2025 Tax Planning Guide

INTRODUCTION

When it comes to tax planning, most people don't think about it until tax time, when it may be too late to put some beneficial tax-planning strategies in place. Rather than wait until the last minute, start early and look for strategies you can act on throughout the year.

Each year brings changes to the tax code. Here's a summary of the most significant tax changes that may affect your 2025 Personal Tax filing.

GP WEALTH MANAGEMENT
INDEPENDENT THINKING WORKING FOR YOU

10 Four Seasons Place, Suite 600,
Toronto, ON M9B 6H7
T: 416.622.9969
E: INFO@GPWEALTH.CA
W: GPWEALTH.CA

2025 Tax Changes

2025 Federal Tax Bracket Rates

All five federal income tax brackets for 2025 have been indexed to inflation using the 2.4-percent rate. The federal brackets for 2025 are:

Net Taxable Income	Tax Rate
▪ On the first $57,375	14.5 %*
▪ Above $57,375 to $114,750	20.5%
▪ Above $114,750 to $177,882	26.0%
▪ Above $177,882 to $253,414	29.0%
▪ Anything above $253,414 is taxed at	33.0%

*Since the tax rate was reduced from 15% to 14% mid-year on July 1, 2025, the effective tax rate for 2025 is 14.5%.

Additionally, each province also has its own set of provincial tax brackets, most of which have also been indexed to inflation using their respective provincial indexation factors.

2025 Ontario Tax Bracket Rates

Under the current tax-on-income method, provincial tax for all provinces and territories (except Quebec) is calculated the same way as federal tax. The rates below apply to Ontario only.

Net Taxable Income	Tax Rate
▪ On the first $52,886 of income	5.05%
▪ Above $52,886 to $105,775	9.15%
▪ Above $105,775 to $150,000	11.16%
▪ Above $150,000 to $220,000	12.16%
▪ Anything above $220,000 is taxed at	13.16%

2025 Top Federal and Provincial Marginal Tax Rates*

Your marginal tax rate is the combined income taxes you pay to both the federal and provincial governments on all sources of income at tax time.

The rates below apply to Ontario only. The rates provided include all surtaxes. Also, it is assumed that the only credits claimed are the basic personal amount and the low-income tax reduction (where applicable).

Province	Salary and Interest	Canadian Dividends Eligible	Canadian Dividends Non - Eligible	Capital Gains
Ontario > $254,414	53.53 %	39.34 %	47.74 %	26.77 %

*These rates are correct as of January 1, 2025 and do not reflect changes resulting from federal or provincial announcements after that date.

Marginal versus Effective Tax Rates – What's the Difference?

Marginal Tax Rate: Tax rate applicable to last dollar of income earned. Does not consider deductions and credits available to taxpayer

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

Basic Personal Tax Credit Amount

For 2025 the amount will increase to $16,129, up from $15,705 in 2024.

2025 RRSP Contribution Limits

18% of previous year's earned income to a maximum of:	$32,490

2025 TFSA Limits

TFSA Contribution Limit	$7,000

The accumulated TFSA Contribution Limit $102,000

2025 Withholding Tax Rates for RRSP/RRIF Withdrawals

Annual Withdrawal	Ontario
Up to $5,000	10%
$5,001 - $15,000	20%
Over $15,000	30%

Tax Attribution Rules

Recipient	Gift	No or Low Interest Loan	Loan at Prescribed or Commercial Rate
Spouse or Partner			
Income	Attributed to "giftor"	Attributed to lender	No attribution
Capital Gains	Attributed to "giftor"	Attributed to lender	No attribution
2nd Generation Income	No attribution	No attribution	No attribution
Child under 18			
Income	Attributed to "giftor"	Attributed to lender	No attribution
Capital Gains	No attribution	No attribution	No attribution
2nd Generation Income	No attribution	No attribution	No attribution
Child over 18			
Income	No attribution	No attribution	No attribution
Capital Gains	No attribution	No attribution	No attribution
Corporation (excluding small business corporation)			
	Attribution may result if reason for transfer is to confer a benefit on a family member and reduce family tax payable	Attribution may result if reason for transfer is to confer a benefit on a family member and reduce family tax payable	No attribution

Individuals and Families

Lowest Federal Marginal Tax Rate Reduced

The rate was reduced from 15% to 14% on July 1, 2025. Since the rate was reduced mid-year, the effective tax rate for 2025 is 14.5%.

