

Tax facts and figures

Canada 2020

Canadian individual and corporate tax changes, tax rates, tax deadlines and a wide range of other valuable tax information.



pwc.com/ca/taxfacts

Key 2020 income tax rates – individuals and corporations

Applies to taxable income above \$214,368 in all jurisdictions except:

- \$314,928 in Alberta
- \$220,000 in British Columbia
- \$220,000 in Ontario
- \$500,000 in Yukon

Individuals (page 5)

	Top combined marginal rates			
	Ordinary income and interest	Capital gains	Canadian dividends	
			Eligible	Non-eligible
Federal	33.00%	16.50%	24.81%	27.57%
Alberta	48.00%	24.00%	31.71%	42.31%
British Columbia	53.50%	26.75%	36.54%	48.89%
Manitoba	50.40%	25.20%	37.78%	46.67%
New Brunswick	53.30%	26.65%	33.51%	47.75%
Newfoundland and Labrador	51.30%	25.65%	42.61%	44.59%
Northwest Territories	47.05%	23.53%	28.33%	36.82%
Nova Scotia	54.00%	27.00%	41.58%	48.28%
Nunavut	44.50%	22.25%	33.08%	37.79%
Ontario	53.53%	26.76%	39.34%	47.74%
Prince Edward Island	51.37%	25.69%	34.22%	45.22%
Quebec	53.31%	26.65%	40.11%	47.14%
Saskatchewan	47.50%	23.75%	29.64%	40.37%
Yukon	48.00%	24.00%	28.93%	42.17%

Corporations (page 18)

	Combined rates		
	General and M&P	Canadian-Controlled Private Corporations (CCPCs) Active business income to \$500,000	Investment income
	15%	9%	38.67%
	23.99%	11%	47.66%
	27%	11%	50.67%
	27%	9%	50.67%
	29%	11.5%	52.67%
	30%	12%	53.67%
	26.5%	13%	50.17%
	29.5%	11.62%	53.16%
	27%	12%	50.67%
General M&P	26.5%	12.2%	50.17%
	25%	n/a	n/a
	31%	12%	54.67%
General M&P	26.5%	14%	50.17%
		13%	n/a
General M&P	27%	11%	50.67%
	25%	n/a	n/a
General M&P	27%	11%	50.67%
	17.5%	10.5%	n/a

For December 31 year end (12-month taxation year).

Saskatchewan's CCPC threshold is \$600,000; the combined rate that applies to active business income from \$500,000 to \$600,000 is 17%.

Tax facts and figures is on our website: www.pwc.com/ca/taxfacts

Cette brochure est également disponible en français: www.pwc.com/ca/renfiscaux

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Tax facts and figures

Canada 2020

A message from our tax leader

This is an unprecedented year, due to the impact of the COVID-19 pandemic on Canadian and worldwide economies. Canada's federal, provincial and territorial governments have responded with economic measures to support individuals and businesses financially during this challenging period. The past year has also seen the election of a minority federal government. Combined with the COVID-19 pandemic, this has slowed the implementation of proposed tax measures and limited the announcement of new tax initiatives. Meanwhile, some provincial and territorial governments have reduced corporate income tax rates, mostly for small businesses.

PwC's 43rd edition of *Tax facts and figures* will help you stay up-to-date on key Canadian tax developments that apply to you or your company. A valuable tax reference tool, this publication puts Canadian individual and corporate tax rates and deadlines at your fingertips.

To stay informed throughout the year, explore the wealth of tax publications on our website: www.pwc.com/ca/taxpublications. Subscribe or update your contact information by visiting www.pwc.com/ca/stayintouch. To keep current on the federal, provincial and territorial governments' continuing response to the constantly changing COVID-19 economic landscape, read our *Government economic response to COVID-19* updates at www.pwc.com/ca/tax/covid-19.

Also, check out PwC's:

- Tax rate app* to get the latest corporate, personal and sales tax rates
- income tax calculator at www.pwc.com/ca/calculator to estimate your personal tax bill and marginal tax rates
- worldwide tax summaries at www.pwc.com/taxsummaries for summaries on corporate and personal tax systems in over 150 countries

Tax information is most effective when used in tandem with professional advice. We would be happy to help you plan for and respond to the many tax issues you or your business face. Please contact us.



Dean Landry
National Managing Partner, Tax
PwC Canada

Let's talk

For a deeper discussion of how the tax information in *Tax facts and figures* might affect you or your business, please contact:

- your PwC tax adviser
- any of the individuals listed at www.pwc.com/ca/taxcontacts

Office addresses and telephone numbers are available at www.pwc.com/ca/offices.

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Rates and other information are current to September 1, 2020, but may change as a result of legislation or regulations issued after that date.

Highlights for individuals and corporations: 2020 and beyond

Federal

At the publication date, the federal government had not tabled a budget for its 2020-2021 fiscal year. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Personal and corporate income tax rates: unchanged (pp. 9, 23)

Personal tax amounts: Basic and spouse/equivalent to spouse personal amounts gradually increasing to \$15,000 by 2023 for certain individuals (p. 9)

COVID-19 response: Canada Emergency Response Benefit, Canada Emergency Wage Subsidy and Temporary Wage Subsidy introduced (pp. 9, 23)

Income tax returns and payments: deadlines extended during COVID-19 pandemic (pp. 9, 10, 23)

Employee stock options: limits to restrict beneficial treatment of stock options proposed (p. 9)

Alberta

Personal income tax rates: increasing for eligible dividends in 2021 and 2022 (p. 10)

Corporate income tax rates: general and M&P rate decreased from 11% to 10% on January 1, 2020, and to 8% on July 1, 2020; small business CCPC rate unchanged (p. 24)

Personal and business tax credits: many eliminated, including the Scientific Research and Experimental Development tax credit (pp. 10, 24, 25)

British Columbia

Personal income tax rates: new 20.5% top rate introduced for taxable income exceeding \$220,000, starting 2020 (p. 11)

Corporate income tax rates: unchanged (p. 25)

Manitoba

Personal and corporate income tax rates: unchanged (pp. 11, 26)

Probate fees: to be eliminated, for applications made on or after royal assent of enacting legislation (pp. 8, 11)

Provincial sales tax (PST): rate decrease from 7% to 6% postponed until further notice (pp. 11, 26)

New Brunswick

Personal and corporate income tax rates: unchanged (pp. 12, 26)

Newfoundland and Labrador

At the publication date, Newfoundland and Labrador had not tabled a budget for its 2020-2021 fiscal year. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Personal and corporate income tax rates: unchanged (pp. 12, 27)

Northwest Territories

Personal and corporate income tax rates: unchanged (pp. 13, 27)

Highlights for individuals and corporations: 2020 and beyond

Nova Scotia

Personal income tax rates: unchanged (p. 13)

Corporate income tax rates: decreased on April 1, 2020, general and M&P rate from 16% to 14% and small business CCPC rate from 3% to 2.5% (p. 28)

Nunavut

Personal and corporate income tax rates: unchanged (pp. 14, 28)

Ontario

At the publication date, Ontario had not tabled a budget for its 2020-2021 fiscal year. Instead, the government released an economic and fiscal update. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Personal income tax rates: unchanged (p. 14)

Corporate income tax rates: general and M&P rate unchanged; small business CCPC rate decreased from 3.5% to 3.2% on January 1, 2020 (p. 29)

Prince Edward Island

Personal income tax rates: increasing for non-eligible dividends in 2021 (p. 15)

Corporate income tax rates: general and M&P rate unchanged; small business CCPC rate decreased from 3.5% to 3% on January 1, 2020, and decreasing to 2% on January 1, 2021 (p. 29)

Quebec

Personal income tax rates: increased for eligible and non-eligible dividends in 2020, and increasing for non-eligible dividends in 2021 (p. 15)

Corporate income tax rates: general and M&P rate decreased from 11.6% to 11.5% on January 1, 2020; small business regular CCPC rate decreased from 6% to 5% on January 1, 2020 and decreasing to 4% on January 1, 2021; small business CCPC M&P rate remains 4% (p. 30)

Personal and business tax credits: many changes (pp. 15, 16, 30, 31)

Voluntary Disclosure Program (VDP): tightened and more harmonized with Canada Revenue Agency's VDP (pp. 16, 31)

Saskatchewan

Personal and corporate income tax rates: unchanged (p. 17, 32)

Yukon

Personal income tax rates: increasing for non-eligible dividends in 2021 (p. 17)

Corporate income tax rates: general and M&P rate unchanged; small business CCPC non-M&P and M&P rates decreasing to 0% (from 2% and 1.5%, respectively) on January 1, 2021 (p. 32)

Research and development tax credit: rate for corporations decreasing for eligible R&D expenditures incurred in taxation years ending after December 31, 2020; rate for individuals unchanged (p. 32)

Individuals

Individual marginal rates

The tables on this page and page 5 show 2020 combined federal and provincial (or territorial) marginal tax rates – the percentage of tax paid on the last dollar of income, or on additional income.

Provincial brackets below \$13,229 are not shown.

	Taxable income \$13,229 ¹ to \$48,535					Taxable income \$48,535 to \$97,069					Taxable income \$97,069 to \$150,473				
	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends ² Eligible % Non-eligible %		Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends ² Eligible % Non-eligible %		Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends ² Eligible % Non-eligible %	
Federal	13,229	15.00	7.50	(0.03) to 0	6.87	48,535	20.50	10.25	7.56	13.19	97,069	26.00	13.00	15.15	19.52
Alberta	19,369 13,229	25.00 15.00	12.50 7.50	(0.03) to 0 (0.03) to 0	15.86 6.87	48,535	30.50	15.25	7.56	22.18	131,220 97,069	38.00 36.00	19.00 18.00	17.91 15.15	30.81 28.51
British Columbia	41,725 13,229	22.70 20.06	11.35 10.03	(5.96) to 0 (9.60) to 0	13.47 10.43	95,812 83,451 48,535	32.79 31.00 28.20	16.40 15.50 14.10	7.96 5.49 to 7.56 1.63 to 7.56	25.07 23.01 19.79	116,344 97,069	40.70 38.29	20.35 19.15	18.88 15.55	34.17 31.39
Manitoba	33,389 13,229	27.75 25.80	13.88 12.90	6.53 to 6.56 3.84 to 3.86	20.63 18.38	72,164 48,535	37.90 33.25	18.95 16.63	20.53 14.12	32.30 26.95	97,069	43.40	21.70	28.12	38.62
New Brunswick	43,401 13,229	29.82 24.68	14.91 12.34	1.10 to 1.13 (5.99) to 0	20.75 14.83	86,803 48,535	37.02 35.32	18.51 17.66	11.04 8.69	29.03 27.07	141,122 97,069	43.84 42.52	21.92 21.26	20.45 18.63	36.87 35.35
Newfoundland and Labrador	37,929 13,229	29.50 23.70	14.75 11.85	12.53 to 12.56 4.53 to 4.55	19.52 12.85	75,858 48,535	36.30 35.00	18.15 17.50	21.91 20.12	27.34 25.84	135,432 97,069	43.30 41.80	21.65 20.90	31.57 29.50	35.39 33.66
Northwest Territories	43,957 15,093 13,229	23.60 20.90 15.00	11.80 10.45 7.50	(4.03) to 0 (7.76) to 0 (0.03) to 0	9.86 6.75 to 6.87 6.87	87,916 48,535	32.70 29.10	16.35 14.55	8.53 3.56 to 7.56	20.32 16.18	142,932 97,069	40.05 38.20	20.03 19.10	18.67 16.12	28.77 26.65
Nova Scotia	29,590 ³ 25,000 ³ 13,229	30.48 24.32 23.79	15.24 12.16 11.90	9.12 to 9.15 0.62 to 0.65 (0.11) to 0	21.23 14.14 13.54	93,000 75,000 ³ 59,180 ³ 48,535 ³	38.00 37.17 37.70 35.98	19.00 18.59 18.85 17.99	19.50 18.35 19.08 16.71	29.88 28.92 29.53 27.55	150,000 97,069	47.00 43.50	23.50 21.75	31.92 27.09	40.23 36.20
Nunavut	46,277 16,304 13,229	22.00 19.00 15.00	11.00 9.50 7.50	2.03 to 2.06 (2.11) to 0 (0.03) to 0	11.91 8.46 6.87	92,555 48,535	29.50 27.50	14.75 13.75	12.38 9.62	20.54 18.24	97,069	35.00	17.50	19.97	26.86
Ontario	44,740 13,229	24.15 20.05	12.08 10.03	(1.20) to 0 (6.86) to 0	13.95 9.24	92,827 89,482 78,786 48,535	37.91 33.89 31.48 29.65	18.95 16.95 15.74 14.83	17.79 12.24 8.92 6.39 to 7.56	29.78 25.16 22.38 20.28	150,000 97,069	44.97 43.41	22.48 21.70	27.53 25.38	37.90 36.10
Prince Edward Island	31,984 13,229	28.80 24.80	14.40 12.40	4.53 to 4.55 (0.99) to 0	19.58 14.98	63,969 48,535	37.20 34.30	18.60 17.15	16.12 12.12	29.24 25.91	99,488 97,069	44.37 42.70	22.19 21.35	24.56 23.71	37.17 35.57
Quebec	44,545 15,532 13,229	32.53 27.53 12.53	16.26 13.76 6.26	11.43 to 11.45 4.53 to 4.55 (0.02) to 0	23.25 17.50 5.73	89,080 48,535	41.12 37.12	20.56 18.56	23.29 17.77	33.13 28.53	108,390 97,069	47.46 45.71	23.73 22.86	32.04 29.63	40.42 38.41
Saskatchewan	45,225 16,065 13,229	27.50 25.50 15.00	13.75 12.75 7.50	2.04 to 2.07 (0.72) to 0 (0.03) to 0	17.37 15.07 6.87	48,535	33.00	16.50	9.63	23.70	129,214 97,069	40.50 38.50	20.25 19.25	19.98 17.22	32.32 30.02
Yukon	13,229	21.40	10.70	(7.78) to 0	11.58	48,535	29.50	14.75	3.40 to 7.56	20.90	97,069	36.90	18.45	13.61 to 15.15	29.41
Non-resident⁴	13,229	22.20	11.10	(0.04) to 0	10.16	48,535	30.34	15.17	11.19	19.52	97,069	38.48	19.24	22.43	28.88

See page 5 for footnotes.

