.10	+ 25.75%	129,590

The Quebec tax brackets and non-refundable tax credits are fully indexed each year. The indexation rate for 2025 is 2.85%.

2. QUEBEC PERSONAL TAX CREDITS

The personal credits listed below apply for 2025:

	Gross	Credit (14%)	
Basic personal	$18,571	$2,600	
Person living alone [1]	2,128	298	
Married [2]	18,571	2,600	
Dependent child			
(18 years old and over) [3]	5,570	780	
- Post-secondary students	3,823	535	per term (max. 2)
(under 18 years old)		368	
Single parent family [3]	2,627		
Other dependents [3]	5,570	780	
Disability	4,123	577	
Age [1]	3,906	547	

[1] Reduced by 14% of net family income in excess of $42,090
[2] Reduced by spouse's net income
[3] Reduced by dependent's net income

3. ADDITIONAL QUEBEC TAX CREDITS

The following amounts are additional non-refundable tax credits applicable for 2025:

Pension income [1]	-	14% of amount up to $3,470 for a maximum credit of $485.80
Medical expense	-	20% of amount in excess of 3% of net income [2]
Charitable donations	-	20% for first $200; 24% or 25.75% of balance, limited to 75% of net income [3]
Quebec Parental Insurance	-	15% of contributions (federal tax credit)
Tuition fees	-	8% of fees
Union dues, professional fees	-	10% of amount paid

(1) Reduced by 15% of net family income in excess of $42,090
(2) For married taxpayer, total net income of the two individuals.
(3) 100% in the year of death.

4. TRANSFERABILITY OF TAX CREDITS

Any tax credits, if not fully utilized by a taxpayer, may be transferred to a spouse or a supporting person.

5. DIVIDENDS

A Quebec resident with no federal tax, no provincial tax, and no minimum tax, assuming no other income or deductions other than the personal and dividend tax credits, can receive the following amount of Canadian dividends (actual amount, not taxable amount).

2025		2024	
Eligible	**Non-eligible**	**Eligible**	**Non-eligible**
$ 52,237	$ 21,368	$ 50,794	$ 20,776

For Quebec tax purposes, the gross-up for “eligible dividends” remains 38%. The Quebec dividend tax credit is at 11.70% of the grossed-up dividend. These rates apply to dividends paid by public corporations or other non-Canadian controlled private corporations (CCPC’s) or by CCPC’s out of business income not subject to the small business deduction.

For Quebec tax purposes the gross-up rate for non-eligible dividends remains at 15% and the Quebec dividend tax credit is now at 3.42% of the grossed-up dividend.

6. MARGINAL TAX RATES - INDIVIDUALS

The following **marginal rates** (in %) are in effect for **Quebec** income for 2025. This assumes: all federal and provincial surtaxes are included, and the taxpayer only qualifies for the basic personal tax credit.

		Salary, Interest, etc.			Dividends (Eligible/Non-eligible)			Capital Gains		
Taxable Income		**Federal**	**Quebec**	**Total**	**Federal**	**Quebec**	**Total**	**Federal**	**Quebec**	**Total**
		%	%	%	%	%	%	%	%	%
$18,571	or less	0	0	0	0	0	0	0	0	0
18,572	53,255	12.11	14.00	26.11	-0.72/6.29	3.30/11.13	2.58/17.42	6.05	7.00	13.05
53,256	- 57,375	12.11	19.00	31.11	-0.72/1.17	10.20/22.00	9.48/23.17	6.05	9.50	15.55
57,376	- 106,495	17.12	19.00	36.12	7.56/13.19	8.83/15.74	16.39/28.93	8.56	9.50	18.06
106,495	- 114,750	17.12	24.00	41.12	7.56/13.19	15.73/21.49	23.29/34.68	8.56	12.00	20.56
114,751	- 129,590	21.71	24.00	45.71	15.15/19.52	14.48/20.44	29.63/39.96	10.86	12.00	22.86
129,591	- 177,882	21.71	25.75	47.46	15.15/19.52	16.89/22.45	32.04/41.97	10.86	12.87	23.73
177,883	- 253,414	24.47	25.75	50.22	19.72/23.33	16.14/21.82	35.86/45.15	12.24	12.87	25.11
Over	253,414	27.56	25.75	53.31	24.81/27.57	15.30/21.13	40.11/48.70	13.78	12.87	26.65

These rates do not take into account the Federal and Quebec alternative minimum tax.

