

# 2016 Personal Tax and Financial Planning Guide

*This personal tax and financial planning guide is intended to provide you with useful tax facts and planning information that may help you with your 2016 tax planning. We encourage you to seek qualified tax planning advice prior to implementing any tax planning strategies, to ensure you are following the options appropriate to your unique circumstances.*

## Major Canadian Tax Deadlines & Dates

### January 2016

**Jan. 30** If you loan money to your spouse/common-law partner or family member at the prescribed interest rate, the interest must be paid back annually by January 30 of the following year to avoid attribution rules.

### February 2016

**Feb. 29** Deadline for making Home Buyer's Plan (HBP) and Lifelong Learning Plan (LLP) repayments.

**Feb. 29** Last day for making deductible contributions to a registered Retirement Savings Plan (RSP) or a spousal RSP for 2015.

### March 2016

**Mar. 15** First quarterly tax instalment payment due for 2016 taxation year. Remainder instalment payments for 2016 are due on June 15, September 15, and December 15.

### May 2016

**May 2** Filing deadline: 2015 personal tax return & balance owing to avoid paying interest & late filing penalty.

### June 2016

**Jun. 15** Deadline for filing the 2015 tax return for self-employed persons (including spouse or common-law partner). However, balance owing for 2015 is still on or before May 2, 2016.

### December 2016

**Dec. 23** For **disposition of investments to realize accrued capital gains or losses** in 2016, ensure the settlement date (not the trade date) is **on or before December 31, 2016**. Consult your broker. For the Canadian securities market, ensure the sale is initiated **on or before December 23, 2016**.

**Dec. 31** Final payment date for amounts that may be claimed as 2016 **tax credit or deduction**.

**Dec. 31** Registered Disability Savings Plan (RDSP) and Registered Education Savings Plan (RESP) contribution deadline to benefit from the 2016 grants and bonds.

**Dec. 31** Final date for 2016 charitable contributions.

### Due date for a final return

Where an individual dies between January 1 and October 31 (inclusive), the due date for the final personal income tax return is April 30 of the following year. If a person dies between November 1 and December 31 (inclusive), the due date for the final personal income tax return is six months after the date of death. Exceptions to due dates apply if the deceased or the deceased's surviving spouse/common-law partner carried on a business in 2015.

**Note:** when a tax payment or filing due date falls on a Saturday, Sunday or public holiday, payment must be received by the Canada Revenue Agency or be postmarked by the next business day.



## 2016 Tax Planning Tips & Reminders

**Tax Loss Selling:** Consider selling unprofitable securities and using the realized losses to offset capital gains realized in the current year.

Capital losses in excess of capital gains in a given year may be carried back for three years or carried forward indefinitely.

Note that in order to claim a capital loss on the disposition of a security, you should make sure that the loss is not a superficial loss<sup>(1)</sup>.

**Pension Income Splitting:** Consider allocating up to 50% of *eligible pension income*<sup>(1)</sup> with your resident spouse/common-law partner for income tax purposes.

### Other income splitting opportunities may include:

- Making contributions to a spousal RSP.
- Paying a reasonable salary from a family business to family members for actual services rendered.
- Gifting cash to your spouse/common-law partner and/or adult children to contribute to a tax-free savings account (TFSA).
- Investing Child Tax Benefit and Universal Child Care Benefit payments in an account for your children.
- In order to maximize the spousal tax credit, consider electing to transfer taxable Canadian dividends to a spouse/common-law partner.