Capital Gains Inclusion Rate

Federal Budget 2024 proposal to raise the rate from 50% to 66⅔% (above $250,000 for individuals; for corporations and most trusts on all gains) was cancelled on March 21, 2025 — the inclusion rate remains 50%.

Canada Carbon Rebate

The federal fuel-charge (consumer carbon price) was set to zero effective April 1, 2025, and final Canada Carbon Rebate payments were issued in April 2025, tied to 2024 filings; industrial carbon pricing remains under review.

Employee ownership trusts (EOT)

The EOT capital-gains deduction was enacted on June 20, 2024. Under the new law, an individual may elect to deduct up to $10,000,000 of capital gains for qualifying share sales to an Employee Ownership Trust for dispositions after 2023 and before 2027. Key conditions include: 24-month active-ownership/engagement tests, a prescribed joint election, and ≥75% of trust beneficiaries resident in Canada; anti-avoidance and disqualifying-event rules apply. The Budget 2024 proposal to extend the benefit to worker cooperatives was not included in Bill C-69 and remains a proposal.

Canada Child Benefit and Child Disability Benefit — Payments After a Child's Death

The CCB and the Child Disability Benefit are now payable for up to six months after a child's death.

Volunteer Firefighters and Search and Rescue Tax Credit

This tax credit was doubled to $6,000 for the 2024 and subsequent tax years. A Private Member's Bill (C-204) would raise it to $10,000 but had not been enacted as of Oct 8, 2025.

Mineral Exploration Tax Credit (METC)

Budget 2024 extended this credit to March 31, 2025. A proposed two-year extension to March 31, 2027 was announced March 3, 2025 but was not legislated before the credit expired.

Low-interest Loans

The family loan rate will be 3% in the fourth quarter of 2025.

2025 Old Age Security (OAS) – Retirement Benefits

Maximum Monthly Benefits	Maximum Annual Income
Age 65–74: $740.09 (Oct–Dec 2025) Age 75+: $814.10 (Oct–Dec 2025)	For the 2025 tax year (income earned Jan 1–Dec 31, 2025), seniors with net world income above $93,454 are subject to a 15% OAS recovery tax on each dollar over that threshold. OAS is fully eliminated once net world income reaches $151,668 for ages 65–74 ($157,490 for age 75+).

Footnote: Amounts are adjusted quarterly for CPI. Monthly OAS figures above apply to the October–December 2025 quarter; the recovery-tax thresholds are those published for the 2025 income year and may be adjusted to reflect quarterly OAS indexing.

2025 Advanced Life Deferred Annuity (ALDA) Dollar Limit

The limit is $180,000.

To purchase an ALDA, you must directly transfer a lump sum amount from one of the following registered plans:	▪ registered retirement savings plan (RRSP) ▪ registered retirement income fund (RRIF) ▪ deferred profit sharing plan (DPSP) ▪ pooled registered pension plan (PRPP) ▪ money purchase registered pension plan (MP RPP)

2025 Canada Pension Plan Retirement Benefits

Maximum monthly benefit (assuming payments begin at age 65): $1,433.60

Premiums	All provinces/territories except Quebec
Maximum Pensionable Earnings	$71,300
Basic Exemption	$3,500
Maximum Contributory Earnings	$67,800
Employee and Employer Rate	5.95%
Maximum Employee/Employer Contribution	$4,034.10
Maximum Self-Employed Contribution	$8,068.20

2025 Maximum EI Insurable Earnings

The maximum annual insurable earnings (federal) is $63,200.

Premiums	All provinces/territories except Quebec
Maximum Yearly Insurable Earnings	$65,700
Employee’s Premium Rate	1.64%
Employer’s Premium Rate	2.3%
Maximum Yearly Employee Premium	$1,077.48
Maximum Yearly Employer Premium	$1,508.47

2025 Medical Expenses Threshold

The max is 3% of net income or $2,635.

