LIONSPOINT

Financial Services

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2026 Tax Playbook

Your Complete Guide to Tax-Smart Wealth Building

Your Complete Guide to Tax-Smart Wealth Building in Canada — 2026 Edition

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Section 1: ○○○

SECTION 2

The 2026 Canadian Tax Landscape

Brackets, Key Numbers & What's New

Understanding where your income falls within Canada's tax structure is the foundation of every planning strategy we implement together.

2.1 Federal Income Tax Brackets 2026

Taxable Income Range	Federal Rate	Tax on This Portion
Up to $58,523	**15%**	Up to $8,778
$58,523 – $117,045	**20.5%**	Up to $11,997 on this bracket
$117,045 – $181,440	**26%**	Up to $16,742 on this bracket
$181,440 – $258,482	**29%**	Up to $22,340 on this bracket
Over $258,482	**33%**	33% on every additional dollar

2.2 Ontario Provincial Tax Brackets 2026

Taxable Income Range	Ontario Rate
Up to $53,891	**5.05%**
$53,891 – $107,785	**9.15%**

Taxable Income Range	Ontario Rate
$107,785 – $150,000	**11.16%**
$150,000 – $220,000	**12.16%**
Over $220,000	**13.16%**

⚠ Important Combined Rate

The combined federal + Ontario **top marginal rate** reaches approximately **53.53%** on income above $220,000. This makes tax planning — especially income deferral and splitting — extraordinarily valuable at higher income levels.

2.3 Key 2026 Numbers at a Glance

★ 2026 Critical Figures

RRSP Annual Contribution Limit

$32,490

TFSA Annual Contribution Limit

$7,000 (Cumulative room since 2009: $109,000)

FHSA Annual Limit / Lifetime Limit

$8,000 per year / $40,000 lifetime

Basic Personal Amount (Federal)

~$16,129

Capital Gains Inclusion Rate (Individuals)

50% — consult advisor for corporate/trust treatment

RRSP Deadline (2025 Tax Year)

March 2, 2026 (now past — use for planning context)

2026 Tax Filing Deadline

April 30, 2026 | June 15 if self-employed (payment still due April 30)

2.4 What's New & What to Watch

- **Capital Gains Inclusion Rate:** Ongoing legislative discussion regarding rate changes for individuals, corporations, and trusts. The situation continues to evolve — confirm current rules with your advisor before any disposition.
- **Government Benefit Thresholds:** OAS clawback, GIS thresholds, and income-tested benefits are indexed annually. Know your net income before year-end to avoid surprises.
- **CRA Digital Services:** My Account and My Business Account continue to expand. Representing clients digitally and responding to CRA requests online is now standard — ensure your advisor has access.
- **CPP Contributions & Benefits:** CPP2 contributions (enhanced CPP) continue to increase pensionable earnings ceilings in 2026 — relevant for self-employed individuals modelling retirement income.
- **Inflation Indexing & Bracket Creep:** Federal brackets are indexed to CPI, but at high income levels, even small income increases can push you into a materially higher marginal bracket.
- **Note:** Tax rules are subject to change at any time. Always confirm with a qualified tax professional. This playbook reflects best available information as of mid-2026.

SECTION 3

Registered Accounts: Your Tax Shelter Toolkit

Making Every Dollar Work Harder

3.1 RRSP — Registered Retirement Savings Plan

2026 Contribution Limit: $32,490

- **Core Strategy:** Contribute in high-income years; defer tax to lower-income retirement years to benefit from the marginal rate differential.
- **Spousal RRSP:** Contribute to a spouse’s RRSP to enable income splitting in retirement — a powerful tool for households where one spouse earns significantly more.
- **RRSP to RRIF Conversion:** Must convert by December 31 of the year you turn 71. Mandatory minimum withdrawals apply annually from that point forward.
- **Home Buyers’ Plan (HBP):** First-time buyers can withdraw up to **$60,000** tax-free from their RRSP to purchase a qualifying home (repayable over 15 years).
- **Lifelong Learning Plan (LLP):** Withdraw up to $10,000/year (max $20,000 lifetime) for full-time education costs for you or your spouse.

