

Tax Changes for 2021

Each year brings changes to the tax code. Here is a summary of the most significant federal tax changes that may affect your 2021 Personal Tax filing.

Basic Personal Amount

For 2021, the amount has increased to \$13,808, up from \$13,229 in 2020.

RRSP Contributions

The new maximum contribution amount for 2021 is \$27,830.

TFSA Limit

For 2021, the TFSA limit remains at \$6,000. The cumulative TFSA limit is now \$81,500 for someone who has never contributed to a TFSA and has been a resident of Canada and at least 18 years of age since 2009.

Home Buyers' Plan

After being frozen for several years, the federal government increased the withdrawal limit back in 2019. Now, those eligible to participate in the program can withdraw up to \$35,000 from their RRSP, up from \$25,000 in previous years. This means that a couple buying a home together could withdraw a combined \$70,000 from their RRSPs to buy their first property.

Tax Breaks for Seniors

Under Old Age Security, seniors aged 65 and older can receive up to \$642.25 per month, depending on how long you have lived in Canada. Effective July 2022, seniors aged 75 and over will see an automatic increase of 10% on their OAS pension.

There is also a one-time taxable payment of \$500 for seniors who are eligible for OAS as of June 2021 and were born on or before June 30, 1947.

The maximum pensionable earnings for the Canada Pension Plan (CPP) have increased to \$64,900 in 2022, from \$61,600 in 2021.

In addition, a surviving spouse, over the age of 65 and not otherwise receiving CPP benefits, is able to get 60% of their deceased spouse's pension. Survivors between 60-64 years of age are eligible for 37.5%.

Tax Breaks for Parents

For the 2021-2022 benefit year beginning July 2021, the maximum annual benefit



under the Canada Child Benefit is \$6,833 for each child under 6 and \$5,765 for children aged 6 to 17.

For parents of disabled children under the age of 18, the Child Disability Benefit has increased to \$2,915 for the July 2021 to July 2022 benefit period.

COVID-19 benefits and your taxes

While CERB (the Canada Emergency Response Benefit) no longer exists, a few other pandemic-related benefits have been extended. For the 2021 and 2022 tax years, employees forced to work from home due to COVID-19 can claim a flat rate tax credit of up to \$500. You are eligible for this credit if you have worked from home more than 50% of the time for a period of at least four consecutive weeks.

Canada Recovery Sickness Benefit

This benefit provides up to \$500 (\$450 after taxes) for workers unable to work because they are sick, need to self-isolate or have an underlying health condition that puts them at greater risk.

Canada Recovery Caregiving Benefit

Similarly, under the Canada Recovery Caregiving Benefit, anyone who is unable to work because they need to care for a child or family member due to COVID-19 can receive \$500 (\$450 after taxes) per week, for up to 44 weeks.

Keep in mind that while both CRSB and CRCB deduct a 10% tax at source (so the amount you will receive is \$450), you may still need to pay additional taxes at the time you file your personal tax return, depending on your situation. Both programs have been extended to May 7, 2022.

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.