2025 Canada Caregiver Credit

Higher amount – A maximum of $8,375 for care of dependent relatives.

Lower amount – A maximum of $2,616 for care of dependent spouse/common-law partner or minor child.

2025 Disability Amount

This non-refundable Disability Tax Credit is $10,138, with a supplement of up to $5,914 for those under 18 that is reduced if childcare expenses are claimed.

2025 Child Disability Benefit

For the period of July 2024 to June 2025, you could get up to $3,411 ($284.25 per month) for each child who is eligible.

2025 Canada Child Benefit (CCB)

The maximum CCB benefit is $7,997 per child under six and up to $6,748 per child aged six through 17.

Measures for Corporations

Lifetime Capital Gains Exemption (LCGE)

The LCGE exempts gains on qualified small-business shares and qualified farm or fishing property. Budget 2024 proposed raising the limit from the 2024 indexed amount ($1,016,836) to $1,250,000, and the CRA has been administering the $1.25M limit for dispositions on or after June 25, 2024, although formal Income Tax Act amendments remained pending. Follow CRA guidance when reporting qualifying dispositions.

Canadian Entrepreneurs' Incentive

Budget 2024 proposed to apply a reduced capital-gains inclusion rate (one-half of the prevailing rate) on up to $2 million of lifetime eligible gains for qualifying share sales. The measure — proposed to begin Jan 1, 2025 with an accelerated phase-in of $400,000/year to reach $2 million by Jan 1, 2029 — remained unlegislated and its prospects became uncertain after the government cancelled the planned increase to the general inclusion rate on Mar 21, 2025. Monitor Finance/CRA guidance before relying on the CEI.

Canada Carbon Rebate for Small Businesses

This rebate was announced in Budget 2024 and implemented as an automatic refundable tax credit for eligible CCPCs. CRA has been issuing retroactive payments for the 2019–20 to 2023–24 fuel-charge years and will issue a final payment for 2024–25. The federal consumer fuel charge was removed effective April 1, 2025, which makes the 2024–25 payment the final one. The government issued draft legislation on June 30, 2025 to ensure these payments are tax-free; CRA guidance currently allows corporations to exclude the rebate but notes reassessment could occur if legislation does not receive Royal Assent.

Digital Services Tax (DST)

On June 29, 2025, Finance Canada announced that it will rescind the Digital Services Tax (DST) and halt the June 30, 2025 collection as part of efforts to advance negotiations with the United States. Legislation to repeal the tax will be brought forward and any refunds of DST amounts already collected will be processed once repeal legislation is enacted. The DST had been enacted with an in-force date fixed on June 28, 2024 and would have applied retroactively to revenues since January 1, 2022, so taxpayers and affected companies should monitor Parliament/CRA updates for the formal repeal and refund process.

2025 Tax Year Dealines

	Date
Filing Income Tax Returns & Instalments:	
Individual	April 30, 2026
Sel-employed Individual	June 15, 2026
Deceased – Final Tax Return	
Death occurred between January 1 and October 31	April 30th of the following year
Death occurred between November 1 and December 31	Six months after the date of death
Quarterly Installments	15th of March, June, September and December
Registered Retirement Savings Plan (RRSP):	
Contributions for the year	February 29, 2026
Contributions for the year an individual turns 71 years of age	December 31, 2026
Home Buyers' Plan (HBP):	
Withdrawal — Buy or build a home before October 1st of the following year	October 1, 2026
Repayment — Starts in the second calendar year after the withdrawal	March 1, 2026
Registered Education Savings Plan (RESP):	
Contributions to receive Canada Education Savings Grants (CESGs) for the year	December 31, 2025
Registered Disability Savings Plan (RDSP):	
Contributions to receive Canada disability savings grants and bonds for the year	December 31, 2025
Capital Loss Selling:	
Disposition of investments to realize accrued capital gains or losses for the year	December 27, 2025
Family Loans:	
Interest on family loans to avoid attribution rules	January 30th of the following year
Charitable Donations	December 31, 2025

Getting Advice

Reviewing your Tax Plans? We encourage you to talk to us. Speak to your Financial Advisor or contact investor services at 1-800-608-7707.