Individuals

Individual marginal rates (continued)

	Taxable income \$150,473 to \$214,368 ¹					Taxable income > \$214,368				
	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends ²		Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends ²	
				Eligible %	Non-eligible %				Eligible %	Non-eligible %
Federal	150,473	29.22	14.61	19.59	23.22	214,368	33.00	16.50	24.81	27.57
Alberta	209,952	43.22	21.61	25.11	36.81	314,928	48.00	24.00	31.71	42.31
	157,464	42.22	21.11	23.73	35.66	214,368	47.00	23.50	30.33	41.16
	150,473	41.22	20.61	22.35	34.51					
British Columbia	157,748	46.02	23.01	26.22	40.28	220,000 ⁵	53.50	26.75	36.54	48.89
	150,473	43.92	21.96	23.32	37.87	214,368	49.80	24.90	31.44	44.63
Manitoba	150,473	46.62	23.31	32.57	42.33	214,368	50.40	25.20	37.78	46.67
New Brunswick	160,776	49.52	24.76	28.29	43.40					
	150,473	47.06	23.53	24.89	40.57	214,368	53.30	26.65	33.51	47.75
Newfoundland and Labrador	189,604	47.52	23.76	37.40	40.24					
	150,473	46.52	23.26	36.02	39.09	214,368	51.30	25.65	42.61	44.59
Northwest Territories	150,473	43.27	21.63	23.11	32.47	214,368	47.05	23.53	28.33	36.82
Nova Scotia	150,473	50.22	25.11	36.36	43.93	214,368	54.00	27.00	41.58	48.28
Nunavut	150,473	40.72	20.36	27.86	33.44	214,368	44.50	22.25	33.08	37.79
Ontario						220,000	53.53	26.76	39.34	47.74
	150,473	48.19	24.09	31.97	41.60	214,368	51.97	25.98	37.19	45.95
Prince Edward Island	150,473	47.59	23.79	29.01	40.88	214,368	51.37	25.69	34.22	45.22
Quebec	150,473	50.15	25.07	35.75	43.51	214,368	53.31	26.65	40.11	47.14
Saskatchewan	150,473	43.72	21.86	24.42	36.03	214,368	47.50	23.75	29.64	40.37
Yukon						500,000	48.00	24.00	28.93	42.17
	150,473	42.11	21.06	20.80	35.40	214,368	45.80	22.90	25.89	39.64
Non-resident⁴	150,473	42.92	21.46	28.55	33.99	214,368	48.84	24.42	36.72	40.80

- The table reflects the proposed increase to the federal (and Yukon) basic personal amount (BPA) from \$12,298 to \$13,229. The proposed additional BPA of \$931 is gradually clawed back when taxable income exceeds \$150,473, and eliminated when taxable income reaches \$214,368. The marginal rates for taxable income between \$150,473 and \$214,368 reflect this claw-back (except for the non-resident rates, because a non-resident can claim the BPA only if all or substantially all (i.e. 90% or more) of the non-resident's worldwide income is included in his or her taxable income earned in Canada for the year).
- Eligible dividends are designated as such by the payor. Most dividends paid by public corporations are eligible dividends. When two dividend rates are indicated, the rate that applies depends on the level of the taxpayer's other income, with the higher rate applying if the taxpayer has no other income.
- The table reflects Nova Scotia's enhanced BPA, which is gradually clawed back when taxable income exceeds \$25,000 and eliminated when taxable income reaches \$75,000. The marginal rates for taxable income between \$25,000 and \$75,000 reflect this claw-back, which causes the rates to drop slightly at \$75,000.
- Non-resident rates for interest and dividends apply only in limited cases; generally, interest (other than most interest paid to arm's-length non-residents) and dividends are subject to Part XIII non-resident withholding tax.
- The table reflects British Columbia's new 20.5% tax rate that applies on taxable income over \$220,000, starting 2020.

Individuals

How much tax? Individual tax table

This table shows 2020 combined federal and provincial (or territorial) income taxes payable, assuming all income is interest or ordinary income (such as salary) and only the basic personal tax credit is claimed (except for non-residents).

Certain types of income and deductions may trigger alternative minimum tax (AMT), affecting the results.

For Quebec, the federal income tax amounts shown should be reduced by the 16.5% "Quebec abatement." See page 15.

The amounts reflect the proposed increase to the federal (and Yukon) basic personal amount, from \$12,298 to \$13,229 for 2020, if taxable income is under \$214,368. See pages 9 and 17.

The amounts reflect British Columbia's new 20.5% tax rate that applies on taxable income over \$220,000, starting 2020.

For Nova Scotia, the amounts reflect the increase in Nova Scotia's basic personal amount by up to \$3,000 if taxable income is under \$75,000. See page 13.

This table assumes the non-resident will not qualify for the basic personal tax credit. A non-resident can claim this credit only if all or substantially all (i.e. 90% or more) of his or her worldwide income is included in taxable income earned in Canada for the year. Instead of provincial or territorial tax, non-residents pay an additional 48% of basic federal tax on income taxable in Canada that is not earned in a province or territory. Non-residents are subject to provincial or territorial rates on employment income earned, and business income connected with a permanent establishment, in the respective province or territory. Different rates may apply to non-residents in other circumstances. For the taxation of interest and dividends paid to non-residents, see footnote 4 on page 5.

		Combined 2020 federal and provincial/territorial income tax															
		Federal income tax	AB	BC	MB	NB	NL	NWT	NS	NU	ON	PEI	QC	SK	YT	Non-resident	
Taxable income ↑	\$1,000,000	\$307,058	\$445,673	\$492,094	\$475,989	\$499,521	\$482,118	\$439,672	\$507,450	\$414,405	\$496,874	\$484,982	\$503,876	\$446,883	\$439,306	\$457,176	\$1,000,000
	500,000	142,058	205,673	224,594	223,989	233,021	225,618	204,422	237,450	191,905	229,226	228,132	237,351	209,383	199,306	212,976	500,000
	400,000	109,058	157,673	171,094	173,589	179,721	174,318	157,372	183,450	147,405	175,696	176,762	184,046	161,883	153,506	164,136	400,000
	300,000	76,058	109,823	117,594	123,189	126,421	123,018	110,322	129,450	102,905	122,167	125,392	130,741	114,383	107,706	115,296	300,000
	250,000	59,558	86,323	90,844	97,989	99,771	97,368	86,797	102,450	80,655	95,402	99,707	104,089	90,633	84,806	90,876	250,000
	200,000	43,601	63,466	65,378	73,332	73,665	72,262	63,815	75,993	58,948	69,492	74,566	77,890	67,426	62,436	67,307	200,000
	150,000	29,007	42,446	42,546	50,038	49,186	48,914	42,196	50,899	38,616	45,413	50,787	52,829	45,582	41,405	45,868	150,000
	100,000	16,007	24,071	22,590	28,338	27,809	27,795	22,965	29,149	21,116	23,709	28,602	29,246	25,916	22,955	26,628	100,000
	90,000	13,796	20,859	19,254	24,387	23,945	24,004	19,534	25,213	18,056	19,870	24,712	25,000	22,455	19,788	23,355	90,000
	80,000	11,746	17,809	16,251	20,597	20,359	20,374	16,549	21,496	15,306	16,710	20,992	21,251	19,155	16,838	20,321	80,000
	70,000	9,696	14,759	13,431	16,908	16,827	16,820	13,639	17,753	12,556	13,722	17,272	17,539	15,855	13,888	17,287	70,000
	60,000	7,646	11,709	10,611	13,583	13,295	13,320	10,729	13,983	9,806	10,757	13,667	13,828	12,555	10,938	14,253	60,000
	50,000	5,596	8,659	7,791	10,258	9,763	9,820	7,819	10,371	7,056	7,792	10,237	10,116	9,255	7,988	11,219	50,000
	40,000	4,016	6,079	5,486	7,402	6,875	6,789	5,485	7,243	4,963	5,491	7,276	7,023	6,529	5,729	8,880	40,000
	30,000	2,516	3,579	3,480	4,693	4,407	4,299	3,395	4,195	3,063	3,486	4,476	4,271	3,979	3,589	6,660	30,000
	20,000	1,016	1,079	1,474	2,113	1,939	1,929	1,305	1,764	1,163	1,481	1,996	1,518	1,429	1,449	4,440	20,000

Taxable income ↑

Individuals

Income tax filing and payment deadlines – individuals and trusts – 2020

Deadlines falling on holidays or weekends may be extended to the next business day. See page 38 for other filing deadlines.

However, the Canada Revenue Agency's administrative policy is to not charge instalment interest or penalties to a trust.

	Instalments for 2020		Filing deadline and balance due for 2020 year	Tax forms
	Required	Deadline		
Individuals	If tax payable in 2020 and either 2019 or 2018 exceeds tax withheld by more than \$3,000 (\$1,800 for Quebec residents)	15th of March, June, September, December, 2020 ¹	April 30, 2021 (extensions may be available)	T1 (and TP-1.D-V for Quebec filers)
Trusts Inter vivos Testamentary			90 days after trust year end ¹	T3 (and TP-646-V for Quebec filers)

Graduated rate estates (an estate that is a testamentary trust, for the first 36 months after the date of death) are not required to remit instalments.

Mutual fund trusts can elect to have a taxation year that ends on December 15.

Trusts	Trust created	Year end	Tax rate
	Inter vivos	During lifetime	December 31
Testamentary	On death		

Exceptions apply to graduated rate estates and qualifying disability trusts, which are taxed at personal marginal tax rates.

Applies to unit trusts, including mutual fund trusts.

An exception applies to graduated rate estates, which can have non-calendar year ends.

See page 5 for tax rates.

1. In response to the COVID-19 pandemic:

- penalties and interest will not apply to:
 - 2020 quarterly instalments that are ordinarily due June 15 and September 15, 2020
 - any income tax amounts owing by trusts that are ordinarily due March 18 (or for Quebec, March 17) to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020
- 2020 trust returns ordinarily due:
 - March 31 to May 30, 2020 are instead due by June 1, 2020
 - May 31 to August 31, 2020 are instead due by September 1, 2020, however, late-filing penalties will not be imposed on these returns if they are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020

See pages 9, 10, 15 and 16.

	Filing deadline and balance due for 2020 year – Special cases	
	Filing	Balance due
Taxpayer (or spouse) carried on a business	June 15, 2021 ²	
Non-resident	If a non-resident receives: <ul style="list-style-type: none"> rental income on Canadian real property and elects to file under section 216, filing deadline is two years after end of year the income was paid or credited (June 30, 2021 if NR6 was filed) certain Canadian pension, retirement and social assistance benefits and elects to file under section 217, filing deadline is June 30, 2021 	April 30, 2021 (no extension)
Taxpayer died	Return for year of death—If a taxpayer died: <ul style="list-style-type: none"> January to October 2020, filing deadline² is April 30, 2021 November to December 2020, filing deadline² is 6 months after date of death Return for year before death—If a taxpayer died: <ul style="list-style-type: none"> after 2020 year-end, but before filing deadline for the 2020 return, filing deadline² is 6 months after date of death 	For deceased, if died: <ul style="list-style-type: none"> January to October 2020, April 30, 2021 November to December 2020, 6 months after date of death For spouse, April 30, 2021.

Non-residents are not subject to instalment or filing requirements on these (and certain other) receipts. Instead, 25% Part XIII withholding tax applies (may be reduced by treaty).

If a taxpayer (or his/her spouse) carried on a business and died:

- January 1 to December 15, 2020, filing deadline² is June 15, 2021
- December 16 to December 31, 2020, filing deadline² is 6 months after date of death

For more information and post-publication changes, see:

- Canada Revenue Agency web page “CRA and COVID-19 Income tax filing and payment deadlines” at www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html
- Revenu Québec web pages “COVID-19: FAQ for individuals” and “Relief measures for individuals and businesses” at www.revenuquebec.ca/en/coronavirus-disease-covid-19/

2. Applies to taxpayer and his or her spouse.

Individuals

Probate fees (for estates over \$50,000)

Probate is an administrative procedure under which a court validates a deceased's will and confirms the appointment of the executor.

This table shows probate fees or administrative charges for probating a will. Other fees may also apply.

For some provinces and territories, different rates may apply to smaller estates (less than \$50,000).

Manitoba intends to eliminate its probate fees. See page 11.

	Fee schedule (value over \$50,000)	Example fees		
		\$500,000 value	\$2,000,000 value	\$5,000,000 value
Alberta	\$275 to \$525	\$525		
British Columbia	\$350 + 1.4% of portion > \$50,000	\$6,650	\$27,650	\$69,650
Manitoba	\$70 + 0.7% of portion > \$10,000	\$3,500	\$14,000	\$35,000
New Brunswick	0.5% of estate	\$2,500	\$10,000	\$25,000
Newfoundland and Labrador	\$60 + 0.6% of portion > \$1,000	\$3,054	\$12,054	\$30,054
Northwest Territories	\$215 to \$435	\$435		
Nova Scotia	\$1,003 + 1.695% of portion > \$100,000	\$7,783	\$33,208	\$84,058
Nunavut	\$200 to \$400	\$400		
Ontario	1.5% of portion > \$50,000	\$6,750	\$29,250	\$74,250
Prince Edward Island	\$400 + 0.4% of portion > \$100,000	\$2,000	\$8,000	\$20,000
Quebec	Nominal fee			
Saskatchewan	0.7% of estate	\$3,500	\$14,000	\$35,000
Yukon	\$140	\$140		

Although Quebec does not levy probate fees, wills (other than notarial wills) must be authenticated by the Superior Court of Quebec. A nominal fee applies.

Individuals

Key tax changes

Federal

Individuals with taxable income:

- ≤ \$150,473 will qualify for the \$13,229 basic personal amount
- > \$150,473 will have the \$13,229 basic personal amount gradually reduced to \$12,298, as taxable income approaches \$214,368

	Top federal rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019	33%	16.50%	24.81%	27.57%
2020	33%	16.50%	24.81%	27.57%

2020 Federal					
Basic personal amount	\$12,298 to \$13,229		Indexing factor	1.9%	
Bracket	\$0	\$48,535	\$97,069	\$150,473	\$214,368
Rate	15%	20.5%	26%	29%	33%

Highlights of changes

Personal tax system: Starting 2020, the basic and spouse/equivalent to spouse personal amounts will gradually increase to \$15,000 by 2023, but only for taxpayers with taxable income equal or below the second top tax bracket (i.e. \$150,473 in 2020), with the benefit of the increased personal amount eliminated when taxable income reaches the top tax bracket (i.e. \$214,368 in 2020).

Personal tax returns and payments: In response to the COVID-19 pandemic, the filing deadline for an individual's 2019 income tax return (including Form T1135, Form T106 and any elections, forms and schedules that must be filed with the return) was administratively extended from April 30, 2020 to June 1, 2020. The deadline remained June 15, 2020 for individuals and their spouses who operate a business. However, the Canada Revenue Agency (CRA) will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition, penalties and interest will not apply to:

- 2019 tax return balances owing
 - June 15, 2020 and September 15, 2020 instalments,
- if the payments are made by the extended payment deadline of September 30, 2020.

