2026 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 2026 Personal Tax filing.

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2026 Tax Changes

2026 Federal Tax Bracket Rates

All five federal income tax brackets for 2026 have been indexed to inflation using the 2.0-per-cent rate. The federal brackets for 2026 are:

Net Taxable Income	Tax Rate
▪ On the first $58,523	14%
▪ Above $58,523 to $117,045	20.5%
▪ Above $117,045 to $181,440	26.0%
▪ Above $181,440 to $258,482	29.0%
▪ Anything above $258,482 is taxed at	33.0%

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.

2026 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 $53,891 of income	5.05%
▪ Above $53,891 to $107,785	9.15%
▪ Above $107,785 to $150,000	11.16%
▪ Above $150,000 to $220,000	12.16%
▪ Anything above $220,000 is taxed at	13.16%

2026 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 > $258,482	53.53 %	39.34 %	47.74 %	26.76 %

*These rates are correct as of December 2, 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 2026 the amount will increase to $16,452, up from $16,129 in 2025.

2026 RRSP Contribution Limits

18% of previous year's earned income to a maximum of:	$33,810

2026 TFSA Limits

TFSA Contribution Limit	$7,000

The accumulated TFSA Contribution Limit $109,000

2026 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 "gift or"	Attributed to lender	No attribution
Capital Gains	Attributed to "gift or"	Attributed to lender	No attribution
2nd Generation Income	No attribution	No attribution	No attribution
Child under 18			
Income	Attributed to "gift or"	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 (e xcluding 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

New Measures for Individuals and Families

Lowest Federal Marginal Tax Rate Reduced to 14%.

The rate was reduced from 15% to 14% on July 1, 2025. However, since the reduction occurred mid-year, the effective tax rate for 2025 was set at 14.5%. For 2026 and future years, the rate will be 14%.

Canada Disability Benefit (CDB)

The CDB is a new federal benefit providing direct financial support to persons with disabilities. The maximum amount an eligible person could receive is $2,400 per year ($200 per month). Benefit amounts are based on your adjusted family net income and other factors.

Canada Carbon Rebate

With the elimination of the federal fuel charge effective April 1, 2025, the government issued a final quarterly Canada Carbon Rebate (CCR) payment beginning that month. To close out the program, no CCR payments will be issued for tax returns or adjustment requests submitted after October 30, 2026.

Home Accessibility and Medical Expense Credits: No More “Double-Dipping”

The Home Accessibility Tax Credit (HATC) and the Medical Expense Tax Credit (METC) have long provided relief to seniors and individuals with disabilities undertaking certain home renovations. Under current rules, it was possible to claim both credits for the same expense. The budget closes this advantage, effective January 1, 2026.

New Support for Personal Support Workers (PSW)

The 2025 Federal Budget proposes a temporary refundable tax credit for eligible PSWs working in health care establishments. The credit is worth 5% of eligible earnings, up to $1,100 annually, and will be available from 2026 to 2030.

Elimination of the Underused Housing Tax (UHT)

The UHT, which targeted underused and vacant homes generally owned by non-residents, will be eliminated for the 2025 calendar year and beyond. Similarly, the luxury tax on boats and airplanes, which applied to high-value purchases, will end after November 4, 2025. It will continue to apply to higher-end vehicles.

Extending Employment Insurance Parental Benefits During Bereavement

The 2025 Federal Budget proposes to amend the Employment Insurance Act to allow claimants receiving Employment Insurance parental benefits to access an additional eight weeks of coverage in the event of the death of the child.

2026 Old Age Security (OAS) – Retirement Benefits

Maximum Monthly Benefits	Maximum Annual Income
Age 65–74: $751.97 (Jul–Sep 2026) Age 75+: $827.17 (Jul–Sep 2026)	For the 2026 tax year (income earned Jan 1–Dec 31, 2026), seniors with net world income above $95,323 are subject to a 15% OAS recovery tax on each dollar over that threshold. OAS is fully eliminated once 2026 net world income reaches $154,708 for ages 65–74, or $160,647 for age 75 and over.

Footnote: Amounts are adjusted quarterly for CPI. Monthly OAS figures above apply to the July –September 2026 quarter; the recovery– tax thresholds are those published for the 2026 income year and may be adjusted to reflect quarterly OAS indexing.

