



KEY 2024 TAX UPDATES

Limits, Due Dates and More:

Automobile deduction limits:

The limit on the deduction for non-taxable allowances paid by an employer to an employee using a personal vehicle for business in 2024 will be:

70 cents per KM for the first 5,000 KM, and **64 cents per KM** for each additional KM.

The ceiling on the capital cost for CCA of most passenger vehicles purchased on or after January 1, 2024, is \$37,000.

Zero-emission vehicles:

There are two classes of zero-emission vehicles acquired after March 18, 2019, which become available for use before 2028.

Motor vehicles and passenger vehicles, excluding taxicabs and automobiles used for lease and rent, the depreciation is 30%, but a higher deduction (up to a maximum of 100%) may apply for certain eligible vehicles acquired after March 18, 2019, and before January 1, 2028 (phase out starting in 2024).

For 2024, the capital cost limit is \$61,000 plus sales taxes.

The limit on **leasing costs** will increase to **\$1,050 per month** from \$950 per month before tax for new leases entered into on or after January 1, 2024.

The maximum allowable **interest deduction** will be increased to **\$350 per month** from \$300 for new automobile loans entered into on or after January 1, 2024.

Canada Pension Plan (CPP):

The maximum pensionable earnings for 2024 is **\$68,500**

The employer contribution rates for 2024 remain at **5.95%**; **the annual maximum contribution is \$3,867.50 CPP1, \$4,055.50 CPP2 included.**

CPP2: A higher second earnings ceiling of **\$73,200**, called "the Year's Additional Maximum Pensionable Earnings (YAMPE)", will begin and will be used to determine additional CPP/QPP contributions.

As a result, pensionable earnings between \$68,500 and \$73,200 are subject to additional CPP/QPP contributions at a rate of **4.00%** for a maximum additional contribution of **\$188.00** ($3,867.50 + 188.00 = \$4,055.50$).

EI:

The employee premium rate is **1.66 / \$100**. The maximum annual EI premium in 2024 is **\$1,049.12** for a maximum insurable income of **\$63,200**.

The employer rate is **2.32%** of the employee's insurable earnings.

EI Clawback:

If your 2024 income from all sources is **more than \$79,000**, you will be required to repay 30% of the lesser of:

- Your net income in excess of \$79,000, or
- Your regular EI benefits paid in the taxation year.

OAS Clawback:

If annual net income **exceeds \$90,997** (\$86,912 for 2023), you will have to repay 15% of the excess over this amount, to a maximum of the total OAS received.

The clawback threshold is indexed each year in the same manner as federal tax brackets and personal tax credits.

Maximum RRSP Contribution Limit

Contribution limit for the 2024 taxation year is **\$31,560** (\$30,780 for 2023)

February 29th, 2024, is the deadline for contributing to an RRSP.

To contribute the maximum in 2024, 2023 earned income must be at least \$175,333.

The year you turn **71**, December 31st, is the last day you can contribute to your RRSP.

TFSA

contribution limit for **2024 is \$7,000**. However, if you have never contributed to a TFSA and have been eligible since its introduction in 2009, your cumulative contribution room is **\$95,000** in 2024.

The home buyer plan withdrawal limit is \$35,000.

New Tax-Free First Home Savings Account (FHSA)

This received Royal Assent on December 15, 2022. It is to help first-time home payers to save up to \$40K for a home purchase.

It is deductible like an RRSP, and income earned within is non-taxable, like TFSA.

If you opened an FHSA in 2023, you can claim up to \$8,000 in FHSA contributions you made by December 31, 2023, as an FHSA deduction on your 2023 income tax and benefit return.

Lifelong Learning Plan

You can withdraw up to \$10,000 in a calendar year from your registered retirement savings plans to finance full-time training or education.

Covid 19 Benefits Update:

If you have received a **CEBA loan**, the **forgivable portion of the interest-free loan is taxable** and should be included in income in the period it was received.

**PLEASE NOTE THAT THE DEADLINE TO REPAY THE LOAN HAS BEEN EXTENDED TO
January 18th, 2024.**

If CEBA loan holders file a refinancing application with the financial institution that provided their loan by Jan. 18, 2024, the repayment deadline to qualify for partial loan forgiveness includes a refinancing extension until March 28, 2024.

Working from Home

The temporary flat rate method is available for 2021 and 2022, with a cap of \$500.

The flat rate method **does not apply to 2023** and beyond.

If eligible to claim, you can obtain form T2200 from your employer and file using the detailed method.

P.S.

This update is provided for general information only; professional advice should be sought for specific cases.