For more information and post-publication changes, see CRA web page "CRA and COVID-19 Income tax filing and payment deadlines" at www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html.

Canada Emergency Response Benefit (CERB): Eligible individuals who have lost their jobs, are working reduced hours and earning \$1,000 or less in employment income in a 4-week period, or are unable to earn income due to the COVID-19 pandemic may be eligible to claim the CERB, a taxable benefit of \$2,000 for each 4-week period (maximum of seven 4-week periods), from March 15, 2020 to September 26, 2020. To help individuals transition from the CERB, the federal government proposes, starting September 27, 2020, to:

- temporarily enhance the Employment Insurance (EI) program by easing eligibility requirements and increasing minimum benefits
- introduce the Canada Recovery Benefit, the Canada Recovery Sickness Benefit and the Canada Recovery Caregiving Benefit for individuals who are not eligible for EI benefits

Canada Emergency Student Benefit (CESB): Eligible post-secondary students and recent post-secondary and high school graduates who are unable to find work due to the COVID-19 pandemic, or are working and earning \$1,000 or less in employment income in a 4-week period, may be eligible to claim the CESB, a taxable benefit of \$1,250 for each 4-week period (\$2,000 if the claimant has dependants or a disability) from May to August 2020.

Interest on tax debts: In response to the COVID-19 pandemic, the CRA will waive arrears interest on tax debts related to individual, corporate and trust income tax returns from April 1, 2020 to September 30, 2020, and for Goods and Services Tax/Harmonized Sales Tax (GST/HST) returns from April 1, 2020 to June 30, 2020. However, the CRA will not cancel penalties and interest already assessed on a taxpayer's account before April 1, 2020.

Employee stock options: The government intends to limit the use of the current employee stock option tax regime, by proposing a \$200,000 annual limit on employee stock option grants that may receive the current preferential tax treatment, for employee stock options granted after a date yet to be announced. The limit will not apply to options granted by CCPCs and certain other corporations (to be prescribed by regulation). See our *Tax Insights* "Finance releases draft proposals on stock option deduction limit" at www.pwc.com/ca/taxinsights.

Automobile deductions and benefits: The 2020 prescribed rates for automobiles will remain at their 2019 levels, except for that used to determine tax-exempt allowances, which has increased by 1¢/km. See *Car expenses and benefits – A tax guide* at www.pwc.com/ca/carexpenses.

Retirement savings plans and deferred profit sharing plans: Contribution limits will increase. See page 35.

Defined benefit registered pension plans (RPPs):

The maximum pension benefit that can be paid from these plans is increasing as shown:

	Pension benefit (per year of service)
2019	\$3,026
2020	\$3,092
2021	Indexed

Amounts are 1/9 of the defined contribution RPP maximum contribution limit for the year. See page 35.

Registered retirement income funds (RRIFs): In response to the COVID-19 pandemic, the required minimum withdrawals from RRIFs are reduced by 25% for 2020. This change to minimum withdrawals also applies to variable benefit payments from a money purchase registered pension plan (RPP) and a pooled registered pension plan (PRPP), but does not apply to minimum withdrawals from individual pension plans.

Individuals

Payment of investment management fees: The Department of Finance is recommending that, starting 2018 taxation years, the “advantage” tax rules will not apply to reasonable investment management fees paid by a plan annuitant or holder in respect of registered plans, such as registered retirement savings plans (RRSPs), RRIIFs, or tax-free savings accounts (TFSA). See our *Tax Insights* “Finance proposes relief for investment management fees of registered plans” at www.pwc.com/ca/taxinsights.

Trust returns and payments: In response to the COVID-19 pandemic, the filing deadline was administratively extended to:

- May 1, 2020, for 2019 T3 trust returns ordinarily due March 30, 2020
- June 1, 2020, for T3 trust returns ordinarily due March 31 to May 30, 2020
- September 1, 2020, for T3 trust returns ordinarily due May 31 to August 31, 2020

However, the CRA will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition, penalties and interest will not apply to any income tax amounts related to these returns that ordinarily became due March 18 to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020.

For more information and post-publication changes, see CRA web page “CRA and COVID-19 Income tax filing and payment deadlines” at www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html.

Information returns and assessments: In response to the COVID-19 pandemic, many filing deadlines for income reporting, information returns, notices of objection and elections, as well as payment deadlines and timelines for minister assessments and reassessments, have been administratively extended. See CRA web pages:

- “CRA and COVID-19 Income tax filing and payment deadlines” at www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html
- “Time Limits and Other Periods Act (COVID-19)” at www.canada.ca/en/revenue-agency/services/covid-19-ministerial-orders/time-period-other-limits-faq.html

Charities: In response to the COVID-19 pandemic, the filing deadline is administratively extended to December 31, 2020, for a charity with a Registered Charity Information Return filing due date between March 18, 2020 and December 31, 2020.

Tax treaties: Since July 2019, only the tax treaty between Canada and the Republic of Madagascar was ratified and entered into force; no tax treaties have been signed and await ratification, nor were any new negotiations announced.

At the publication date, the federal government had not tabled a budget for its 2020-2021 fiscal year. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Alberta

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	48.00%	24.00%	31.71%	42.31%

2020 Alberta				
Basic personal amount	\$19,369	Indexing factor	n/a	
Bracket	\$0	\$131,220	\$157,464	\$209,952
Rate	10%	12%	13%	14%
				15%

Highlights of changes

Personal tax system: Starting 2020, indexation of personal income tax brackets and personal tax amounts is temporarily suspended.

Dividends:

	Eligible dividends		
	2020	2021	2022
Dividend gross-up	38%		
Dividend tax credit (on grossed-up dividend)	10.0%	9.0465%	8.1178%
Top combined rate	31.71%	33.03%	34.31%

Tuition and education tax credits: These credits were eliminated on January 1, 2020. Unused credits can be carried forward for use after 2019.

Alberta Child and Family Benefit (ACFB): Starting July 2020, the ACFB replaced the Alberta Family Employment Tax Credit and Alberta Child Benefit. The ACFB provides up to \$5,120 per family and depends on family net income and number of children in the family.

Alberta investor tax credit and Community economic development corporation tax credit: These credits have been eliminated, with no new approvals granted after October 23, 2019. Unused credits can be carried forward and claimed under existing rules.

Land transfer tax: For property transfers occurring after December 31, 2019, Alberta's land transfer tax increased to \$50 plus 0.04% of a property's value (up from \$50 plus 0.02% of a property's value). See page 37.

Individuals

British Columbia

Top combined rates					2020 British Columbia				
	Ordinary income	Capital gains	Dividends		Basic personal amount	Indexing factor	Rate	Bracket	Rate
			Eligible	Non-eligible					
2019	49.80%	24.90%	31.44%	44.63%	\$10,949	2.5%	\$0	5.06%	7.7%
2020	53.50%	26.75%	36.54%	48.89%	\$10,949	2.5%	\$0	5.06%	7.7%

Can be reduced for low incomes.

Highlights of changes

Personal tax system: Starting 2020, a 20.5% tax rate applies on taxable income over \$220,000, increasing the province's top rate from 16.8% to 20.5%.

Dividends:

	Eligible dividends		Non-eligible dividends	
	2019	2020	2019	2020
Dividend gross-up	38%		15%	
Dividend tax credit (on grossed-up dividend)	12%		1.96%	
Top combined rate	31.44%	36.54%	44.63%	48.89%

Charitable donation tax credit: Starting 2020, the top charitable donation tax credit rate (for annual donations exceeding \$200) increases from 16.8% to 20.5%, but only to the extent that the individual has income subject to the top 20.5% tax rate.

Training tax credits: These credits are extended by three years to December 31, 2022.

Farmers' food donation tax credit: The credit is extended by three years to December 31, 2023.

Manitoba

Top combined rates					2020 Manitoba				
	Ordinary income	Capital gains	Dividends		Basic personal amount	Indexing factor	Rate	Bracket	Rate
			Eligible	Non-eligible					
2019	50.40%	25.20%	37.78%	46.67%	\$9,838	2.2%	\$0	10.8%	12.75%
2020	50.40%	25.20%	37.78%	46.67%	\$9,838	2.2%	\$0	10.8%	12.75%

Can be reduced for low incomes.

Highlights of changes

Mineral exploration tax credit: This credit is extended by three years, to December 31, 2023.

Community enterprise development tax credit: This credit is extended by one year, to December 31, 2021.

Probate fees: Fees for probate of a deceased person's estate will be eliminated for applications made on or after royal assent of the enacting legislation.

Provincial sales tax (PST): Manitoba's PST rate decrease from 7% to 6%, which was scheduled to take effect on July 1, 2020, has been postponed until further notice.

Individuals

New Brunswick

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	53.30%	26.65%	33.51%	47.75%

2020 New Brunswick					
Basic personal amount	\$10,459	Indexing factor		1.9%	
Bracket	\$0	\$43,401	\$86,803	\$141,122	\$160,776
Rate	9.68%	14.82%	16.52%	17.84%	20.3%

Can be reduced for low incomes.

Highlights of changes

No significant personal tax changes were announced.

Newfoundland and Labrador

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	51.30%	25.65%	42.61%	44.59%

2020 Newfoundland and Labrador					
Basic personal amount	\$9,498	Indexing factor		0.9%	
Bracket	\$0	\$37,929	\$75,858	\$135,432	\$189,604
Rate	8.7%	14.5%	15.8%	17.3%	18.3%

Can be reduced for low incomes.

Highlights of changes

Age tax credit: Starting 2020, split income is included in the net income amount used to compute this tax credit.

Child care tax credit, volunteer firefighters' tax credit and search and rescue tax credit: Starting 2020, these credits are available only to individuals who are resident in the province at the end of the taxation year.

At the publication date, Newfoundland and Labrador had not tabled a budget for its 2020-2021 fiscal year. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Individuals

Northwest Territories

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	47.05%	23.53%	28.33%	36.82%

2020 Northwest Territories				
Basic personal amount	\$15,093	Indexing factor		1.9%
Bracket	\$0	\$43,957	\$87,916	\$142,932
Rate	5.9%	8.6%	12.2%	14.05%

Highlights of changes

Land transfer tax: For property transfers registered after December 31, 2019, the Northwest Territories land transfer tax rate on the portion of a property's value:

- ≤ \$1 million, increased from 0.15% to 0.165%
- > \$1 million, increased from 0.1% to 0.11%

See page [37](#).

Nova Scotia

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	54.00%	27.00%	41.58%	48.28%

Individuals with taxable income:

- ≤ \$25,000 will qualify for the \$11,481 basic personal amount
- > \$25,000 will have the \$11,481 basic personal amount gradually reduced to \$8,481, as taxable income approaches \$75,000

2020 Nova Scotia						
Basic personal amount	\$8,481 to \$11,481			Indexing factor		n/a
Bracket	\$0	\$29,590	\$59,180	\$93,000	\$150,000	
Rate	8.79%	14.95%	16.67%	17.5%	21%	

Can be reduced for low incomes.

Highlights of changes

No significant personal tax changes were announced.

Individuals

Nunavut

		Top combined rates			
		Ordinary income	Capital gains	Dividends	
				Eligible	Non-eligible
2019		44.50%	22.25%	33.08%	37.79%
2020		44.50%	22.25%	33.08%	37.79%

2020 Nunavut				
Basic personal amount	\$16,304	Indexing factor	1.9%	
Bracket	\$0	\$46,277	\$92,555	\$150,473
Rate	4%	7%	9%	11.5%

Highlights of changes

No significant personal tax changes were announced.

Ontario

		Top combined rates			
		Ordinary income	Capital gains	Dividends	
				Eligible	Non-eligible
2019		53.53%	26.76%	39.34%	47.40%
2020		53.53%	26.76%	39.34%	47.74%

2020 Ontario					
Basic personal amount	\$10,783	Indexing factor	1.9%		
Bracket	\$0	\$44,740	\$89,482	\$150,000	\$220,000
Rate	5.05%	9.15%	11.16%	12.16%	13.16%

Dividend tax rates are determined by calculating the Ontario surtax before deducting dividend tax credits from Ontario tax.

Can be reduced for low incomes.

Surtax: 20% of basic provincial tax in excess of \$4,830 + 36% of basic provincial tax in excess of \$6,182.

Highlights of changes

Dividends:

	Non-eligible dividends	
	2019	2020
Dividend gross-up	15%	
Dividend tax credit (on grossed-up dividend)	3.2863%	2.9863%
Top combined rate	47.40%	47.74%

At the publication date, Ontario had not tabled a budget for its 2020-2021 fiscal year. Instead, the government released an economic and fiscal update. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Individuals

Prince Edward Island

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	51.37%	25.69%	34.22%	45.22%

2020 Prince Edward Island			
Basic personal amount	\$10,000	Indexing factor	n/a
Bracket	\$0	\$31,984	\$63,969
Rate	9.8%	13.8%	16.7%

Can be reduced for low incomes.

Surtax: 10% of basic provincial tax in excess of \$12,500.

Highlights of changes

Personal tax system: Starting 2021, Prince Edward Island's:

- basic personal amount will increase from \$10,000 to \$10,500
- spouse/equivalent to spouse personal amount will increase from \$8,493 to \$8,918

Dividends:

	Non-eligible dividends	
	2020	2021
Dividend gross-up	15%	
Dividend tax credit (on grossed-up dividend)	2.74%	1.96%
Top combined rate	45.22%	46.21%

Children's wellness tax credit: Starting 2021, parents with children under age 18 at the beginning of the year can claim a \$500 non-refundable tax credit for eligible activities (artistic, cultural, recreational, developmental or physical) related to their children's well being, providing a benefit of up to \$54 for each qualifying child.

Low-income tax reduction: Starting 2021, the threshold at which this reduction starts to be phased out will increase from \$18,000 to \$19,000.

Quebec

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	53.31%	26.65%	40.00%	46.25%
			40.11%	47.14%

Quebec is the only jurisdiction that does not use the federal definition of taxable income.

2020 Quebec				
Basic personal amount	\$15,532	Indexing factor	1.72%	
Bracket	\$0	\$44,545	\$89,080	\$108,390
Rate	15%	20%	24%	25.75%

Effective federal rates are shown below, as reduced by the 16.5% "Quebec abatement."

Bracket	\$0	\$48,535	\$97,069	\$150,473	\$214,368
Rate	12.53%	17.12%	21.71%	24.22%	27.56%

Highlights of changes

Dividends:

	Eligible dividends		Non-eligible dividends		
	2019	2020	2019	2020	2021
Dividend gross-up	38%		15%		
Dividend tax credit (on grossed-up dividend)	11.78%	11.7%	5.55%	4.77%	4.01%
Top combined rate	40.00%	40.11%	46.25%	47.14%	48.02%

For dividends received or deemed received after 2019, only individuals (including trusts) who are resident in Quebec on the last day of a taxation year can benefit from the dividend tax credit (DTC), and can deduct the full amount of the DTC regardless of the proportion of the individual's income earned outside Quebec.