“The best RRSP is one you actually contribute to — but the smartest one is timed to your marginal rate.”

3.2 TFSA — Tax-Free Savings Account

2026 Limit: $7,000 | Cumulative Room Since 2009: $109,000

- All withdrawals are completely tax-free and the amount withdrawn is restored to your contribution room the following January 1.
- **Ideal for:** Flexible savings, retirement supplementation, short-term financial goals, and estate planning efficiency.
- **Common Mistakes:** Over-contribution penalties (CRA charges 1%/month), holding income-producing assets in taxable accounts when TFSA room is available, and recontributing in the same calendar year after withdrawing.
- **Strategy:** Maximize TFSA with higher-growth or income-producing investments for the greatest tax-free compounding effect.

3.3 FHSA — First Home Savings Account

Annual Limit: $8,000 | Lifetime Limit: $40,000

- **Unique Dual Benefit:** Contributions are tax-deductible (like an RRSP) AND qualifying withdrawals are completely tax-free (like a TFSA). No other Canadian account offers both.
- Can be combined with the RRSP Home Buyers' Plan for maximum first-home purchasing power.
- Must be a first-time buyer; the account must have been open for at least one calendar year before making a qualifying withdrawal.
- **Transfer Option:** If you never purchase a home, unused FHSA balances can be transferred to your RRSP or RRIF without affecting contribution room — zero penalty.

★ **Lionspoint Perspective**

"The FHSA is the most powerful account the CRA has introduced in a generation. Every eligible client should have one open today — even if a home purchase is years away. The tax-deductibility clock starts ticking from the moment you open it."

3.4 RESP — Registered Education Savings Plan

- **Lifetime Limit:** $50,000 per beneficiary.
- **Canada Education Savings Grant (CESG):** The federal government contributes 20% on the first $2,500 contributed per year = up to **$500/year in free government money**, to a maximum of $7,200 per child over the life of the plan.
- **Additional CESG (A-CESG):** Lower-income families may qualify for additional government grants of 10%–20% on the first $500 contributed annually.
- **Family RESP vs. Individual Plan:** Family plans allow unused CESG to be shared between siblings — often the more efficient structure for families with multiple children.

3.5 Registered Account Comparison

Account	2026 Limit	Contribution	Growth	Withdrawal	Best For
RRSP	$32,490	Tax-deductible	Tax-deferred	Taxed as income	Retirement / high earners
TFSA	$7,000	Not deductible	Tax-free	Tax-free	Flexibility / any goal
FHSA	$8,000	Tax-	Tax-free	Tax-free	First-time

Account	2026 Limit	Contribution	Growth	Withdrawal	Best For
		deductible		(qualifying)	homebuyers
RESP	No annual limit	Not deductible	Tax-deferred	Partially taxable	Children's education

SECTION 4

Family Tax Planning

The Family Unit as a Tax Planning Vehicle

Your household is not just a financial unit — it is a tax planning vehicle. Structured correctly, a family can significantly reduce its collective tax burden across generations.

4.1 Income Splitting Strategies

- **Spousal RRSP:** The contributing spouse receives the deduction today; the receiving spouse withdraws (and is taxed) in retirement when their income is lower. A classic and effective strategy.
- **Pension Income Splitting:** After age 65, eligible pension income (including RRIF withdrawals) can be split with a spouse — up to 50% — significantly reducing combined tax.

- **Prescribed Rate Loans:** Lend funds to a lower-income spouse or family member at the CRA prescribed rate. Any investment income earned on those funds is taxed in their hands at their lower rate. Locking in the prescribed rate while it is low is a key planning opportunity.
- **Attribution Rules:** The Income Tax Act attributes income and capital gains back to the transferring spouse in many situations. Proper structuring is essential — improperly executed strategies can result in CRA reassessment.