2026 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)

2026 Canada Pension Plan (CPP) Retirement

Projected maximum monthly benefit*: $1,507.65

Premiums	All provinces/territories except Quebec
CPP maximum pensionable earnings (Tier 1)	$74,600
CPP additional maximum earnings (Tier 2)	$85,000
Basic Exemption	$3,500
CPP1 employee and employer rate	5.95%
CPP1 max employee/employer contribution	$4,230.45
CPP1 max self-employed contribution	$8,460.90
CPP2 employee and employer rate	4.00%
CPP2 max employee/employer contribution	$416
CPP2 max self-employed contribution	$832

*Projected amount is for a new beneficiary who begins receiving payments at age 65 and has a full contribution history. The actual amount an individual receives depends on their contribution history, the amount contributed and the age at which they start collecting the pension benefits.

2026 Maximum EI Insurable Earnings

Premiums	All provinces/territories except Quebec
Maximum Yearly Insurable Earnings	$68,900
Employee's Premium Rate	1.63%
Employer's Premium Rate	2.28%
Maximum Yearly Employee Premium	$1,123.07
Maximum Yearly Employer Premium	$1,572.30

2026 Medical Expenses Threshold

The threshold is the lesser of 3% of net income or $2,890, not a maximum claim.

2026 Canada Caregiver Tax Credit

The Canada Caregiver Credit is a non-refundable federal tax credit with two indexed amounts: a higher amount of $8,773 that can apply to each eligible infirm adult dependant, and a lower amount of $2,740 that can be added to the spouse/common-law partner, eligible dependant, or infirm child under 18 amounts. The exact claim depends on the dependant's relationship to you, their income, and other credits claimed.

2026 Disability Tax Credit Amounts

This non-refundable tax credit is $10,341, with a supplement for those under 18 of up to $6,032 (this amount can be reduced if childcare expenses are claimed).

2026 Child Disability Benefit (CDB)

For the 2026-2027 benefit year (starting July 2026), the CDB increases to a maximum of $3,480 annually ($290 monthly) per eligible child, up from the previous $3,411, with the income threshold also rising to $82,847.

2026 Canada Child Benefit (CCB)

Children under six: $8,157 annually (up from $7,997 in 2025).
Children aged six to 17: $6,883 (up from $6,748 in 2025).

Measures for Businesses

Federal income tax rates

Budget 2025 did not propose any changes to federal corporate income tax rates or to the $500,000 small business limit.

Accelerated expensing for manufacturing and processing buildings

The government is moving forward with measures designed to accelerate capital cost deductions and stimulate private sector investment. The centre piece is a new Productivity Super-Deduction, which allows businesses to write off the full cost of a wide range of investments more quickly. The government expects this initiative will lower Canada's marginal effective tax rate (METR) by more than two percentage points, helping restore competitiveness with the U.S. following the recent One Big Beautiful Bill Act (OBBBA). These changes apply to eligible property acquired on or after Budget Day.

Limiting Tax Deferral Through Tiered Corporate Structures

To curb tax deferral whereby affiliated companies use different fiscal year-ends, the government will deny a dividend refund to a payer corporation when the affiliated recipient's taxation year ends after the payer's. The measure applies to taxation years that begin on or after Budget Day and is designed to synchronize tax timing within corporate groups and reduce opportunities for intercompany deferral.

Scientific Research and Experimental Development (SR&ED)

Effective for taxation years beginning after December 15, 2024, the budget proposes to increase the annual SR&ED expenditure limit under which certain corporations are entitled to earn an enhanced 35% refundable investment tax credit (ITC), to $6 million. This is in addition to the 2024 federal Fall Economic Statement (FES) proposals that significantly enhance the SR&ED program.

2026 Tax Year Deadlines

	Date
Filing Income Tax Returns & Instalments:	
Individual	April 30, 2027
Self-employed Individual	June 15, 2027
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 Instalments	15th of March, June, September and December
Registered Retirement Savings Plan (RRSP):	
Contributions for the year	March 1, 2027
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, 2027
Repayment — Starts in the second calendar year after the withdrawal	March 1, 2027
Registered Education Savings Plan (RESP):	
Contributions to receive Canada Education Savings Grants (CESGs) for the year	December 31, 2026
Registered Disability Savings Plan (RDSP):	
Contributions to receive Canada disability savings grants and bonds for the year	December 31, 2026
Capital Loss Selling:	
Disposition of investments to realize accrued capital gains or losses for the year	December 30, 2026
Family Loans:	
Interest on family loans to avoid attribution rules	January 30th of the following year
Charitable Donations	December 31, 2026

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.