Personal tax returns and payments: In response to the COVID-19 pandemic, the filing deadline for an individual's 2019 Quebec income tax return was administratively extended from April 30, 2020 to June 1, 2020. The deadline remained June 15, 2020 for individuals and their spouses who operate a business. However, Revenu Québec (RQ) will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition, penalties and interest will not apply to:

- 2019 tax return balances owing
- June 15, 2020 and September 15, 2020 quarterly instalments, if the payments are made by the extended payment deadline of September 30, 2020.

For more information and post-publication changes, see RQ web pages "COVID-19: FAQ for individuals" and "Relief measures for individuals and businesses" at www.revenuquebec.ca/en/coronavirus-disease-covid-19/.

Refundable tax credit granting an allowance to families: Starting January 1, 2020, the minimum and maximum amount of the family allowance for a child under age 18 will be the same for all children (regardless of the child's rank in the family). The minimum amount will be \$1,000 and the maximum \$2,515.

Individuals

Refundable tax credit for childcare expenses: Eligible childcare expenses incurred after December 31, 2019, to enable an individual to take a distance-learning course at a "qualified educational institution" are eligible for this credit.

Disability supports deduction: Designated disability support expenses incurred after December 31, 2019, to enable an individual to take a distance-learning course at a "qualified educational institution" are eligible for this deduction.

Refundable tax credit for caregivers: Starting January 1, 2020, this new refundable tax credit replaces the tax credit for informal caregivers and allows an eligible caregiver to claim for each "eligible carereceiver":

- aged 18 or older with a severe and prolonged impairment who:
 - resides with the caregiver, a base credit of \$1,250 plus a supplement of up to \$1,250; and 30% of eligible specialized respite expenses paid for the care of the carereceiver (maximum credit of \$1,560 for the respite services portion)
 - does not reside with the caregiver, up to \$1,250
- aged 70 or older with no severe and prolonged impairment and who resides with and is a relative of the caregiver, \$1,250

An eligible caregiver cannot claim both this new credit and either of the other two refundable tax credits for informal caregivers (for respite expenses, and for volunteer respite services) in 2020; the other two tax credits will be eliminated on January 1, 2021.

Solidarity tax credit:

- For the payment period beginning after June 30, 2019, all recipients will have access to the Quebec sales tax component of this credit.
- Following the death of a spouse who was the applicant for this credit, a surviving spouse who qualifies for the credit will no longer be required to formally apply to continue receiving the credit, for deaths occurring after June 30, 2020.

Deemed disposition of shares in qualified public corporations: To qualify for the deferral (up to 20 years) of Quebec income tax on the deemed disposition of certain shares in public corporations, effective for a deemed disposition of an eligible share that occurs after November 6, 2019, more than 50% (down from 95%) of the fair market value of assets of a private corporation must be attributable to a large block of shares (or a portion) of the capital stock of a qualified public corporation.

Voluntary Disclosure Program (VDP): Quebec's VDP has been significantly tightened and is more harmonized with Canada Revenue Agency's VDP. See our *Tax Insights* "Revenu Québec amends its voluntary disclosure program and creates a "general" and a "limited" program" at www.pwc.com/ca/taxinsights.

Trust returns and payments: In response to the COVID-19 pandemic, the filing deadline was administratively extended to:

- May 1, 2020, for 2019 Quebec trust returns ordinarily due March 30, 2020
- June 1, 2020, for Quebec trust returns ordinarily due March 31 to May 30, 2020
- September 1, 2020, for Quebec trust returns ordinarily due May 31 to August 31, 2020

However, RQ will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition, penalties and interest will not apply to any income tax amounts related to these returns that ordinarily became due March 17 to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020.

For more information and post-publication changes, see RQ web page "Relief measures for individuals and businesses" at www.revenuquebec.ca/en/coronavirus-disease-covid-19/.

Information returns: In response to the COVID-19 pandemic, many filing deadlines for income reporting, information returns and other returns, as well as payment deadlines, have been administratively extended. See RQ web pages "COVID-19: FAQ for individuals," "COVID-19: FAQ for Businesses" and "Relief measures for individuals and businesses" at www.revenuquebec.ca/en/coronavirus-disease-covid-19/.

Land transfer tax: For property transfers occurring after December 31, 2019, Montreal will apply a new 1.5% rate on the portion of a property's value above \$2 million. See page 37.

Tax evasion and tax avoidance: See page 31 for new initiatives to fight tax evasion.

Individuals

Saskatchewan

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	47.50%	23.75%	29.64%	40.37%

2020 Saskatchewan				
Basic personal amount	\$16,065	Indexing factor	n/a	
Bracket	\$0	\$45,225	\$129,214	
Rate	10.5%	12.5%	14.5%	

Highlights of changes

Personal tax system: Starting 2021, Saskatchewan personal tax brackets and personal tax amounts will be indexed to inflation. In 2018, Saskatchewan temporarily suspended indexing its personal tax system.

Yukon

	Top combined rates			
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2019				
2020	48.00%	24.00%	28.93%	42.17%

Highlights of changes

Personal tax system: Starting 2020, Yukon's basic and spouse/equivalent to spouse personal amounts will gradually increase to \$15,000 by 2023, but only for taxpayers with taxable income equal or below the federal second top tax bracket (i.e. \$150,473 in 2020), with the benefit of the increased personal amount eliminated when taxable income reaches the federal top tax bracket (i.e. \$214,368 in 2020).

Dividends:	Non-eligible dividends	
	2020	2021
Dividend gross-up	15%	
Dividend tax credit (on grossed-up dividend)	2.3%	0.67%
Top combined rate	42.17%	44.04%

Fireweed fund tax credit: This credit has been repealed effective March 16, 2020.

Individuals with taxable income:

- ≤ \$150,473 will qualify for the \$13,229 basic personal amount
- > \$150,473 will have the \$13,229 basic personal amount gradually reduced to \$12,298, as taxable income approaches \$214,368

2020 Yukon					
Basic personal amount	\$12,298 to \$13,229			Indexing factor	1.9%
Bracket	\$0	\$48,535	\$97,069	\$150,473	\$500,000
Rate	6.4%	9%	10.9%	12.8%	15%

Corporations

Corporate income tax rates

To compute rates for off-calendar year ends, refer to pages 23 to 32.
For income not earned in a province or territory, see page 19.

For non-resident corporations, the general and M&P rates in the table apply to business income attributable to a permanent establishment in Canada. Different rates may apply to non-residents in other circumstances. Non-resident corporations may also be subject to branch tax (see page 19).

Twelve-month taxation year ended December 31, 2020			
	General and Manufacturing and Processing (M&P) (%)	Canadian-Controlled Private Corporations (CCPCs) (%)	
		Active business income earned in Canada to \$500,000	Investment income
Basic federal rate		38	
	Provincial abatement	-10	
Less:	General rate reduction or M&P deduction	-13	n/a
	Small business deduction	n/a	-19
Plus:	Refundable investment tax	n/a	10.67
Federal rate	15	9	38.67

The general and M&P rate does not apply to certain types of income. See page 23.

		Provincial/Territorial		Combined		Provincial/Territorial		Combined	
		Provincial/Territorial	Combined	Provincial/Territorial	Combined	Provincial/Territorial	Combined	Provincial/Territorial	Combined
Alberta		8.99	23.99	2	11	8.99	47.66		
British Columbia		12	27	2	11	12	50.67		
Manitoba		12	27	0	9	12	50.67		
New Brunswick		14	29	2.5	11.5	14	52.67		
Newfoundland and Labrador		15 H	30	3 H	12	15 H	53.67		
Northwest Territories		11.5	26.5	4	13	11.5	50.17		
Nova Scotia		14.5	29.5	2.62 H	11.62	14.5	53.16		
Nunavut		12	27	3	12	12	50.67		
Ontario	General	11.5 H	26.5	3.2 H	12.2	11.5 H	50.17		
	M&P	10 H	25					n/a	
Prince Edward Island		16 H	31	3 H	12	16 H	54.67		
Quebec	General	11.5 H	26.5	5 H	14	11.5 H	50.17		
	M&P			4 H	13			n/a	
Saskatchewan	General	12	27	2 ¹	11 ¹	12	50.67		
	M&P	10	25					n/a	
Yukon	General	12	27	1.5	10.5	12	50.67		
	M&P	2.5	17.5					n/a	

Special rules apply to M&P income in Ontario (see page 29), Quebec (see page 30) and Saskatchewan (see page 32).

\$500,000 threshold (\$600,000 in Saskatchewan): This threshold is shared by associated CCPCs. It is reduced by the greater of:

- \$0.10 (\$0.12 in Saskatchewan) for every \$1 of a CCPC's previous year's taxable capital employed in Canada (on an associated basis) over \$10 million (so that it is eliminated at \$15 million of taxable capital); this clawback also applies to all provincial and territorial small business deductions, except that for Quebec, the \$10 million and \$15 million thresholds are based on paid-up capital (on an associated basis)
- \$5 (\$6 in Saskatchewan) for every \$1 of a CCPC's previous year's passive investment income (on an associated basis) over \$50,000 (so that the threshold is eliminated at \$150,000 of investment income); this reduction also applies to all provincial and territorial small business deductions, except for New Brunswick and Ontario

Income above \$500,000 (\$600,000 in Saskatchewan): A CCPC's active business income above this threshold is subject to the general and M&P rate.

Investment income: See Refundable Investment Tax on page 19 for more details.

Due to rounding, the combined rate differs slightly from the sum of the federal and Nova Scotia rates. See page 28.

H Tax holidays are available to certain corporations. See the table on page 20.

1. Saskatchewan's CCPC threshold is \$600,000. The rate that applies to active business income from \$500,000 to \$600,000 is 17%.

Corporations

Other federal tax rates and income tax deadlines

Other federal rates (for December 31, 2020 year ends)

The federal rate is 25%, instead of 15% (see page 18).

	Rate	Corporations affected	Description	Special rules
Income not earned in a province or territory	25%	All corporations	Income tax is calculated as follows: Basic federal rate 38% Less: General rate reduction - 13% Federal rate 25%	Corporate income not earned in a province or territory is neither: • eligible for the provincial abatement, nor • subject to provincial or territorial tax (exceptions apply)
Branch Tax	25%	Non-resident corporations, except: • transportation, communications and iron-ore mining companies • insurers (other than in special circumstances)	Applies to after-tax profits from a business carried on in Canada, or from taxable capital gains on dispositions of property used in such a business, that are not invested in qualifying property in Canada.	The 25% rate may be reduced by the relevant tax treaty (generally to the withholding tax rate on dividends, which is usually 5%, 10% or 15%). Some treaties prohibit the imposition of branch tax or provide that the tax is payable only on earnings exceeding a threshold.
Part III.1 Tax on Excess Eligible Dividend Designations	20% or 30%	Canadian-resident corporations	Applies if: • a CCPC has designated as eligible dividends during the year an amount that exceeds the corporation's general rate income pool (GRIP) at the end of the year, or • a non-CCPC pays an eligible dividend when it has a positive balance in its low rate income pool (LRIP)	A corporation subject to Part III.1 tax at the 20% rate (i.e. the excess designation was inadvertent) can elect, with shareholder concurrence, to treat all or part of the excess designation as a separate non-eligible dividend, in which case Part III.1 tax will not apply to the amount that is the subject of the election.
Refundable Part IV Tax	38-1/3%	Private corporations Certain public corporations	Payable on taxable dividends received from certain taxable Canadian corporations, and some dividends from certain foreign affiliates.	Refundable to the corporation through the refundable dividend tax on hand (RDTOH) mechanism at a rate of 38-1/3% of taxable dividends paid.
Refundable Investment Tax	10-2/3%	Canadian-controlled private corporations (CCPCs)	Increases the total federal rate that applies to investment income of a CCPC to 38.67% (see page 18). Generally, 30-2/3% of a CCPC's aggregate investment income is added to its non-eligible RDTOH.	
Part VI Financial Institutions Capital Tax	1.25%	Banks Trust and loan corporations Life insurance companies	Applies if capital employed in Canada is over \$1 billion. The threshold is shared by related corporations.	Reduced by the corporation's federal income tax liability. Any unused federal income tax liability can be applied to reduce Financial Institutions Capital Tax for the previous three years and the next seven.

Eligible dividends paid by a CCPC will produce a refund (at the 38-1/3% rate) only to the extent of its "eligible RDTOH account," that will include Part IV tax paid on eligible dividends from non-connected corporations and on taxable dividends from connected corporations to the extent the dividend generated a refund from the connected corporation's eligible RDTOH account. The refundable portion of the CCPC's other investment income, and the portion of Part IV tax on dividends from connected corporations that is not included in the eligible RDTOH account, is added to its "non-eligible RDTOH account," which is refunded to the extent of 38-1/3% of non-eligible dividends paid by the CCPC (if this calculated amount exceeds the non-eligible RDTOH account, the excess can then recover any remaining eligible RDTOH account balance).

Income tax deadlines

In response to the COVID-19 pandemic:

- the filing deadline for certain 2019 and 2020 federal, Alberta and/or Quebec corporate tax returns were administratively extended to:
 - June 1, 2020, for returns ordinarily due March 19 (or for Quebec, March 17) to May 30, 2020
 - September 1, 2020, for returns ordinarily due May 31 to August 31, 2020, however, late-filing penalties will not be imposed on these returns if they are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020
- penalties and interest will not apply to income tax payments (including instalments) ordinarily due March 18 (or for Quebec, March 17) to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020

For more information and post-publication changes, see:

- pages 23, 24 and 30
- CRA web page "CRA and COVID-19 Income tax filing and payment deadlines" at www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html
- RQ web pages "COVID-19: FAQ for Businesses" and "Relief measures for individuals and businesses" at www.revenuquebec.ca/en/coronavirus-disease-covid-19/

CCPCs can pay federal and Quebec instalments on the last day of months 3, 6, 9 and 12 of the taxation year, if certain conditions are met.

Two \$3,000 thresholds apply: one for federal purposes and the other for all provinces and territories combined, except Alberta and Quebec.

Federal balance due deadlines also apply to Part IV tax (see above). However, no Part IV tax instalments are required.

