

New Year Tax Changes Effective January 1, 2010: Additional Information

Contact Federal Director Kevin Gaudet for further information and commentary

Federal

Personal Income Taxes

- Rates unchanged
- Thresholds and most personal amounts indexed, 0.6%
 - Nation-wide CPI increased by 0.1% between October 2008 and October 2009 meaning that in provinces below the national amount, taxpayers will receive a de-facto modest tax cut while the reverse is true for those areas above the national amount

Payroll Taxes

- CPP
 - Maximum contribution increased by 4% to \$2,163
 - Rate unchanged at 4.95%, threshold increased to \$47,200
- EI (Excluding Quebec)
 - Maximum annual premium increased by 2% to \$747
 - Rate unchanged at 1.73%, threshold increased to \$43,200

Other Notable Changes

- General Sales Tax (GST) will be merged with the respective Provincial Sales Taxes (PSTs) in Ontario and BC for a Harmonized Sales Tax (HST) come July 1, 2010

British Columbia

Personal Income Taxes

- Basic personal amount increased to \$11,000 from \$9,373
- Spouse or common-law amount increased to \$9,653 from \$8,026
- The BC Health Premium is no longer applied to anyone making less than \$22,000 (formerly \$20,000) and has been increased corresponding with indexation
- Rates unchanged
- Thresholds, personal amounts and tax reduction values are indexed, 0.4%

Other Notable Changes

- Replacement of the PST (7%) and GST (5%) with an HST (12%) come July 1, 2010

Alberta

- Rate unchanged at a flat 10%
- Personal amounts indexed, 0.3%

Saskatchewan

- Thresholds and personal amounts are indexed, 0.6%

Manitoba

- Thresholds and personal amounts are not indexed, meaning that Manitobans face a de-facto small tax increase

Ontario

Personal Income Taxes

- Due to a small decrease in the first tax bracket from 6.05% to 5.05%, some Ontarians will see a small tax cut come January 1st. For example:
 - A single individual making \$45,000 will save \$248 with an effective tax rate of 22.6%
- Increased surtax thresholds will negate this for many families. For example:
 - A family with a single earner and two children making \$100,000 will save \$106 due only to indexation amounts increasing faster federally and provincially than the CTF adjustments used for inflation.
- Thresholds and some personal amounts are indexed, 0.7%
- The Ontario Health Premium remains in place and is unchanged

Other Notable Changes

- Replacement of the PST (8%) and GST (5%) with an HST (13%) come July 1, 2010

Quebec

Personal Income Taxes

- Thresholds and some personal amounts are indexed, 0.48%
- No change with the 16.5% Quebec Tax Abatement

Payroll Taxes (Excluding the rest of Canada)

- EI
 - Maximum annual premium increased by 2% to \$747
 - Rate decreased to 1.36% from 1.38%, threshold is \$43,200
- Quebec Parental Insurance Plan
 - Maximum annual premium is \$316
 - Rate is 0.506%

New Brunswick

- Tax rates will change as follows:
 - 1st Bracket: 9.3% from 9.18%
 - 2nd Bracket: 12.5% from 13.52%
 - 3rd Bracket: 13.3% from 15.2%
 - 4th Bracket: 14.3% from 16.05%

These moves will cut taxes for nearly all citizens. For example:

- A single individual making \$60,000 will save \$488
 - A family with a single earner and two children making \$80,000 will save \$922
 - A family with dual earners and two children making \$100,000 will save \$614
- Thresholds, personal amounts and tax reduction values are indexed, 2.0%

Nova Scotia

- Thresholds and personal amounts are not indexed, meaning that Nova Scotian taxpayers face a de-facto small tax increase
- Basic personal amount increased by \$250 to \$8,231 with a proportional change to other personal amounts
- Rates unchanged

Prince Edward Island

- Thresholds, surtaxes and personal amounts are not indexed, meaning that PEI taxpayers face a de-facto small tax increase
- Rates unchanged

Newfoundland & Labrador

- Rates unchanged
- Thresholds and some personal amounts are indexed, 0.7%