



JANUARY 2010

Tax Changes and Deadlines for the 2010 Tax Year

A number of tax changes will take effect on January 1, 2010, most of them affecting individual taxpayers. The more significant changes are listed below.

RRSP deduction limit increases to \$22,000

The RRSP contribution limit for the 2010 tax year (for which the deadline is March 1, 2010) will increase to \$22,000. In order to make the maximum contribution for 2010, it will be necessary to have earned income for the 2009 taxation year of \$122,222.

Individual tax instalment deadlines for 2010

Millions of individual taxpayers pay income tax by quarterly instalments, which are usually due on the 15th day of each of March, June, September, and December. As each of those dates in 2010 falls on a regular business day, the 15th of each of those months will be the actual payment deadline.

Reduction in federal corporate tax rates

The general corporate tax rate is reduced, effective January 1, 2010, to 18%. There is no change in any other federal corporate tax for 2010.

Federal Individual Tax Rates and Brackets for 2010

The indexing factor for federal tax credits and brackets for 2010 is 0.6%. Consequently, the following federal tax rates and brackets will be in effect for individuals for the 2010 tax year:

Income Level	Federal Tax Rate
\$10,382 - \$40,970	15%
\$40,971 - \$81,941	22%
\$81,942 - \$127,021	26%
Above \$127,021	29%

There is no change in federal individual tax rates for 2010.

Federal Individual Tax Credits for 2010

Dollar amounts on which individual non-refundable federal tax credits for 2010 are based, and the actual tax credit claimable, will be as follows:

	Credit Amount	Tax Credit
Basic personal amount	10,382	1,557
Spouse or common-law partner amount	10,382*	1,557
Child amount	2,101	315
Eligible dependant amount	10,382*	1,557
Age amount	6,446	967
Net income threshold for erosion of credit	32,506	
Infirm dependant amount (over 18)	4,223	633
Net income threshold for erosion of credit	5,992	

Federal Corporate Tax Rates for 2010

The general federal corporate tax rate and the rate applied to income from manufacturing and processing will be reduced from 19% to 18%, effective January 1, 2010.

The small business tax rate remains at 11%, and the federal small business limit is unchanged at \$500,000.

The general corporate tax rate change will be prorated for corporations having non-calendar-year year ends.

The information presented is only of a general nature, may omit many details and special rules, is current only as of its published date, and accordingly cannot be regarded as legal or tax advice. Please contact our office for more information on this subject and how it pertains to your specific tax or financial situation.