7. QUEBEC PENSION PLAN CONTRIBUTIONS

	2025	**2024**
Contributory earnings	$ 71,300	$ 68,500
Basic exemption	3,500	3,500
Maximum contributory earnings	67,800	65,000
Maximum contributions employees -		
6.40%	4,339.20	4,160.00
self-employed – 12.80%	8,678.40	8,320.00
Additional maximum contributory earnings	9,900	$4,700
Maximum additional contributions employees	396	188
employees – 4.00%		
self-employed – 8.00%	792	376

One-half of the QPP contributions payable by self-employed individuals is deductible against income.

8. EMPLOYMENT INSURANCE PREMIUM

	2025	2024
Employee maximum: 1.31% x $65,700 (2024 - 1.32% x $63,200)	$ 860.67	$ 834.24
Employer maximum: 1.4 x $860.67 (2024 – 1.4 x $834.24)	$ 1,204.94	$ 1,167.94

Since January 31, 2010, self-employed individuals can enter into an agreement with the Canada Employment Insurance Commission and start paying EI premiums on their self-employment income. The premium rate will be the same that salaried employees currently pay. For 2025, the rate is 1.31% of insurable earnings. The payment of the premiums for individuals opting in during the 2025 calendar year will be made through their 2025 tax return.

9. QUEBEC PARENTAL INSURANCE PLAN PREMIUMS

	2025	2024
Employee maximum: 0.494% x $98,000 (2024 - 0.494% x $94,000)	$ 484.12	$ 464.36
Employer maximum: 0.692% x $98,000 (2024 - 0.692% x $94,000)	$ 678.16	$ 650.48
Self-employed maximum: 0.878% x $98,000 (2024 – 0.878% x $94,000)	$ 860.44	$ 825.32

Self-employed workers are also subject to Quebec parental insurance plan premiums on their net business income if his or her place of business is in Quebec on December 31st of that year.

10. CONTRIBUTION TO THE HEALTH SERVICES FUND

Income	Premium payable
Up to $17,630	Nothing
From $17,631 to $61,314	1% of the income higher than $17,630 up to a max contribution of $150
Over $61,314	$150 + 1% of income higher than $61,314 up to a max contribution of $1,000

In general, contributions are required with respect to self-employment income, pension income, investment income other than dividends paid by taxable Canadian corporations, and capital gains. Certain deductions may reduce the income subject to the contribution such as contributions to an RRSP or an RPP, support payments, carrying charges and interest expenses and business investment loss.

11. PREMIUM PAYABLE UNDER THE QUÉBEC PRESCRIPTION DRUG INSURANCE PLAN

If you are not covered throughout the year by basic prescription drug insurance provided by a group insurance plan and you are not in a situation that allows you to be exempt, you have to pay $766 (2024: $744) for your premium under the Québec Prescription Drug Insurance Plan.

12. REFUNDABLE TAX CREDIT FOR CHILD-CARE EXPENSES

The credit is based on net family income and is usually claimed by the supporting person who has the lower income. This chart is useful to apply for advance payments of the tax credit for childcare expenses.

Net Family income From	To	Tax credit rate (%)
$0	$24,795	78
24,795	43,725	75
43,725	45,340	74
45,340	46,970	73
46,970	48,570	72
48,570	50,195	71
50,195	119,835	70
119,835	or more	67

13. PRESCRIBED INTEREST RATES

	2025		2024	
	Over-Due Tax	**Refund**	**Over-Due Tax**	**Refund**
January – March	9.00%	3.50%	10.00%	5.00%
April – June	8.00%	3.50%	10.00%	5.00%
July – September	8.00%	3.00%	10.00%	4.75%
October – December	8.00%	3.00%	10.00%	4.75%

Average Annual Rates		
	2021 -	5.00%
	2022 -	5.75%
	2023 -	9.75%
	2024 -	10.00%
	2025 -	8.25%

For purposes of taxable benefit calculations, the Quebec prescribed rate is the same as the federal prescribed rate.