		Instalment deadline	Balance due deadline	Filing deadline
General rule		Last day of each month	2 months after year end	6 months after year end
Exceptions	Federal All jurisdictions except Alberta and Quebec	Waived if total tax ¹ is ≤ \$3,000	3 months after the year end, if the corporation: • was a CCPC throughout the current year, • claimed the small business deduction, ¹ and • had taxable income, on an associated basis, in taxation years ending in the previous calendar year ≤ the total business limit for those taxation years	No exceptions
	Alberta	Waived if Alberta income tax ¹ ≤ \$2,000 or CCPC qualifies for extended balance due deadline	3 months for CCPCs that: ¹ • claimed Alberta's small business deduction, and • had taxable income ≤ \$500,000	
	Quebec	Waived if Quebec income tax ¹ ≤ \$3,000		

Federal income tax payments include payments for:

- Financial Institutions Capital Tax (see above)
- Tax on Corporations Paying Dividends on Taxable Preferred Shares
- Additional Tax on Authorized Foreign Banks

1. In current or previous year.

Corporations

Provincial income tax holidays and M&P investment tax credits

Income tax holidays

Other restrictions may apply.

	Eligible corporations	Holiday	Income not taxed each year
Newfoundland and Labrador	Companies meeting job creation and other conditions	Full holiday for 15 years	Income attributable to new or expanded business
	Outside Northeast Avalon region	Phased out over next 5 years	
Nova Scotia	CCPCs incorporated after April 24, 1992	For 3 years	\$500,000 of active business income
	Companies incorporated in Canada after March 24, 2008, and before March 25, 2012, that commercialize intellectual property developed by Canadian universities, colleges or research institutions	For 10 years	No limit
Ontario	Aerospace and defence-related firms Advanced marine technology companies that apply before June 30, 2025	To December 31, 2022	Income attributable to PEI operations
		For 10 years	
Prince Edward Island	Businesses that carry out a large investment project of at least \$100 million in Quebec	For 15 years	15% of eligible investment expenditures
	Companies incorporated in Canada after March 19, 2009, and before April 1, 2014, that commercialize intellectual property developed by Quebec universities or public research centres	For 10 years	No limit

An additional 50% federal tax rebate also applies.

This threshold is equal to the federal small business limit (see page 18).

The initial application must be submitted after November 20, 2012, and before January 1, 2025. The minimum investment threshold was \$200 million for projects that began before February 11, 2015. For projects that begin after February 10, 2015, the \$100 million threshold is reduced to \$75 million, and for initial qualification certificate applications filed after March 21, 2019, to \$50 million, if 90% or more of:

- total investments are carried out in a "designated region," and
- the resulting activities are carried out in the "designated region" for the entire tax holiday

M&P investment tax credits

For federal tax purposes, M&P investment tax credits are considered government assistance and reduce the capital cost of the M&P asset.

An additional 25% credit may be claimed in PEI by export-focused corporations.

Manitoba's refundable portion of the credit was 70% for qualified property acquired before July 1, 2013.

Alberta's credit will no longer be approved after October 23, 2019. It was claimed by corporations acquiring capital property used primarily for M&P or operating tourism infrastructure with a total minimum value of \$1 million. The maximum annual credit was \$5 million.

Nova Scotia's credit can be claimed by corporations primarily in the M&P, farming, fishing and logging sectors for capital equipment that is part of a capital project that has a total cost exceeding \$15 million.

In Quebec, for the tax credit for investments in M&P equipment:

- a cumulative limit of \$75 million of eligible investments qualifies for this credit at rates above the base rate (i.e. 4% or 5%) and/or refundability
- up to an additional 10% tax credit may be available for M&P equipment acquired by qualifying small- and medium-sized enterprises before June 5, 2014
- the expenses eligible for this credit are reduced by an exclusion threshold of \$12,500 for each qualified property, generally for qualified property acquired after December 2, 2014
- qualified property acquired only in the "remote zones," "eastern part of the Bas-Saint-Laurent administrative region" and "intermediate zones" are eligible for this credit, for eligible expenses incurred after December 31, 2016 (qualified property also includes property acquired for use in Quebec, but outside a resource region for eligible expenses incurred after August 15, 2018 and before January 1, 2020)
- in some cases, the enhanced "5% to 45%" rates are extended to certain qualified properties acquired before January 1, 2021

This credit has been replaced by the tax credit for investments and innovation (C3i), which applies for specified property generally acquired after March 10, 2020 (see page 30). However, a corporation may, under certain conditions, elect to receive this credit, instead of the C3i tax credit.

	Rate	For M&P property acquired		Carry-back	Carry-forward	Refundable
		After	Before			
Alberta	10%	December 31, 2016	October 24, 2019	No	10 years	No
Manitoba	10%	March 11, 1992	April 12, 2017	3 years	10 years	80%
	9%	April 11, 2017	July 1, 2019			88.89%
	8%	June 30, 2019	No cut-off			87.5%
Nova Scotia	15%	December 31, 2014	January 1, 2025	n/a		100%
Prince Edward Island	10%	December 31, 1992	No cut-off	3 years	7 years	No
	5% to 40%	March 13, 2008	June 5, 2014		20 years	Sometimes
4% to 32%	June 4, 2014	January 1, 2017				
4% to 24%	December 31, 2016	August 16, 2018				
Quebec	5% to 45%	August 15, 2018	January 1, 2020	3 years	20 years	Sometimes
	4% to 24%	December 31, 2019	January 1, 2023			
	10%, 15% or 20%	March 10, 2020	January 1, 2025	3 years	20 years	Sometimes
Saskatchewan	6%	March 22, 2017	No cut-off		n/a	100%

Depends on level of consolidated paid-up capital.

Depends on level of consolidated assets and gross income.

Quebec's credit for investments and innovation (C3i) can be claimed by corporations acquiring manufacturing or processing and computer equipment or certain management software packages. See page 30 for information on this credit.

Cannot be carried back to a taxation year ending before March 11, 2020.

Corporations

Payroll tax rates

Associated employers must aggregate their payroll costs to apply the thresholds.

Registered charities and non-profit organizations are eligible for higher exemption thresholds.

The thresholds at which employers are subject to Manitoba's payroll tax will increase on January 1, 2021. See page 26 for details.

In the Northwest Territories and Nunavut, payroll tax is paid by employees through payroll withholdings.

Due to the COVID-19 pandemic, Ontario's exemption was temporarily increased to \$1 million for 2020. The exemption will return to the original \$490,000 on January 1, 2021, and continue to be indexed every five years. Registered charities can claim the exemption regardless of their payroll.

The \$6 million threshold above which the 4.26% rate applies, will increase as follows:

	Payroll threshold
2019 to 2020	\$6 million
2021	\$6.5 million
2022	\$7 million
After 2022	Indexed

		Rate	Total payroll	Payroll tax
British Columbia	Employer Health Tax	1.95%	Over \$1,500,000	Payroll x 1.95%
		2.925%	\$500,000 to \$1,500,000	(Payroll – \$500,000) x 2.925%
		0%	\$0 to \$500,000	\$0
Manitoba	Health and Post-Secondary Education Tax	2.15%	Over \$2,500,000	Payroll x 2.15%
		4.3%	\$1,250,000 to \$2,500,000	(Payroll – \$1,250,000) x 4.3%
		0%	\$0 to \$1,250,000	\$0
Newfoundland and Labrador		2%	Over \$1,300,000	(Payroll – \$1,300,000) x 2%
		0%	\$0 to \$1,300,000	\$0
Northwest Territories	Payroll tax	2%	Over \$0	Payroll x 2%
Nunavut				
Ontario	Employer Health Tax	1.95%	Over \$5,000,000	Payroll x 1.95%
		0%	\$1,000,000 to \$5,000,000	(Payroll – \$1,000,000) x 1.95%
Quebec	Health Services Fund	4.26%	Over \$6,000,000	Payroll x rate
		Reduced rates	\$1,000,000 to \$6,000,000	
		1.25% or 1.65%	\$0 to \$1,000,000	

Reduced rates for employers with annual payrolls between \$1 million and \$6 million depend on both the calendar year and the employer's total payroll.

Every Quebec employer with a payroll exceeding \$2 million must allot at least 1% of payroll to training, or contribute the shortfall to a provincial fund. In limited cases, corporations may be exempt from contributing to the Health Services Fund, and refunds may be made. Financial institutions (excluding insurers) may also be subject to a compensation tax on payroll. See page 30.

Employees, employers and the self-employed must contribute to the Quebec Parental Insurance Plan (QPIP) (see page 34) and individuals may be required to contribute to the Quebec Health Services Fund.

Corporations

Financial institutions capital tax rates and deadlines

See *Insurance industry: Key tax rates and updates* at www.pwc.com/ca/insurancekeytaxrates for rates that apply to insurance companies.

Associated or related corporations may be required to share the exemption.

		Twelve-month taxation year ended December 31, 2020		Instalment deadlines	Balance due and filing deadlines	
		Rate	Exemption			
See page 19 for more information.	Federal (Part VI Financial Institutions Capital Tax)	1.25%	\$1 billion	Same as federal income tax (page 19)		
	Manitoba	If taxable paid-up capital < \$4 billion ¹ If taxable paid-up capital ≥ \$4 billion ¹	Nil 6%	n/a Nil	15 th day of months 3, 6, 9 and 12 of the year (Waiver if capital tax ² ≤ \$5,000)	6 months after year end
	New Brunswick	Trust and loan corporations Banks	4% 5%	\$10 million		
	Newfoundland and Labrador	If taxable capital ≤ \$10 million ¹ If taxable capital > \$10 million ¹	6%	\$5 million Nil	Same as federal income tax (page 19)	
In Nova Scotia, the maximum capital tax payable is \$12 million annually.	Nova Scotia	Trust and loan corporations Banks	4%	\$30 million \$500,000	20 th day of each month	6 months after year end
		Head office in NS Other				
	Prince Edward Island		5%	\$2 million		
	Saskatchewan	If taxable paid-up capital ≤ \$1.5 billion ¹ If taxable paid-up capital > \$1.5 billion ¹	0.7% 4%	Up to \$20 million	Last day of each month (Waiver if capital tax for current year ≤ \$4,800)	Last day of 6 th month after year end

The table reflects standard instalment deadlines and balance due and filing deadlines. It does not reflect the filing and payment deadlines that may have been administratively extended due to the COVID-19 pandemic.

If, in the taxation year ending after October 31, 2008, and before November 1, 2009, taxable paid-up capital < \$1.5 billion, 0.7% applies for subsequent taxation years to the first \$1.5 billion of taxable paid-up capital.

For example, in Saskatchewan the balance payable would be June 30 for a December 15 year end.

1. The threshold applies to an associated or related group of corporations.
2. In current or previous year.

Corporations

Key tax changes

Federal

The general and M&P rate does not apply to certain corporations (e.g. mutual fund corporations, mortgage investment corporations and investment corporations).

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
CCPCs			Sales tax	Payroll tax
General and M&P	Active business income to \$500,000	Investment income		
15%	9%	38.67%	5% GST	None

For CPP and EI premiums, see page 34.

Some of the key tax changes related to individuals also affect corporations. See pages 9 and 10.

Additional highlights

Canada Emergency Wage Subsidy (CEWS): The CEWS is available to eligible employers whose revenues have been impacted by the COVID-19 pandemic. The subsidy provides a percentage of eligible remuneration paid to each eligible employee by an eligible employer who has experienced a decrease in qualifying revenues during one or more of several reference periods over the term of the CEWS (currently March 15, 2020 to December 19, 2020), as compared to the same period in 2019 or to January and February 2020 revenues. The amount eligible for the subsidy depends on the applicable reference period and the CEWS percentage determined for that period; the maximum weekly benefit for each eligible employee is generally calculated as: maximum \$1,129 of eligible remuneration paid multiplied by the applicable CEWS percentage. The CEWS is considered government assistance and is therefore taxable to the employer immediately before the end of the claim period to which it relates.

For more information:

- see our *Tax Insights* "Redesigned Canada Emergency Wage Subsidy program provides relief to more businesses and organizations" at www.pwc.com/ca/taxinsights for details of the CEWS program that applies from July 5, 2020 to November 21, 2020
- refer to Canada Revenue Agency (CRA) web page "Canada Emergency Wage Subsidy" at www.canada.ca/en/revenue-agency/services/subsidy/emergency-wage-subsidy.html

Temporary Wage Subsidy (TWS): Eligible employers may qualify for the TWS, a 10% wage subsidy available on remuneration paid from March 18 to June 19, 2020, of up to \$1,375 for each eligible employee, to a maximum of \$25,000 per employer. No application is required, instead employers calculate their applicable TWS and reduce their payroll remittances of federal, provincial and territorial income tax by the amount of the TWS. Amounts claimed under the TWS reduce amounts available under the CEWS.

Corporate tax returns and payments: In response to the COVID-19 pandemic, the filing deadline for federal corporate tax returns (including Form T106, Form T1135 and any elections, forms and schedules that must be filed with the return) was administratively extended to:

- June 1, 2020, for those ordinarily due March 19 to May 30, 2020
- September 1, 2020, for those ordinarily due May 31 to August 31, 2020

However, the CRA will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition, penalties and interest will not apply to income tax payments (including instalments) ordinarily due March 18 to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020.

For more information and post-publication changes, see CRA web page "CRA and COVID-19 Income tax filing and payment deadlines" at www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html.

Interest on tax debts: In response to the COVID-19 pandemic, the CRA will waive arrears interest on tax debts related to individual, corporate and trust income tax returns from April 1, 2020 to September 30, 2020, and for Goods and Services Tax/Harmonized Sales Tax (GST/HST) returns from April 1, 2020 to June 30, 2020. However, the CRA will not cancel penalties and interest already assessed on a taxpayer's account before April 1, 2020.

Information returns and assessments: In response to the COVID-19 pandemic, many filing deadlines for income reporting, information returns, notices of objection and elections, as well as payment deadlines and timelines for minister assessments and reassessments, have been administratively extended. See CRA web pages:

- "CRA and COVID-19 Income tax filing and payment deadlines" at www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html
- "Time Limits and Other Periods Act (COVID-19)" at www.canada.ca/en/revenue-agency/services/covid-19-ministerial-orders/time-period-other-limits-faq.html

Scientific research and experimental development (SR&ED): In response to the COVID-19 pandemic, SR&ED claim filing deadlines ordinarily falling in the period from March 13, 2020 to December 30, 2020, are extended to the earlier of: (i) six months after the standard deadline, and (ii) December 31, 2020. See CRA webpage "What's new – SR&ED program" at www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/whats-new-program.html.

Capital cost allowance (CCA): For eligible zero-emission automotive vehicles and equipment (i.e. off-road vehicles and equipment) acquired after March 1, 2020 and available for use before 2028, a 100% CCA deduction can be claimed in the first year, but is gradually phased out for vehicles and equipment that become available for use after 2023 and before 2028.

