

COMPLETE TAX PLANNING GUIDE

Your 2025 Tax Year Guide — Filed in 2026 | Canada & Quebec Edition

Updated for 2026: This guide reflects the 2025 tax year (filed April 30, 2026 for most Canadians). All brackets, limits, and credits are current as of the 2025 tax year. Tax laws change — always consult a qualified professional before making major financial decisions.

1. 2025 CANADIAN TAX BRACKETS (Filed in 2026)

Canada's self-assessment system requires both a federal T1 return (CRA) and a Quebec TP-1 return (Revenu Québec) for Quebec residents. The Basic Personal Amount for 2025 is **\$16,129 federally** — meaning the first \$16,129 of income is tax-free.

Federal Tax Brackets — 2025 Tax Year:

Taxable Income (2025)	Federal Rate
\$0 – \$57,375	15%
\$57,376 – \$114,750	20.5%
\$114,751 – \$158,519	26%
\$158,520 – \$220,000	29%
Over \$220,000	33%

Quebec Provincial Brackets — 2025 Tax Year:

Taxable Income (2025)	Quebec Rate
\$0 – \$53,255	14%
\$53,256 – \$106,495	19%
\$106,496 – \$129,590	24%
Over \$129,590	25.75%

**Combined federal + Quebec top marginal rate: ~53.31%. CPP2/QPP2 Phase 2 enhanced contributions apply in 2025 on earnings between \$73,200–\$81,200.*

2. KEY 2025/2026 REGISTERED ACCOUNT LIMITS

Account	2025 Annual Limit	Cumulative / Notes
RRSP	\$32,490 (or 18% of 2024 income)	Unused room carries forward. Deadline: March 2, 2026
TFSA	\$7,000	~\$102,000 cumulative room by Jan 1, 2026 (since 2009)
FHSA	\$8,000	\$40,000 lifetime max. First-time home buyers only.
RESP	No annual limit	\$50,000 lifetime / beneficiary. CESG: 20% on first \$2,500
RRSP Spousal	Same as contributor's limit	Shared with personal RRSP limit

■ **2026 TFSA Tip:** If eligible since 2009, you have ~\$102,000 in cumulative room by January 2026 (assuming \$7,000/year in 2024 and 2025). Any amount withdrawn in 2025 creates new room January 1, 2026.

3. ESSENTIAL 2025 DEDUCTIONS TO CLAIM

RRSP Contributions (Deadline: March 2, 2026)

Contributing to your RRSP before March 2, 2026 reduces your 2025 taxable income dollar-for-dollar. At a 43.41% combined federal+Quebec marginal rate (income \$57,376–\$106,495), a \$10,000 RRSP contribution saves approximately \$4,341 in taxes this year alone.

- **2025 RRSP limit:** \$32,490 or 18% of 2024 net earned income — whichever is less
- **Spousal RRSP:** Contribute to spouse's RRSP in their name — powerful income-splitting for retirement
- **HBP:** Withdraw up to \$35,000 tax-free from RRSP for first home purchase (combined with FHSA)
- **LLP:** Withdraw up to \$10,000/year (\$20,000 lifetime) for full-time education

Capital Gains — 2024 Inclusion Rate Change (2025 Impact)

As of June 25, 2024, the capital gains inclusion rate changed for certain taxpayers. For the 2025 tax year (filed in 2026):

- **Individuals (gains ≤ \$250,000/year):** 1/2 inclusion rate (50%) — unchanged
- **Individuals (gains > \$250,000/year):** 2/3 inclusion rate (66.67%) on the excess
- **Corporations and trusts:** 2/3 inclusion rate on ALL capital gains
- **Lifetime Capital Gains Exemption (LCGE):** \$1,250,000 on qualifying small business corporation shares and farm/fishing property

Home Office Deduction (2025)

Employees working from home may deduct eligible expenses via the detailed method (T2200 required). Self-employed individuals may use the simplified or detailed method:

- Eligible: rent/mortgage interest, utilities, internet, repairs (proportional to workspace area)
- Workspace must be used exclusively for work, or primarily for meeting clients

- The temporary flat-rate method is no longer available after the 2022 tax year

Medical Expenses (2025)

Claim eligible medical expenses exceeding the lesser of 3% of net income or \$2,759 (2025 federal threshold). Quebec has a similar threshold at the provincial level.

