



CESTNICK

TAX MATTERS

These tax changes might affect your filings this year

SPECIAL TO THE GLOBE AND MAIL

PUBLISHED MARCH 5, 2026

I'm part of a group of friends who've committed to building better habits together, including reading 10 pages every day. Some have chosen bizarre books. One friend is reading *Old Age, It's Cause and Prevention* by Sanford Bennett. Another picked up *Afterthoughts of a Worm Hunter* by D.W.T. Crompton.

As for me, I'm more practical. Last night I reread the 2025 federal budget and revisited the changes affecting this year's tax filings. It's not as exciting as *How Tea Cosies Changed the World* by Loani Prior, but it makes for a better article today. Here are the key changes to expect as you file your 2025 tax return in the coming weeks.

Four areas likely to attract tax audits as CRA scrutiny ramps up

Tax rate reduction. The lowest federal tax rate dropped to 14 per cent (from 15 per cent) on July 1, 2025, which provides an effective rate of 14.5 per cent for 2025 on income up to \$57,375.

Top-up tax credit. The value of our non-refundable tax credits took a hit

when the lowest tax rate was cut. To offset this reduction, a new top-up tax credit will ensure that a 15-per-cent rate is maintained for tax credits over \$57,375.

Basic personal amount. This is the non-refundable credit that all Canadians are entitled to claim and represents the amount we can all earn tax-free. For 2025 this amount was increased to \$16,129. The amount is reduced once your net income is over \$177,882 and the credit amount bottoms out at \$14,538.

Tax bracket indexing. Our federal tax brackets increased for 2025 by 2.7 per cent, so you'll pay tax at the following rates now: 14.5 per cent up to \$57,375 of taxable income, 20.5 per cent over \$57,375 up to \$114,750, 26 per cent over \$114,750 up to \$177,882, 29 per cent over \$177,882 up to \$253,414, and 33 per cent over \$253,414.

RRSP and TFSA limits. If your earned income in 2024 was \$180,500 or higher, you were entitled to contribute up to \$32,490 to your RRSP for 2025. Your contributions can be claimed when you file your 2025 tax return. The TFSA

limit for 2025 remained at \$7,000. For 2026, your maximum RRSP contribution can be as high as \$33,810, which you'll reach if your 2025 earned income is \$187,833 or higher, and your TFSA limit remains at \$7,000.

CPP contributions. Both employees and self-employed folks contribute to the Canada Pension Plan. For 2025, the maximum employee contribution increased to \$4,034 (a 5.95-per-cent rate) on earnings up to \$71,300, with a \$3,500 exemption. Self-employed individuals pay double, totalling \$8,068. A second, enhanced contribution (CPP2) applies at 4 per cent (8 per cent for self-employed folks) on earnings between \$71,300 and \$81,200.

OAS clawback amounts. Once your taxable income reaches a certain level, you'll start to repay your Old Age Security benefits. For 2025, those benefits are clawed back at the rate of 15 cents for every dollar of income over \$93,454. If you're aged 65 to 74 and your taxable income is over \$152,062, or you're 75 or over and it's \$157,923 or more, you'll be giving up all your OAS benefits.

Help with disabilities. For 2025, the list of expenses eligible for the disability supports deduction (tax return line 21500) has expanded. Also, applications for the Canada Disability Benefit (CDB) opened in June, 2025. This benefit is for individuals aged 18 to 64 with disabilities and can provide up to \$200 a month, indexed annually, based on adjusted family net income. You'll have to qualify for the Disability Tax Credit to be eligible.

Digital news subscriptions. Sorry to say, but as of 2025 you won't be able to claim a non-refundable credit for subscriptions to qualified Canadian

journalism organizations. If you're self-employed you might still be able to deduct these costs as a business expense if you use the subscription to keep up with your industry news.

Carbon rebate ending. The federal government ended the carbon tax at the gas pump, along with the tax-free Canada Carbon Rebate. The final rebate payment went out last April, based on 2024 income. If you're behind on your tax filing, be aware that there will be no more rebate payments for returns or adjustment requests filed after Oct. 30, 2026.

Underused Housing Tax. Here's good news. The federal UHT has been scrapped. You won't have to file a UHT tax return for 2025 or subsequent years if you've filed in the past.

Capital gains rollover rules. You've been able to defer tax on a capital gain when selling small business corporation shares if you reinvest in qualifying small business shares in the same year. That time has now been extended to the end of the calendar year following the year of sale. And for dispositions after 2024, the definition of "eligible small business corporation share" has been broadened.

Tim Cestnick, FCPA, FCA, CPA(IL), CFP, TEP, is an author, and co-founder and CEO of Our Family Office Inc. He can be reached at tim@ourfamilyoffice.ca