Corporations

Derivatives: The Supreme Court of Canada decision in *James S.A. MacDonald vs. Her Majesty the Queen*, 2020 SCC 6, provides valuable insight for determining whether a derivative contract constitutes a hedge for tax purposes. See our *Tax Insights* “Supreme Court of Canada upholds Federal Court of Appeal decision in MacDonald – The final word on what constitutes a hedge for tax purposes” at www.pwc.com/ca/taxinsights.

Flow-through shares for mining companies: The period to incur eligible flow-through share expenses for junior mining companies and other flow-through share issuers whose operations have been impacted by COVID-19, is extended by 12 months for flow-through share agreements entered into:

- after February 28, 2018 and before 2021, under the general rule
- in 2019 or 2020, under the look-back rule

Also, the additional 10% tax under Part XII.6 of the *Income Tax Act* will apply only if the amounts renounced as Canadian exploration expense (CEE) are not actually expended, for flow-through share agreements entered into in 2019, by the end of 2021, or in 2020, by the end of 2022.

Foreign affiliates – arm’s length test: The Federal Court of Appeal decision in *Loblaw Financial Holdings Inc. v. Canada*, 2020 FCA 79, provides useful guidance for determining whether a business of a foreign affiliate is conducted principally with arm’s length persons (the arm’s length test). The arm’s length test is relevant to many types of businesses conducted by foreign affiliates of Canadian taxpayers. See our *Tax Insights* “Federal Court of Appeal reverses Tax Court of Canada’s decision in Loblaw Financial — Arm’s length test in foreign affiliate rules focuses on income-earning transactions” at www.pwc.com/ca/taxinsights.

Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting: This multilateral instrument (MLI) entered into force for Canada on December 1, 2019. If the MLI was also in force at that time for a counterparty to a covered tax convention, the MLI would apply for that covered tax convention for:

- withholding taxes, on January 1, 2020, and
- other taxes, for tax years beginning on or after June 1, 2020

The MLI is a multilateral treaty that modifies existing bilateral tax treaties between participating jurisdictions, to implement treaty-based measures developed by the Base Erosion and Profit Shifting Project, including rules relating to treaty abuse and improving the dispute resolution process between participating jurisdictions.

Canada-United States-Mexico Agreement (CUSMA): The CUSMA replaced the North America Free Trade Agreement (NAFTA) on July 1, 2020. See our *Tax Insights* “Canada-United States-Mexico Agreement to take effect July 1, 2020” at www.pwc.com/ca/taxinsights.

At the publication date, the federal government had not tabled a budget for its 2020-2021 fiscal year. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Alberta

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
8.99%	2%	8.99%	5% GST	None
23.99%	11%	47.66%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.

Corporate income tax rate changes

Effective date	General and M&P rate
Before July 1, 2019	12%
July 1, 2019	11%
January 1, 2020	10%
July 1, 2020	8%

The rate was originally scheduled to decrease from 10% to 9% on January 1, 2021, and then to 8% on January 1, 2022.

Additional highlights

Corporate tax returns and payments: In response to the COVID-19 pandemic, the filing deadline for Alberta corporate income tax returns was administratively extended to:

- June 1, 2020, for returns ordinarily due March 19 to May 30, 2020
 - September 1, 2020, for returns ordinarily due May 31 to August 31, 2020
- However, the Alberta Tax and Revenue Administration (TRA) will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition:
- penalties and interest will not apply to income tax payments (including instalments) ordinarily due March 18 to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020
 - Alberta TRA will waive arrears interest on tax debts related to the *Alberta Corporate Tax Act* from March 18, 2020 to September 30, 2020; however, the TRA will not cancel penalties and interest already assessed on a taxpayer’s account before March 18, 2020

See TRA “*Alberta Corporate Tax Act: Special Notice Vol. 5 No. 59 - Revised deferral of corporate income tax payments and waiver of interest on existing debts*” at open.alberta.ca/dataset/corporate-income-tax-special-notice-vol-5-no-59-revised-deferral-of-corp-tax-waiver-interest#summary.

Scientific research and experimental development tax credit: The credit has been eliminated. Eligible expenses incurred after December 31, 2019 no longer qualify for this credit.

Corporations

Innovation employment grant: Starting January 1, 2021, small- and medium-sized businesses can qualify for a grant of up to 20% of qualifying research and development expenditures. Specifics will be announced in the fall of 2020.

Capital cost allowance (CCA): Alberta confirmed that the province has paralleled the federal CCA rules that provide an increased first-year CCA deduction on eligible depreciable property acquired after November 20, 2018, and available for use before 2028, including a 100% CCA deduction on eligible M&P and specified clean energy equipment in the first year it becomes available for use and before 2024.

Film and television tax credit (FTTC): Starting January 29, 2020, eligible corporations can claim either a 22% or 30% refundable tax credit (depending on Alberta ownership and other Alberta-based criteria) on eligible Alberta production and labour costs related to films, television series and other eligible screen-based productions (maximum \$10 million per production).

Business tax credits: The following credits have been eliminated, with no new approvals granted after October 23, 2019:

- Alberta investor tax credit
- Community economic development corporation tax credit
- Capital investment tax credit
- Interactive digital media tax credit

Unused credits can be carried forward and claimed under the existing rules.

Land transfer tax: For property transfers occurring after December 31, 2019, Alberta's land transfer tax increased to \$50 plus 0.04% of a property's value (up from \$50 plus 0.02% of a property's value). See page 37.

Carbon tax: Starting January 1, 2020, Alberta is subject to the federal fuel charge, except for facilities that are covered or have opted into Alberta's Technology Innovation and Emissions Reduction (TIER) system. The TIER is mandatory for emitters whose greenhouse gas emissions exceed the 100 kilotonne CO₂e annual threshold. See our *Tax Insights* "Carbon pricing in Alberta: The new Technology Innovations and Emissions Reduction (TIER) system" at www.pwc.com/ca/taxinsights.

British Columbia

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
12%	2%	12%	7% PST	Nil to 2.925% (see page 21)
27%	11%	50.67%	12%	

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.

Additional highlights

Training tax credits: These credits are extended by three years to December 31, 2022.

Film Incentive BC and Production services tax credit (PSTC): Effective:

- February 19, 2020, the accreditation certificate fee for the PSTC increased to \$10,000 (from \$5,500)
- July 1, 2020, corporations intending to claim the PSTC must provide notification of their intent within 60 days from the start of work
- for taxation years beginning after February 18, 2020, the deadline to claim the Film Incentive BC and PSTC is reduced to 18 months

New mine allowance: This allowance is extended by 5 years to December 31, 2025.

Farmers' food donation tax credit: The credit is extended by three years to December 31, 2023.

Provincial sales tax (PST): British Columbia's government intends to require Canadian sellers of goods, and Canadian and foreign sellers of software and telecommunication services, with specified BC revenues exceeding \$10,000 to collect and remit PST; the original implementation date of July 1, 2020, has been delayed due to the COVID-19 pandemic.

Beneficial ownership register: Effective October 1, 2020, privately-held companies governed by British Columbia's *Business Corporations Act* will be required to maintain a "transparency register" of "significant individuals." See our *Insights* "New shareholder register requirements for private British Columbia-incorporated corporations: Ensure you comply" at www.pwc.com/ca/tax-law-publications.

Corporations

Manitoba

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
12%	0%	12%	7% PST	Nil to 4.3% (see page 21)
27%	9%	50.67%	12%	

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.

Additional highlights

Manufacturing investment tax credit: This credit is made permanent.

Film and video production tax credit: The new Manitoba production company bonus of 8% is available for principal photography beginning after May 31, 2020. This is added to the cost-of-production credit and increases the total credit from 30% to up to 38%.

Child care centre development tax credit: Effective March 20, 2020, enhancements:

- increase the existing childcare spaces limit by 474 spaces, from 208 to 682
- eliminate the maximum daily amount that can be charged

Cultural industries printing tax credit: The credit is extended one year to December 31, 2021.

Community enterprise development tax credit: The credit is extended one year to December 31, 2021.

Health and post-secondary education tax: Effective January 1, 2021, the thresholds at which employers are subject to this payroll tax will increase, as follows:

Rate	Before January 1, 2021		After December 31, 2020	
	Total payroll ¹	Payroll tax	Total payroll ¹	Payroll tax
2.15%	Over \$2,500,000	Payroll x 2.15%	Over \$3,000,000	Payroll x 2.15%
4.3%	\$1,250,000 to \$2,500,000	(Payroll - \$1,250,000) x 4.3%	\$1,500,000 to \$3,000,000	(Payroll - \$1,500,000) x 4.3%
0%	\$0 to \$1,250,000	0%	\$0 to \$1,500,000	0%

1. Associated employers must aggregate their payroll costs to apply the thresholds.

Provincial sales tax (PST): Manitoba's PST rate decrease from 7% to 6%, which was scheduled to take effect on July 1, 2020, has been postponed until further notice.

Carbon tax: Manitoba intends to implement its own carbon tax; the original implementation date of July 1, 2020 has been postponed until further notice.

Beneficial ownership register: Effective April 8, 2020, privately-held companies governed by Manitoba's *The Corporations Act* and *The Cooperatives Act*, are required to maintain "a register of individuals with significant control over the corporation." Exceptions apply.

New Brunswick

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
14%	2.5%	14%	15% HST	None
29%	11.5%	52.67%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.

Additional highlights

Carbon tax: New Brunswick has implemented its own carbon tax, starting April 1, 2020; the federal carbon tax regime no longer applies in New Brunswick.

Corporations

Newfoundland and Labrador

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
15% H	3% H	15% H	15% HST	Nil or 2% (see page 21)
30%	12%	53.67%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see page 20).

Additional highlights

No significant corporate tax changes were announced.

At the publication date, Newfoundland and Labrador had not tabled a budget for its 2020-2021 fiscal year. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Northwest Territories

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
11.5%	4%	11.5%	5% GST	2% (see page 21)
26.5%	13%	50.17%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/territorial rates.

Paid by employees.

Additional highlights

Land transfer tax: For property transfers registered after December 31, 2019, the Northwest Territories land transfer tax rate on the portion of a property's value:

- ≤ \$1 million, increased from 0.15% to 0.165%
- > \$1 million, increased from 0.1% to 0.11%

See page 37.

Corporations

Nova Scotia

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs		Sales tax	Payroll tax
	Active business income to \$500,000	Investment income		
14.5%	2.62% H	14.5%	15% HST	None
29.5%	11.62%	53.16%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see page 20).

Although 38.67% (federal) + 14.5% (Nova Scotia) = 53.17%, the exact rate is 53.1639%.

Corporate income tax rate changes

Effective date	General and M&P rate	CCPC rate
Before April 1, 2020	16%	3%
April 1, 2020	14%	2.5%

Additional highlights

Digital media tax credit (DMTC) and Digital animation tax credit (DATC): These credits are extended to December 31, 2025. They were originally scheduled to expire December 31, 2020 (DMTC) and June 30, 2020 (DATC).

New register requirements for Nova Scotia limited and unlimited liability companies: Amendments to the *Companies Act* (Nova Scotia) will require Nova Scotia private companies to maintain a new form of register for individuals with “significant control” over the company. See our *Insights* “New register requirements for Nova Scotia limited and unlimited companies — Nova Scotia ULCs in multinational structures will be affected” at www.pwc.com/ca/tax-law-publications.

Nunavut

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs		Sales tax	Payroll tax
	Active business income to \$500,000	Investment income		
12%	3%	12%	5% GST	2% (see page 21)
27%	12%	50.67%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/territorial rates.

Paid by employees.

Corporate income tax rate changes

Effective date	CCPC rate
Before July 1, 2019	4%
July 1, 2019	3%

Additional highlights

No additional corporate tax changes were announced.

Corporations

Ontario

Income tax rates (for December 31, 2020 year ends)				Other 2020 rates	
General (non-M&P)	M&P	CCPCs		Sales tax	Payroll tax
		Active business income to \$500,000	Investment income		
11.5% H	10% H	3.2% H	11.5% H	13% HST	Nil or 1.95% (see page 21)
26.5%	25%	12.2%	50.17%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see page 20).

The M&P rate applies to profits from M&P, as well as from processing, farming, mining, logging and fishing operations carried on in Canada and allocated to Ontario.

Ontario corporations that, on an associated basis, have annual gross revenues of \$100 million or more and total assets of \$50 million or more may have a corporate minimum tax (CMT) liability based on adjusted book income. CMT is payable only to the extent that it exceeds the regular Ontario income tax liability.

Corporate income tax rate changes

		CCPC rate
Effective date	Before January 1, 2020	3.5%
	January 1, 2020	3.2%

Additional highlights

Regional opportunities investment tax credit: A new 10% refundable corporate income tax credit is available for:

- CCPCs making qualifying investments that become available for use after March 24, 2020 in specified regions of Ontario
- qualifying expenditures exceeding \$50,000, up to a maximum of \$500,000, in a taxation year

Qualifying investments include expenditures for constructing, renovating or acquiring eligible commercial and industrial buildings and other assets that are included in classes 1 and 6 for capital cost allowance purposes.

Ontario production services tax credit: Retroactive to June 4, 2015, eligible service contract expenditures included in determining a corporation's expenditure limit must relate to remuneration paid by the corporation (instead of to certain salary and wages paid to Ontario-based individuals).

Employer health tax (EHT): The EHT exemption is temporarily increased to \$1 million (from \$490,000) for 2020. The exemption will return to its original \$490,000 on January 1, 2021.

At the publication date, Ontario had not tabled a budget for its 2020-2021 fiscal year. Instead, the government released an economic and fiscal update. Important post-publication changes will be posted at www.pwc.com/ca/taxinsights.

Prince Edward Island

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates	
General and M&P	CCPCs		Sales tax	Payroll tax
	Active business income to \$500,000	Investment income		
16% H	3% H	16% H	15% HST	None
31%	12%	54.67%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see page 20).

Corporate income tax rate changes

		CCPC rate
Effective date	Before January 1, 2020	3.5%
	January 1, 2020	3%
	January 1, 2021	2%

Additional highlights

Beneficial ownership register: Effective September 1, 2020, privately-held companies governed by Prince Edward Island's *Business Corporations Act* are required to maintain "a register of individuals with significant control over the corporation."

Corporations

Quebec

Income tax rates (for December 31, 2020 year ends)			Other 2020 rates		
General and M&P	CCPCs		Investment income	Sales tax	Payroll tax
	Active business income to \$500,000 Regular	M&P			
11.5% H	5% H	4% H	11.5% H	9.975% QST	1.25% to 4.26% (see page 21)
26.5%	14%	13%	50.17%	14.975%	

For QPP, Quebec EI and QPIP premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see page 20).