- Prescription drugs, dental, vision, hearing aids, physiotherapy, chiropractic, mental health
- Medical travel (40+ km) and certain home modifications for disability
- Optimize the 12-month period — does not have to follow the calendar year

4. QUÉBEC-SPECIFIC CREDITS (2025 Tax Year)

Credit / Program	Maximum Benefit (2025)	Notes
Solidarity Tax Credit	~\$2,160+ / year	Three components: housing, QST, individuals living alone
Work Premium (Prime au travail)	Up to \$2,897	Encourages workforce participation; family supplement available
Child Assistance Payments	Varies by family	Monthly payments; file TP-1 on time to receive
Home Support for Seniors (70+)	36% of eligible expenses	Directly reduces QC tax payable
RénoVert / Rénoclimat	Up to \$10,000 credit	Eco-retrofit grants and credits for energy efficiency
QESI (RESP Grant)	10% on first \$2,500/yr	Provincial education savings incentive; max \$3,600 lifetime

5. YEAR-END TAX PLANNING CHECKLIST (For 2025 Tax Year)

Before December 31, 2025 (Already Past — For 2026 Planning):

- Maximize RRSP contributions (deadline March 2, 2026 — but act early)
- Make all charitable donations you want credited for 2025
- Harvest tax losses before year-end to offset capital gains
- Contribute to RESP before Dec 31 to trigger 2025 CESG/QESI grants
- Pay all deductible business expenses before Dec 31
- Ensure FHSA contributions for 2025 are made (\$8,000 limit)

January – March 2026 (Filing Season Actions):

- Gather all T4, T5, T3, T4A slips from employers and institutions
- Collect RRSP contribution receipts (60-day window closes March 2, 2026)
- Organize all business receipts by category
- Obtain RL-1, RL-3, RL-31 slips (Quebec — from employers, banks, landlords)
- Download Notice of Assessment for correct RRSP room

- Request T2200 from employer if claiming employment expenses

Key 2025 Filing Deadlines:

Filing	Deadline	Notes
Personal T1 & TP-1 (employed)	April 30, 2026	Balance owing also due April 30
Self-employed T1 & TP-1	June 15, 2026	But balance owing still due April 30 (interest starts May 1)
Corporate T2	6 months after fiscal year-end	Balance owing: 2–3 months after year-end
GST/QST (annual filers)	June 15, 2026 (most)	Quarterly/monthly filers have different deadlines
RRSP contribution deadline	March 2, 2026	60 days after December 31, 2025

6. BUSINESS TAX HIGHLIGHTS (2025/2026)

Small Business Deduction (SBD)

Canadian-Controlled Private Corporations (CCPCs) pay a reduced rate on the first \$500,000 of active business income. For 2025:

- **Federal small business rate:** 9%
- **Quebec small business rate:** 3.2% (with full SBD)
- **Combined effective rate:** ~12.2% — vs. up to 53.31% personal marginal rate
- **SBD clawback:** Starts when passive income exceeds \$50,000/year — review if holding investments in your corporation

■ **2025 Corporate Tip:** The enhanced CPP2/QPP2 contributions (Phase 2, Year 2 in 2025) affect payroll calculations. Employee and employer each contribute 4% on earnings between \$73,200–\$81,200. Ensure your payroll system is updated for 2025 rates.

Key Deductible Business Expenses (2025)

Category	Examples
Office & Workspace	Rent, utilities, internet, supplies, maintenance
People	Salaries, benefits, contractors, training
Technology	Software (including SaaS), devices, cloud storage
Marketing	Advertising, website, content creation, CRM
Professional Fees	Accounting, legal, consulting fees (this guide!)
Vehicle (business use)	Mileage log required; CRA rate: 70¢/km (first 5,000km), 64¢/km thereafter for 2025

7. FIRST HOME SAVINGS ACCOUNT (FHSA) — 2025 UPDATE

The FHSA, launched in 2023, combines RRSP deductibility with TFSA tax-free withdrawal for first-time home buyers. It is one of the most powerful savings tools currently available to eligible Canadians.

- **2025 contribution limit:** \$8,000 (lifetime maximum: \$40,000)
- Contributions are **tax-deductible** (like RRSP) in the year contributed
- Qualifying withdrawals for first home purchase are completely **tax-free** (like TFSA)
- Unused annual room carries forward — up to \$8,000 can be carried to the following year
- Can be combined with RRSP Home Buyers' Plan (\$35,000) in same year
- If unused: transfers to RRSP/RRIF tax-free, or withdrawal taxed as income (no penalty)

**Ready to Optimize Your 2025 Tax Strategy? Contact Services DL for a personalized
2026 filing consultation. 514-814-3499 • servicesdl2000@gmail.com • Midtown
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