### Maximize Your Tax Credits and Deductions

Take advantage of all available tax deductions and credits available to you to reduce your personal and household tax bills. For example:

- Annual union, professional or like dues
- Child care expenses, children's fitness and arts amounts
- Charitable donations
- Foreign tax credits
- Investment counsel fees and interest expenses
- Medical expenses
- Public transit passes
- Tuition and education amounts
- Pension income amount

## 2015-2016 Tax Facts and Figures

### Federal Tax Brackets (2015 & 2016)

Taxable Income	2015 Tax Rate	Taxable Income	2016 Tax Rate
Up to \$44,701	15%	Up to \$45,282	15%
\$44,702 - \$89,401	22%	\$45,283 - \$90,563	20.5%
\$89,402 - \$138,586	26%	\$90,564 - \$140,388	26%
Over \$138,586	29%	\$140,389-\$200,000	29%
		Over \$200,000	33%

### Amounts Used in Federal Tax Credit

Personal Amounts	2015	2016
Basic Personal Amount	\$11,327	\$11,474
Age Amount (65 & older)	\$7,033	\$7,125
Net Income Threshold	\$35,466	\$35,927
Spouse or Common-Law Partner Amount (max.)	\$11,327	\$11,474
Eligible Dependents (max.)	\$11,327	\$11,474
Infirm Dependents Age 18 or Older (max. per dependent)	\$6,700	\$6,788
Net Income Threshold	\$6,720	\$6,807
Caregiver (max. per infirm dependent eligible for the family caregiver amount)	\$6,701	\$6,788
Net Income Threshold	\$15,735	\$15,940
Disability Amount	\$7,899	\$8,001

Source: Canada Revenue Agency

### Registered Plans: Contribution Limits

Retirement Plans	2015	2016
<b>Registered Retirement Savings Plans (RSP)</b>		
Dollar Limit <sup>(2)</sup>	\$24,930	\$25,370
<b>Money Purchase Registered Pension Plans (MP RPP)</b>		
Contribution Limit <sup>(3)(5)</sup>	\$25,370	\$26,010
<b>Deferred Profit Sharing Plans (DPSP)</b>		
Contribution Limit <sup>(4)(5)</sup>	\$12,685	\$13,005
<b>Other Plans</b>	<b>2015</b>	<b>2016</b>
<b>Tax Free Savings Account (TFSA)</b>		
Contribution Limit <sup>(6)</sup>	\$10,000	\$5,500
<b>Registered Education Savings Plan (RESP)</b>		
Lifetime Contribution Limit	\$50,000	\$50,000
<b>Registered Disability Savings Plan (RDSP)</b>		
Lifetime Contribution Limit	\$200,000	\$200,000

**Canada Pension Plan & Quebec Pension Plan**

	2015 CPP	2016 CPP	2015 QPP	2016 QPP
Max. Annual Pensionable Earnings	\$53,600	\$54,900	\$53,600	\$54,900
Basic Exemption	\$3,500	\$3,500	\$3,500	\$3,500
Max. Contributory Earnings	\$50,100	\$51,400	\$50,100	\$51,400
Employee Contribution Rate	4.95%	4.95%	5.25%	5.325%
Max. Annual Employee Contribution	\$2,479.95	\$2,544.30	\$2,630.25	\$2,737.05
Max. Annual Self-Employed Contributions	\$4,959.90	\$5,088.60	\$5,260.50	\$5,474.10

Source: Canada Revenue Agency

<sup>(1)</sup> For details, please visit [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

<sup>(2)</sup> An individual's contribution room is calculated as the lesser of 18% of earned income from the previous year and the current year's dollar limit (the dollar limit is indicated in the above table) plus unused RSP contribution room carried forward from the previous year. RSP contribution room may be reduced by pension adjustments (PA) and Past Service Pension Adjustments (PSPA), and increased by Pension Adjustment Reversals (PAR).

<sup>(3)</sup> Annual contributions to a MP RPP are limited to the lesser of 18% earned income from the current year and the contribution limit for the year. The contribution limit is indicated in the table above.

<sup>(4)</sup> Annual contributions to a DPSP are limited to the lesser of 18% of earned income and the contribution limit for the year. The contribution limit is indicated in the table above.

<sup>(5)</sup> MP RPP and DPSP limits for pension adjustment purposes are also restricted to 18% of earned income.

<sup>(6)</sup> An individual's TFSA contribution room is calculated as the current year's contribution limit (the contribution limit is indicated in the above table) plus unused TFSA contribution room carried forward from the previous year plus the total amount of TFSA withdrawals made in the preceding year.

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