



KEY 2025 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 2025 will be:

72 cents per KM for the first 5,000 KM, and **66 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, 2025, is \$38,000 plus applicable federal and provincial taxes.

Zero-emission vehicles:

Remains at \$61,000. This results in a maximum allowable input tax credit of \$1,900 for GST paid.

The limit on **leasing costs** increased to **\$1,100 per month** from \$1,050 per month plus applicable federal and provincial sales taxes for leases entered into on or after January 1, 2025.

The maximum allowable **interest deduction** will remain at **\$350 per month** for loans related to vehicles acquired after 2024.

Canada Pension Plan (CPP):

The maximum pensionable earnings for 2025 is **\$71,300**.

The employer contribution rates for 2025 remain at **5.95% (11.9% for self-employed individuals)**; the **annual maximum contribution is \$4,034.10 CPP1, \$4,430.10 CPP2 included, up from \$4,055.50 in 2024**.

CPP enhancement, commonly referred to as CPP2 is an additional CPP contribution on earnings above the maximum pensionable earnings of \$71,300 up to **\$81,200**.

As a result, pensionable earnings between \$71,300 and \$81,200 are subject to additional CPP/QPP contributions at a rate of **4.00%** (8% for self-employed) for a maximum additional contribution of **\$396.00** ($4034.10 + 396.00 = \$4,430.10$).

EI:

The maximum insurable earnings increased to **\$65,700**, with a reduced rate of **1.64%** resulting in a maximum employee contribution of **\$1,077.48**.

The employer's rate is 1.4 times the employee's payment. The maximum annual employer premium is \$1,508.47.

EI Clawback:

If your net income exceeds **\$82,125** from all sources, you will be required to repay a percentage of the regular benefits received but not the sickness benefits.

OAS Clawback:

If annual net income exceeds **\$93,454** (\$90,997 for 2024), you will have to repay 15% of the excess over this amount to a maximum of the total OAS received.

The maximum monthly OAS benefit is \$727.67, the total for the year is **\$8,732**.

Maximum RRSP Contribution Limit

Contribution limit for the 2025 taxation year is **\$32,490** (\$31,560 for 2024).

If you have a company pension plan, your RRSP contribution limit is reduced.

March 3rd, 2025, is the deadline for contributing to an RRSP.

To contribute the maximum in 2025, 2024 earned income must be at least \$180,500.

December 31 of the year you turn **71** years of age is the last day you can contribute to your RRSP.

TFSA

contribution limit for **2025 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 **\$102,000** in 2025.

The Home Buyers' Plan (HBP)

First-time home buyers can withdraw up to \$60,000 from RRSP to buy or build an eligible home.

First Home Savings Account (FHSA)

If you opened an FHSA in 2024, you can claim up to \$8,000 in FHSA contributions you made by December 31, 2024, as an FHSA deduction on your 2024 income tax and benefit return.

The lifetime maximum is \$40,000.

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.

P.S.

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