- Quebec CCPCs:
- are required to meet the “activities” test or “hours paid” test to be eligible for the province’s regular CCPC rate
 - will be subject to a tax rate between Quebec’s regular CCPC rate and its general tax rate, if neither test is met

Eligibility for Quebec’s CCPC M&P rate of 4% depends on the percentage of the CCPC’s activities attributable to M&P and the primary sector (based on M&P and primary sector labour costs). If the percentage is:

- 50% or more, the CCPC M&P rate of 4% applies
- under 50% and more than 25%, the 4% rate increases proportionately (straight line) to the regular CCPC rate or the general Quebec rate, depending on the circumstances
- 25% or less, the rate is between the regular CCPC rate and the general Quebec rate

Corporate income tax rate changes

	General and M&P rate	CCPC rate regular
Effective date	Before January 1, 2020	11.6%
	January 1, 2020	11.5%
	January 1, 2021	4%

Additional highlights

Compensation tax for financial institutions:

Effective April 1, 2020, independent loan, trust and security trading companies that, in the year, are not associated with a bank, savings and credit union or insurance corporation are subject to the compensation tax rate for “Other (excluding insurance corporations),” including the maximum annual payroll subject to the compensation tax of \$275 million.

Payroll subject to the compensation tax cannot exceed, for:

- banks and loan, trust and security trading companies – \$1.1 billion
- savings and credit unions – \$550 million
- other (excluding insurance companies) – \$275 million

Effective date	Insurance premiums	Payroll		
		Banks and loan, trust and security trading companies	Savings and credit unions	Other (excluding insurance companies)
Before April 1, 2019	0.48%	4.29%	3.39%	1.37%
		4.22%	3.3%	1.34%
		4.14%	3.26%	1.32%
April 1, 2022	0.3%	2.8%	2.2%	0.9%
April 1, 2024		Nil		

Corporate tax returns and payments: In response to the COVID-19 pandemic, the filing deadline for Quebec corporate income tax returns was administratively extended to:

- June 1, 2020, for returns ordinarily due March 17 to May 30, 2020
- September 1, 2020, for returns ordinarily due May 31 to August 31, 2020

However, Revenu Québec (RQ) will not impose late-filing penalties if these returns are filed by September 30, 2020, which effectively extends the filing deadline to September 30, 2020. In addition, penalties and interest will not apply to income tax payments (including instalments) ordinarily due March 17 to September 29, 2020, if the payments are made by the extended payment deadline of September 30, 2020.

For more information and post-publication changes, see RQ web pages “COVID-19: FAQ for Businesses” and “Relief measures for individuals and businesses” at www.revenuquebec.ca/en/coronavirus-disease-covid-19/.

COVID-19 impact on tax incentives: Temporary measures will be implemented to ensure a corporation’s eligibility for certain tax incentives (including the small business deduction) is not negatively affected by the mandatory COVID-19 economic business shutdown.

Information returns: See page 16 for details on administratively extended filing deadlines that respond to the COVID-19 pandemic.

Tax credit for investments and innovation (C3i): For specified property (i.e. manufacturing or processing and computer equipment, or certain management software packages) generally acquired after March 10, 2020 and before 2025, a qualified Quebec corporation can claim a 10%, 15% or 20% tax credit (depending on location and economic vitality of area where the property is primarily used) on eligible expenses exceeding \$5,000 (for computer equipment and management software) or \$12,500 (for other property). Maximum cumulative eligible expense limit of \$100 million (on an associated basis) in a 48-month period. The credit’s refundability starts to be phased out when the qualified corporation’s assets and gross income exceed \$50 million (on an associated basis) and ends when it reaches \$100 million. The non-refundable portion of the credit can be generally carried back three years or forward 20.

Tax credit for investments in M&P equipment: This credit has been replaced by the C3i tax credit (see above). However, a corporation may, under certain conditions, elect to receive this tax credit, instead of the C3i tax credit.

Refundable tax credit relating to information technology (IT) integration: This credit has been eliminated for applications for an IT integration contract generally submitted after March 10, 2020.

Corporations

Incentive deduction for the commercialization of innovations in Quebec (IDCI):

For taxation years beginning after December 31, 2020, a corporation that commercializes a qualified intellectual property asset developed in Quebec can benefit from an effective tax rate of 2% on the qualified portion of its taxable income attributed to that qualified intellectual property asset. See our *Tax Insights* “Quebec introduces an incentive deduction for developing and commercializing intellectual property in Quebec” at www.pwc.com/ca/taxinsights.

Deduction for innovative manufacturing corporations: This deduction will be eliminated for taxation years beginning after December 31, 2020.

R&D tax credits: Effective for qualified expenditures incurred for a taxation year beginning after March 10, 2020, the expenditure exclusion threshold will only apply to Quebec’s R&D wage tax credit; when calculating the R&D wage tax credit, the exclusion threshold and the rule that splits the threshold among Quebec’s four R&D tax credits continue to apply.

Synergy capital tax credit: Effective for share subscriptions carried out after December 31, 2020, certain Quebec corporations can claim a 30% non-refundable tax credit on up to \$750,000 paid for shares in a qualified corporation, for a maximum annual credit of \$225,000. A qualified corporation must, among other criteria, be a CCPC with paid-up capital under \$15 million and annual gross revenue under \$10 million, carry out more than 75% of its activities in Quebec and more than 50% of its activities in certain specific sectors and have an establishment in Quebec. The shares must be held for at least five years.

Tax credits for the development of e-business: For taxation years beginning after March 10, 2020, website design and development are no longer eligible activities for purposes of these tax credits.

Tax holiday for large investment projects: The time limit to submit an initial application is extended by four years to December 31, 2024.

Tax credit for persons with severely limited capacity for employment: For taxation years ending after December 31, 2019, qualified Quebec corporations that employ an individual with a severe and prolonged impairment can claim a refundable tax credit equal to the employer contributions paid by the corporation in respect of this employee.

Refundable tax credit for Quebec film or television production: For film or television productions for which an application for an advance ruling or a certificate is filed after March 10, 2020, changes:

- amend the definition of a film adapted from a foreign format to include one whose primary market is the online broadcasting market
- ensure that certain French-language films whose primary market is online broadcasting will benefit from the higher French-language film base rate

Refundable tax credit for sound recordings: For qualified property, for which an application for an advance ruling or a certificate is filed after March 10, 2020, the limit on labour expenditures eligible for this credit is increased to 65% (from 50%) of the production costs of the qualified sound recording, digital audio visual recording or clip.

Refundable tax credits for the production of multimedia titles:

- For qualified labour expenditures incurred generally in a taxation year ending after December 16, 2019, remuneration based on profits or revenues derived from operating a multimedia title may qualify as a labour expenditure.
- For an application for a certificate filed after March 10, 2020 relating to a corporation’s taxation year beginning after March 10, 2020, the notion of interactivity will change for the purposes of these credits.

Refundable tax credit for production of performances: For a performance whose first eligibility ends, and for which an application for an advance ruling or certificate is filed, after March 10, 2020, the limit on eligible labour expenditures is increased to 65% (from 50%) of the performance’s production costs.

Refundable tax credit to support print media companies: Eligible corporations can claim this refundable 35% tax credit on qualified wages incurred after December 31, 2018, in respect of eligible employees (maximum annual credit of \$26,250 per eligible employee).

Refundable tax credit to support the digital transformation of print media companies: This tax credit is extended by one year to December 31, 2023.

Voluntary Disclosure Program (VDP): See page 16 for changes to Quebec’s VDP.

Land transfer tax: See page 16 for changes to Montreal’s land transfer tax.

Tax evasion and tax avoidance: New initiatives to fight tax evasion will:

- strengthen corporate transparency by requiring businesses to declare information on beneficial owners to the Registraire des entreprises du Québec
- form a group to propose innovations to better regulate cryptocurrencies
- list businesses that used abusive tax avoidance schemes (subject to a general anti-avoidance rule (GAAR)-based penalty) in the “Registre des entreprises non admissibles aux contrats publics” (RENA) for five years

For other initiatives, see our *Tax Insights* at www.pwc.com/ca/taxinsights:

- “Measures designed to protect the integrity and fairness of Quebec’s tax system”
- “Consultation on measures that strengthen corporate transparency to better protect the integrity and fairness of Quebec’s tax system”

Corporations

Saskatchewan

Income tax rates (for December 31, 2020 year ends)					Other 2020 rates	
General (non-M&P)	M&P	CCPCs		Investment income	Sales tax	Payroll tax
		Active business income to \$500,000	\$500,000 to \$600,000			
12%	10%	2%		12%	6% PST	None
27%	25%	11%	17%	50.67%	11%	

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/provincial rates.

A rebate of up to 2% of M&P profits allocated to Saskatchewan can reduce the rate from 12% to as low as 10%.

Additional highlights

Manufacturing and processing (M&P) exporter tax incentive: This incentive is extended by three years to December 31, 2022.

Saskatchewan chemical fertilizer incentive: Eligible corporations can claim a 15% non-refundable tax credit on eligible capital investments of \$10 million or more in new or existing chemical fertilizer production facilities that create new or expand fertilizer productive capacity in Saskatchewan. The incentive is effective as of November 1, 2017, to accommodate projects that have been initiated and applications for conditional approval must be received before December 31, 2026.

Provincial sales tax (PST): Starting January 1, 2020, Saskatchewan requires in-province and out-of-province operators of electronic distribution platforms and on-line accommodation platforms, and on-line marketplace facilitators to collect and remit PST.

Beneficial ownership register: Privately-held companies governed by Saskatchewan's *The Business Corporations Act* will be required to maintain "a register of individuals with significant control over the corporation" on a date to be set by an Order in Council.

Yukon

Income tax rates (for December 31, 2020 year ends)					Other 2020 rates	
General	M&P	CCPCs		Investment income	Sales tax	Payroll tax
		Active business income to \$500,000				
12%	2.5%	2%	1.5%	12%	5% GST	None
27%	17.5%	11%	10.5%	50.67%		

For CPP and EI premiums, see page 34.

Figures in **bold** are combined federal/territorial rates.

Corporate income tax rate changes

Effective date		CCPC rate	
		Non-M&P	M&P
Before January 1, 2021		2%	1.5%
January 1, 2021		nil	

Additional highlights

Research and development (R&D) tax credit: The Yukon R&D tax credit rate for corporations will decrease to 12% (from 15%), effective for eligible R&D expenditures incurred in taxation years ending after December 31, 2020 (pro-rated for taxation years straddling January 1, 2021).

Business investment tax credit: This credit was previously called the small business investment tax credit. Enhancements:

- increase the maximum investment company size limit, from \$25 million to \$100 million assets until December 31, 2022; and to \$50 million beginning January 1, 2023
- reduce the qualifying Yukon payroll limit for investment companies, from 50% to 25%
- replace the qualifying Yukon asset test for investment companies with a Yukon headquarters test

In addition, starting January 1, 2023, the amount of money a business can raise under the program will increase, from \$800,000 in a particular year to \$4,000,000 in any rolling four-year period.

Individuals and corporations

Sales tax rates for 2020

		Rate	Total rate
Federal		5% GST	
GST only	Alberta	5% federal GST only	
	Northwest Territories		
	Nunavut		
	Yukon		
HST	New Brunswick	15%	
	Newfoundland and Labrador		
	Nova Scotia		
	Prince Edward Island		
	Ontario		
PST (or QST) and GST	British Columbia	7%	12%
	Manitoba	7%	12%
	Quebec	9.975%	14.975%
	Saskatchewan	6%	11%

The planned decrease in Manitoba's rate to 6% has been postponed until further notice. See pages 11 and 26.

Individuals and corporations

CPP/QPP, EI and QPIP premiums

Employers may pay EI at reduced rates in certain circumstances.

Starting 2019, CPP/QPP contributions will increase in two phases (the CPP/QPP enhancement):

- 2019 to 2023 – a higher contribution rate will be phased in – on earnings below the Yearly Maximum Pensionable Earnings (YMPE) (\$58,700 in 2020) – for:
 - both employers and employees – for CPP (from 4.95% in 2018 to 5.95% in 2023), and for QPP (from 5.4% in 2018 to 6.4% in 2023)
 - self-employed individuals – for CPP (from 9.9% in 2018 to 11.9% in 2023), and for QPP (from 10.8% in 2018 to 12.8% in 2023)
- 2024 to 2025 – an additional contribution rate will apply to earnings between the YMPE and the Yearly Additional Maximum Pensionable Earnings, for:
 - both employers and employees – 4%
 - self-employed individuals – 8%

Employees with insurable earnings for the year below \$2,000 can claim a refund of premiums.

		2019	2020			
All contributors (other than those in Quebec)	CPP	Maximum pensionable earnings	\$57,400	\$58,700		
		- Basic exemption	\$3,500			
		= Maximum contributory earnings	\$53,900	\$55,200		
	EI premiums	Employer/employee rate	5.1%	5.25% ¹		
		Maximum employer/employee contribution	\$2,749	\$2,898		
		Self-employed contribution rate	10.2%	10.5% ²		
		Maximum self-employed contribution	\$5,498	\$5,796		
		Maximum annual insurable earnings	\$53,100	\$54,200		
	Quebec contributors	QPP (higher than CPP)	Premium per \$100 insurable earnings	Employee	\$1.62	\$1.58
			Employer	\$2.268	\$2.212	
EI (lower than federal EI premiums due to the QPIP)		Employee	\$860	\$856		
		Employer	\$1,204	\$1,199		
Quebec contributors	QPP (higher than CPP)	Maximum annual pensionable earnings	\$57,400	\$58,700		
		- Basic exemption	\$3,500			
		= Maximum contributory earnings	\$53,900	\$55,200		
	EI (lower than federal EI premiums due to the QPIP)	Employer/employee rate	5.55%	5.7% ³		
		Maximum employer/employee contribution	\$2,991	\$3,146		
		Self-employed contribution rate	11.1%	11.4% ⁴		
		Maximum self-employed contribution	\$5,983	\$6,293		
		Maximum annual insurable earnings	\$53,100	\$54,200		
	QPIP premiums	Premium per \$100 insurable earnings	Employee	\$1.25	\$1.20	
		Employer	\$1.75	\$1.68		
Employee		\$664	\$650			
Employer		\$929	\$911			
QPIP premiums	Maximum annual insurable earnings	\$76,500	\$78,500			
	Premium per \$100 insurable earnings	Employee	\$0.526	\$0.494		
	Employer	\$0.736	\$0.692			
	Employee	\$402	\$388			
QPIP premiums	Employer	\$563	\$543			
	Premium per \$100 insurable earnings	Self-employed	\$0.934	\$0.878		
QPIP premiums	Annual maximum contribution	Employee	\$715	\$689		
	Employer					

Self-employed individuals are permitted to deduct half of base CPP/QPP premiums and 100% of the enhanced portion of CPP/QPP premiums paid for their own coverage. The non-deductible portion qualifies for a tax credit. As well, a portion of the QPIP premiums paid by self-employed individuals is deductible. Self-employed individuals are not required to pay EI premiums, but may opt into the program and pay EI premiums at the employee rate.

