



# **CLEARLY FINANCIALS\***

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Cloud-Based Accounting and Taxation  
Solutions for You and Your Small Business

## ***2020 Tax Guide***

\*Denotes Professional Corporation



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# 2020

## Combined Federal & Alberta

2020 Taxable Income	2020 Marginal Tax Rates			
	Other Income	Capital Gains	Canadian Dividends	
			Eligible	Non-Eligible
First \$48,535	25.00%	12.50%	-0.03%	15.86%
\$48,536 to \$97,069	30.50%	15.25%	7.56%	22.18%
\$97,070 to \$131,220	36.00%	18.00%	15.15%	28.51%
\$131,221 to \$150,473	38.00%	19.00%	17.91%	30.81%
\$150,474 to \$157,464	41.22%	20.61%	22.35%	34.51%
\$157,465 to \$209,952	42.22%	21.11%	23.73%	35.66%
\$209,953 to \$214,368	43.22%	21.61%	25.11%	36.81%
\$214,369 to \$314,928	47.00%	23.50%	30.33%	41.16%
over \$314,929	48.00%	24.00%	31.71%	42.31%

Federal Basic Personal Amount	Alberta Basic Personal Amount
15%	10%
Credit on the first \$13,229 of income	Credit on the first \$19,369 of income

### Canada Pension Plan (CPP) and Employment Insurance (EI)

	Employee	Employer	Combined
CPP	Rate:	5.25%	10.50%
	Max:	\$2,732.40	\$5,464.80
	Maximum pensionable earnings	\$58,700.00	
EI	Rate:	1.58%	3.79%
	Max:	\$856.36	\$2055.26
	Maximum insurable earnings	\$56,300.00	EI Clawback Threshold \$67,750.00

### RRSP and TFSA Contribution Limits

RRSP	18% of earned income, up to a maximum of \$27,230	
TFSA	Annual limit \$6,000	Cumulative total \$69,500

## Registered Retirement Income Fund (RRIF)

### Minimum Annual RRIF Withdrawal

Age	RRIF Factor	Age	RRIF Factor	Age	RRIF Factor	Age	RRIF Factor
64	3.85%	72	5.40%	80	6.82%	88	10.21%
65	4.00%	73	5.53%	81	7.08%	89	10.99%
66	4.17%	74	5.67%	82	7.38%	90	11.92%
67	4.35%	75	5.82%	83	7.71%	91	13.06%
68	4.55%	76	5.98%	84	8.08%	92	14.49%
69	4.76%	77	6.17%	85	8.51%	93	16.34%
70	5.00%	78	6.36%	86	8.99%	94	18.79%
71	5.28%	79	6.58%	87	9.55%	95+	20.00%

Consider converting some of your RRSP to a RIF at age 65 to generate pension income.

## 2021 Canada Pension Plan

Type of pension or benefit	Max Payment/Month
Retirement pension (at age 65)	\$1,175.83
Post-retirement benefit (at age 65)	\$29.40
Disability benefit	\$1,387.66
Post-retirement disability benefit	\$505.79
Survivor's pension – younger than 65	\$638.28
Survivor's pension – 65 and older	\$705.50
Children of disabled CPP contributors	\$255.03
Children of deceased CPP contributors	\$255.03
Death benefit (one time payment)	\$2,500.00

Pensions start at age 65. Pensions are reduced by 0.6% for each month you receive it before age 65 (starting from age 60). Pensions are increased by 0.7% for each month you delay receiving it (up to age 70).

## Old Age Security Pension (OAS) October to December 2020

Benefits start at age 65 and increase by 0.6% for each month that you defer payments (up to age 70).	Max Payment/Month	Maximum Income
	\$614.14	\$128,137

### OAS, Guaranteed Income Supplement (GIS)

Individuals	Max Payment/Month	Maximum Income
Single, widowed or divorced	\$917	\$18,624 (individual)
Couples		
Spouse/common-law partner receives the full OAS pension	\$552	\$24,576 (combined)
Spouse/common-law partner does not receive the full OAS pension	\$917	\$44,640 (combined)
Spouse/common-law partner receives the Allowance	\$552	\$44,640 (combined)

### OAS, GIS Allowance

Spouse/common-law partner receives the GIS and the full OAS pension	\$1,166	\$34,416 (combined)
Allowance for the survivor	\$1,390	\$25,080 (individual)

### OAS Clawback

If your income is over the Threshold amount, OAS is clawed back by 15% x the excess over the Threshold. The full OAS benefit is clawed back if your net income is over \$128,137. Consider deferring deductions prior to receiving OAS in order to increase your income in earlier years.

2020 Threshold	\$79,054
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Disclaimer: The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate. Do not act on such information without appropriate professional advice.

# 2020 Corporate Income Tax Rates

	Federal	Alberta	Total
Small Business Tax Rate	9%	2%	11%
General Corporate Tax Rate	15%	10% / 8%	25% / 23%
Investment Income	38.70%**	10% / 8%	48.7% / 46.7%***
Capital Gains	19.35%	5% / 4%	24.35% / 23.35%
Small Business Limit	\$ 500,000		

The small business tax rate is available on active business income up to the small business limit. The small business limit decreases if the corporation's taxable capital exceeds \$10 million or if aggregate investment income exceeds \$50,000.

\*\*\* The federal tax rate on investment income includes a 10.67% refundable tax.






2020 Lifetime Capital Gains Exemption \$883,384.00

## The Clearly Financials Difference

Running a business can be complicated. A good accountant will interpret the numbers for you and guide you to grow a profitable business.

At Clearly Financials, we pride ourselves on helping our clients establish effective systems which make their companies operate intelligently and efficiently. We help progressive business owners save time, solve problems and keep more of their money in their own pockets.

## Our Services

				
<b>BUSINESS FOUNDATION SERVICES</b>	<b>SMART ACCOUNTING</b>	<b>BUSINESS PERFORMANCE MANAGEMENT</b>	<b>ADVISORY SERVICES</b>	<b>PERSONAL TAX SERVICES</b>
Get your business started off right	We use modern tech to make your paperwork easy	Grow your business	Plan for your family's future	Get all the tax credits you are entitled to
<ul style="list-style-type: none"> <li>✓ Business Structure Selection (Sole-proprietorship, partnership, corporation)</li> <li>✓ Business Plans</li> <li>✓ Business Setup</li> </ul>	<ul style="list-style-type: none"> <li>✓ Corporate Tax</li> <li>✓ Bookkeeping</li> <li>✓ Online Payroll</li> <li>✓ GST Filing</li> </ul>	<ul style="list-style-type: none"> <li>✓ Forecasting</li> <li>✓ Goal Setting</li> <li>✓ Budgeting</li> <li>✓ Scenario Planning</li> </ul>	<ul style="list-style-type: none"> <li>✓ Succession planning</li> <li>✓ Estate Planning</li> <li>✓ Buying or Selling a Business</li> </ul>	<ul style="list-style-type: none"> <li>✓ Self-employed individuals</li> <li>✓ Rental activities</li> <li>✓ E-Commerce</li> <li>✓ Investment Activity</li> </ul>

Kelvin is the President of Clearly Financials, with over 16 years of industry experience. He has successfully empowered businesses and individuals to achieve their financial ambitions. Kelvin works closely with his clients to improve their efficiencies and profitability. Kelvin will guide you to understand your numbers in a meaningful way and help you get the most out of your business.