14. CORPORATE TAX RATES - COMBINED FEDERAL AND QUEBEC

	Federal	Quebec	2025 Total	2024 Total
General rate	15.00%	11.50%	26.50%	26.50%
Manufacturing [(2)]	15.00%	11.50%	26.50%	26.50%
Small business [(3,4)]				
- below $500,000	9.00%	3.20%	12.20%	12.20%
- over $500,000	15.00%	11.50%	26.50%	26.50%
Investment Income [(1)]	38.67%	11.50%	50.17%	50.17%

(1) The refundable portion of part I tax is 30.67%. The dividend refund rate is 38 1/3% of taxable dividend paid.

(2) There is no longer an additional deduction for small and medium enterprise in primary and manufacturing sectors. The rate is the same as any small and medium enterprise.

(3) Corporations must meet a minimum number of hours paid to qualify for the small business deduction. The corporation can meet the requirement if the hours paid to its employees during the taxation year is at least 5,500 hours or if during the previous taxation year, the hours paid to its employees and those from all the associated corporations totaled at least 5,500 hours. If the number of hours paid is less than 5,500, the small business deduction will be reduced and will become nil at 5,000 hours or less.

(4) The 2022 budget proposed an increase to the range of the taxable capital reduction. The upper limit was increased from 15 million to 50 million, allowing for more medium sized CCPCs to benefit from the small business deduction.

15. CORPORATE INTEGRATION - 2025 COMBINED FEDERAL AND QUEBEC RATES

The following charts show the after-tax dollars available for use by an individual of different types of income. The calculations first show the two layers of tax where the income is received by the corporation and then paid by dividend to the individual (Total of Amounts (A) and (B)). The second part shows the tax paid when the income is directly received by the individual (Amount (C)).

*Calculation based on a December 31, 2025 year end.

		Small Business Income < $500,000	**Active Business Income > $500,000**
	Income in Corporation	$ 1,000	$1,000
(A)	Corporation tax	(122)	(265)
	Available for Dividend	878	735
(B)	Personal tax (maximum rate)	(428)	(295)
	Net after tax cash	450	440
	Income earned directly	1,000	1,000
(C)	Personal tax (maximum rate)	(533)	(533)
	Net after tax cash	467	467
(C - A)	Deferral of tax	411	268
	Deferral of tax as a percentage	41.1%	26.8%
(C - A - B)	Savings (-cost)	(17)	(27)
	Savings (-cost) of tax as a percentage	-1.7%	-2.7%

Corporate Integration - 2025 Combined Federal and Quebec Rates - (cont'd)

		Investment Income	Dividend Income
	Income in Corporation	$ 1,000	$1,000
(A)	Corporation tax	(502)	(383)
(A.1)	Dividend refund	307	383
	Available for Dividend	805	1,000
(B)	Personal tax (maximum rate)	(392)	(401)
	Net after tax cash	413	599
	Income earned directly	1,000	1,000
(C)	Personal tax (maximum rate)	(533)	(401)
	Net after tax cash	467	599
(C - A)	Deferral of tax	31	18
	Deferral of tax as a percentage	3.1%	1.8%
(C - A+A.1 - B)	Savings (-cost)	(54)	(0)
	Savings (-cost) of tax as a percentage	-5.4%	0%

16. INCOME TAX INSTALMENTS

Individuals - Quarterly instalments required in 2025 if net tax owing was more than $1,800 in either 2024 or 2023 (both federal and Quebec).

Corporations - Monthly instalments required if total taxes payable in 2024 or 2023 exceeded $3,000 (both federal and Quebec).

- CCPC's qualify to make quarterly instalments instead of monthly if they are entitled to the small business deduction, the taxable income of the associated group must not exceed $500,000 and the taxable capital of the associated group must not exceed $10 million, all in the current or previous year.