1. For CPP employer/employee rate: 5.25% = 4.95% (base CPP rate) + 0.3% (enhanced CPP rate)
2. For CPP self-employed rate: 10.5% = 9.9% (base CPP rate) + 0.6% (enhanced CPP rate)
3. For QPP employer/employee rate: 5.7% = 5.4% (base QPP rate) + 0.3% (enhanced QPP rate)
4. For QPP self-employed rate: 11.4% = 10.8% (base QPP rate) + 0.6% (enhanced QPP rate)

Individuals and corporations

Retirement savings and profit sharing plans

For registered retirement savings plans (RRSPs), pooled registered pension plans (PRPPs), Saskatchewan pension plans (SPPs), defined contribution registered pension plans (RPPs) and deferred profit sharing plans (DPSPs), the amount that can be contributed in a year is the lesser of:

- 18% of earned income for the previous year (for RRSPs, PRPPs and SPPs) or of pensionable earnings for the current year (for RPPs and DPSPs)
- fixed-dollar limits

The table below outlines these limits. For example, for RRSPs, the \$27,830 fixed dollar limit applies in 2021 if earned income in 2020 (i.e. the previous year) exceeds \$154,611 (because 18% of \$154,611 is \$27,830).

Different rules apply for defined benefit plans.

		Registered retirement savings plan (RRSP) Pooled registered pension plan (PRPP)		Saskatchewan Pension Plan ("Specified Pension Plan")		Defined contribution registered pension plan (RPP)		Deferred profit sharing plan (DPSP)	
% of earnings		18% of earned income for the previous year				18% of pensionable earnings for the year			
		Maximum contribution	Earned income (previous year)	Maximum contribution	Earned income (previous year)	Maximum contribution	Pensionable earnings (current year)	Maximum contribution	Pensionable earnings (current year)
Dollar limits	2019	\$26,500	≥ \$147,222	\$6,200	≥ \$34,444	\$27,230	≥ \$151,278	\$13,615	≥ \$75,639
	2020	\$27,230	≥ \$151,278	\$6,300	≥ \$35,000	\$27,830	≥ \$154,611	\$13,915	≥ \$77,306
	2021	\$27,830	≥ \$154,611						
	2022	Indexed		Indexed		Indexed			
Contribution limits	Limits apply to:	All contributions				Combined employer/employee contributions		Employer contributions	
	Reduced by:	Pension Adjustment (PA) for the previous year				DPSP contributions for the year (Terms of plan may impose lower limits)		Defined contribution RPP contributions for the year (Terms of plan and employer's profits may impose lower limits)	
	Increased by:	Unused RRSP contribution limits of previous years and pension adjustment reversals (PARs)				n/a			
	Stated in:	Previous year's Notice of Assessment		Previous year's Notice of Assessment (to a maximum of \$6,300)		Documents provided by the employer or plan administrator			
Deadlines	Employer's contribution	For: • RRSPs – n/a • PRPPs – 120 days after employer's year end		n/a		120 days after employer's year end			
	Individual's contributions	60 days after the calendar year end (i.e. March 1, but February 29 for leap years; adjusted for deadlines that fall on weekends)				December 31		n/a	

DPSP amounts are half of defined contribution RPP amounts.

Employee contributions to DPSPs are not permitted.

Other factors, such as past service pension adjustments, may affect these limits and are not shown, nor are special rules that may apply to transfers and deceased taxpayers.

The PA reflects the value of benefits accruing to the individual for the year in a DPSP and/or an RPP, whether defined benefit or defined contribution.

A PAR may restore RRSP contribution room when a member withdraws from a defined benefit RPP and the amount received is less than the total PAs.

Individuals and corporations

R&D tax credits

Federal SR&ED investment tax credit rates

The federal investment tax credit (ITC) and refund rates shown apply to current expenditures incurred in 2020.

Unused federal ITCs may reduce federal taxes payable for the previous three years and the next twenty.

Generally, a CCPC's \$3 million expenditure limit in respect of the 35% credit is reduced by \$0.075 for every \$1 of its previous year's taxable capital employed in Canada above \$10 million, up to \$50 million. The threshold is on an associated basis.

		Investment tax credit (ITC) rate	Refund rate
Qualified SR&ED in Canada	Qualifying Canadian-Controlled Private Corporations (CCPCs)	35% of annual qualified expenditures up to threshold (\$3 million or less) + 15% of qualified expenditures not eligible for the 35% rate	100% of ITCs computed at the 35% rate + 40% of ITCs computed at the 15% rate
	Other corporations Individuals	15%	n/a 40% of ITCs

The SR&ED ITC is also available for certain salaries or wages incurred in respect of SR&ED carried on outside Canada (limited to 10% of salaries and wages directly attributable to SR&ED carried on in Canada).

Provincial and territorial R&D tax credits

Only corporations are eligible for R&D tax credits, except in Newfoundland and Labrador, Quebec and Yukon, where individuals can also claim the credits.

In Alberta, the rate was 10% and the maximum annual refundable credit was \$400,000 for eligible expenses incurred before January 1, 2020.

British Columbia's maximum annual refundable tax credit is \$300,000.

In Ontario, corporations that have taxable income under \$500,000 and taxable capital under \$25 million can claim the innovation tax credit on up to \$3 million of expenditures. Those with taxable income between \$500,000 and \$800,000 or taxable capital between \$25 million and \$50 million are eligible for a partial credit.¹ 100% of current expenditures are eligible.

20% of qualifying payments (up to \$20 million annually on an associated basis) to an Ontario eligible research institute.

For all Quebec R&D tax credits:

- Quebec Canadian-controlled corporations with less than \$50 million in assets can claim the 30% rate on up to \$3 million of R&D wages and/or eligible R&D expenditures. For those with assets between \$50 million and \$75 million, the rate is gradually reduced to 14%. The rate is 14% for all other taxpayers. The rates are higher in certain cases.¹
- An exclusion threshold ranging from \$50,000 to \$225,000, depending on the corporation's assets, reduces the eligible R&D expenditures for the R&D wage tax credit (for qualified expenditures incurred for a taxation year beginning before March 11, 2020, this threshold also reduced eligible R&D expenditures for the university R&D tax credit, the private partnership precompetitive tax credit and the tax credit on fees paid to a research consortium); the rule that splits the threshold among Quebec's four R&D tax credits continues to apply when calculating the R&D wage tax credit.

A portion of payments to unrelated subcontractors may be eligible for these Quebec credits (50% for R&D wage; 80% for private partnership precompetitive).

Yukon's rate:

- is 20% on R&D expenditures made to the Yukon College
- for eligible R&D expenditures incurred in taxation years ending after December 31, 2020 (pro-rated for taxation years straddling January 1, 2021) will decrease to 12% for corporations (the rate remains 15% for individuals)

		Rate	Refundable?	Carry-back	Carry-forward
Alberta		n/a	n/a	n/a	
British Columbia	Qualifying CCPCs	10%	Yes	3 years	10 years
	Other corporations		No		20 years
Manitoba		15%	Yes/No	3 years	20 years
New Brunswick		15%	Yes	n/a	
Newfoundland and Labrador					
Nova Scotia					
Ontario	Innovation tax credit	8%	No	3 years	20 years
	Business research institute tax credit	20%			
	R&D tax credit	3.5%			
Quebec	R&D wage tax credit	14% to 30%	Yes	n/a	n/a
	University R&D tax credit				
	Private partnership precompetitive tax credit				
	Tax credit on fees paid to a research consortium				
Saskatchewan	Qualifying CCPCs	10%	Yes	3 years	10 years
	Other corporations		No		
Yukon		15%	Yes	n/a	

Manitoba's credit is:

- fully refundable for certain eligible expenditures
- 50% refundable for in-house R&D expenditures

In some cases, Quebec's University R&D tax credit is available on 80% of payments to certain eligible entities (e.g. universities and public research centres).

Saskatchewan's maximum annual refundable tax credit is \$100,000.

Saskatchewan's total refundable and non-refundable tax credits are capped at \$1 million per taxation year.

1. Ontario and Quebec thresholds are in respect of the previous year, on a worldwide associated basis.

Individuals and corporations

Land transfer tax and registration fees

The provinces and territories charge land transfer taxes and registration fees on the purchase of real property within their boundaries.

Some exemptions or refunds are available.

Higher rates may apply to non-residents. Additional fees may be imposed (e.g. on the registration of the deed or mortgage).

For Alberta, the land transfer tax was \$50 plus 0.02% of a property's value for property transfers occurring before January 1, 2020. See pages 10 and 25.

For Northwest Territories, the land transfer tax rates were lower for property transfers registered before January 1, 2020. See pages 13 and 27.

Minimum \$100 in Northwest Territories and \$60 in Nunavut.

For Ontario and Toronto, land transfer tax applies to registered and unregistered transfers, including dispositions of a beneficial interest in land.

For Montreal, a new 1.5% rate applies on the portion of a property's value above \$2 million, starting for property transfers occurring after December 31, 2019.

		Calculation	Value used
Alberta		\$50 + 0.04% of value	Value of property
British Columbia	General	1% of portion ≤ \$200,000 + 2% of portion between \$200,000 and \$2 million + 3% of portion > \$2 million	Fair market value of property
	Residential	As above + 2% of portion > \$3 million	
Foreign purchasers	As above + 20% of value on certain residential property in the: <ul style="list-style-type: none"> • Metro Vancouver, Capital and Fraser Valley Regional Districts • Regional Districts of Central Okanagan and Nanaimo 		
Manitoba		\$113 + 0.5% of portion between \$30,000 and \$90,000 + 1% of portion between \$90,000 and \$150,000 + 1.5% of portion between \$150,000 and \$200,000 + 2% of portion > \$200,000	
New Brunswick		\$85 + 1% of value	Greater of assessed value and consideration for the transfer
Newfoundland and Labrador		\$100 + 0.4% of portion > \$500	Value of property
Northwest Territories		0.165% of portion ≤ \$1 million + 0.11% of portion > \$1 million	
Nova Scotia		\$100 + Up to 1.5% (determined by municipality)	
Nunavut		0.15% of portion ≤ \$1 million + 0.1% of portion > \$1 million	
Ontario	General	0.5% of portion ≤ \$55,000 + 1% of portion between \$55,000 and \$250,000 + 1.5% of portion between \$250,000 and \$400,000 + 2% of portion > \$400,000	Value of consideration
	Family dwelling (one or two units)	As above + 0.5% of portion > \$2 million	
	Foreign purchasers	As above + 15% of value (on certain residential property in the Greater Golden Horseshoe)	
Addition for Toronto	General	\$80 + Same as Ontario General (above)	
	Family dwelling (one or two units)	\$80 + Same as Ontario Family dwelling (one or two units) (above)	
Prince Edward Island	General	1% of value, if value > \$30,000	Greater of assessed value and consideration for the transfer
	Non-residents of PEI and corporations	As above + 1% of value (\$550 minimum) (Depends on land size and corporate ownership)	Purchase price
Quebec		0.5% of portion ≤ \$51,700 + 1% of portion between \$51,700 and \$258,600 + 1.5% of portion > \$258,600	Greatest of: <ul style="list-style-type: none"> • consideration furnished • consideration stipulated • fair market value of property
Addition for Montreal		0.5% of portion between \$517,100 and \$1,034,200 + 1% of portion between \$1,034,200 and \$2 million + 1.5% of portion > \$2 million	
Addition for Quebec municipalities (other than Montreal)		+ Up to 1.5% of portion > \$500,000 (determined by municipality)	
Saskatchewan		0.3% (\$25 minimum)	Value of property
Yukon		\$70 + 0.1% of portion > \$10,000 + Up to \$700 on portion between \$100,000 to \$10 million	

Individuals and corporations

Filing deadlines

Deadlines falling on holidays or weekends may be extended to the next business day.

In addition to income tax returns, individuals, trusts, corporations and partnerships may be subject to other filing requirements. Several are noted below. See page 7 for individual and trust income tax deadlines. For corporate income tax and financial institution capital tax deadlines, see pages 19 and 22, respectively.

Earlier deadlines apply to publicly traded trusts and publicly traded partnerships for posting information relating to T3s and T5013s to the CDS Innovations Inc. website.

		Jurisdiction or form	Filing deadline		Details and exceptions
Income reporting	Trusts	Federal, Quebec (T3 slip/relevé 16)	90 days after trust year end		n/a
	Other	Federal, Quebec (T4/relevé 1, T5/relevé 3, etc.)	Last day of February	If filer's business activity is discontinued, deadline is 30 days after discontinuance.	March 31 deadline for partnership information returns applies to partnerships with only individual members. For partnerships with: <ul style="list-style-type: none"> • only corporate members: five months after end of fiscal period • both individual and corporate members: earlier of last day of March and five months after end of fiscal period
	Tax shelter	Federal, Quebec			
Information returns	Partnership	Federal, Quebec (T5013/relevé 15)	Last day of March		If partnership discontinues: earlier of normal filing deadline and 90 days after discontinuance.
	Transactions with non-residents	Federal: NR4		Individuals: April 30 Corporations: 6 months after year end Trusts: 90 days after year end Partnerships (T106, T1135 and T1142 only): same as for partnership information return	For trusts, form NR4 is due 90 days after the trust's year end.
	Foreign property/trust	Federal: T1135, T1141, T1142			For individuals, forms T106, T1135, T1141 and T1142 are due June 15 if the taxpayer or the taxpayer's spouse carried on a business in the year.
		Federal: T1134		Individuals, corporations, trusts and partnerships: 12 months after year end	n/a
Notice of objection	Federal, all provinces		90 days after mailing date of assessment or reassessment		In all jurisdictions, for an individual or a testamentary trust that is a graduated rate estate: the later of one year after the filing due date and 90 days after mailing date of the assessment or reassessment.

The table reflects standard filing deadlines for income reporting, information returns and notices of objection. It does not reflect the many filing deadlines that have been administratively extended due to the COVID-19 pandemic. See:

- pages 9, 10, 15, 16, 23 and 30 for some of these extensions
- Canada Revenue Agency web page "CRA and COVID-19 Income tax filing and payment deadlines" at www.canada.ca/en/revenue-agency/campaigns/covid-19-update/covid-19-filing-payment-dates.html
- Revenu Québec web pages "COVID-19: FAQ for individuals," "COVID-19: FAQ for Businesses" and "Relief measures for individuals and businesses" at www.revenuquebec.ca/en/coronavirus-disease-covid-19/

The filing deadline for T1134 returns:

- was 15 months after year end, for taxation years beginning before 2020
- will be 10 months after year end, for taxation years beginning after 2020



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