4.2 Employing Family Members

- If you operate a business, legitimately employing a spouse or adult child is an effective way to shift income to lower-tax hands.
- Compensation must be **reasonable and arm's-length** — CRA will scrutinize arrangements where compensation exceeds market rates for the work performed.
- Proper employment documentation is required: contracts, payroll records, T4 slips.
- The benefit: reduces net business income for the owner and builds RRSP room for the family member.

4.3 Children and Tax Planning

- **RESP Maximization:** Prioritize the $2,500/year CESG-eligible contribution to capture government grants (see Section 3.4).
- **In-Trust Accounts for Minors:** Capital gains on investments held in-trust are generally taxed in the child’s hands; however, income and dividends are attributed back to the contributing parent. Growth-focused investments are most suitable for these accounts.

- **Educational Tax Credits:** Tuition credit (15% federal) and post-secondary textbook amounts flow through to the student first; unused credits can be transferred to a supporting parent.
- **Child Care Expense Deductions:** Must be claimed by the lower-income spouse; reduces net income and may improve access to income-tested credits and benefits.

4.4 Estate & Gifting Basics

- **No Gift Tax in Canada:** Canada has no formal gift tax — however, attribution rules apply on gifts to a spouse or minor children that produce income.
- **Lifetime Capital Gains Exemption (LCGE):** Approximately **$1.25 million** on qualified small business corporation shares and qualified farm/fishing property. This is one of the most significant tax planning tools available to Canadian business owners and farm families.
- **TFSA as an Estate Tool:** Name your spouse as **Successor Holder** (not merely a beneficiary) to allow the TFSA to transfer at death without probate and without affecting the surviving spouse's own TFSA room.
- **Testamentary Trusts:** A properly structured testamentary trust can provide graduated tax rates and creditor protection for estate beneficiaries — a meaningful planning tool for larger estates.

★ Lionspoint Reminder

Family tax planning intersects with legal documents — wills, powers of attorney, trust deeds, and corporate shareholding structures. Lionspoint coordinates closely with your legal and accounting professionals to ensure every piece works together.

SECTION 5

Incorporated Professionals & Business Owners

Advanced Structures for Tax Efficiency

For incorporated professionals, the corporation is not just a business vehicle — it is the most powerful tax deferral tool in the Canadian tax system. Used strategically, it can compound wealth at a dramatically accelerated rate.

5.1 The Power of the Corporation

- **Small Business Deduction (SBD):** Active business income earned inside a Canadian-Controlled Private Corporation (CCPC) is taxed at a combined federal + Ontario rate of approximately **12.2%** on the first $500,000 of active income — compared to a personal top marginal rate of approximately 53.53%.
- **Tax Deferral:** The ~41% rate differential between corporate and personal rates means after-tax corporate dollars can be left invested inside the corporation to compound far more powerfully than if withdrawn and invested personally.
- **The Key Principle: Defer, Defer, Defer — then extract strategically.** The power of incorporation lies in timing and discipline.

5.2 Salary vs. Dividend: The Perennial Question

Consideration	Salary	Dividends
RRSP Contribution Room	Yes — 18% of earned income	No
CPP Contributions	Yes (both employer + employee)	No
Reduces Corporate Income	Yes	No (paid from after-tax corporate income)
Pensionable Income	Yes	No
Personal Tax Rate	Taxed as regular income	Eligible dividends taxed at lower effective rate

★ **Lionspoint Recommendation**

Always model the salary/dividend mix annually. The optimal answer changes depending on your province, personal income needs, retirement plans, available RRSP room, and CPP considerations. There is no universal right answer — only the right answer for you, this year.

5.3 Corporate Investment Income

- Passive investment income inside a corporation is taxed at approximately **50.17%** (federal + Ontario) — a critical planning point that surprises many incorporated clients.
- Passive income over **$50,000/year** inside the corporation reduces the $500,000 SBD limit dollar-for-dollar, up to a complete phase-out at $150,000 of passive income.

- **Strategy:** Extract surplus investment assets personally, use life insurance structures to shelter corporate investment growth, or consider a holding company to manage passive income efficiently.
- **Individual Pension Plan (IPP):** For incorporated professionals over approximately age 45 with high income, an IPP can shelter significantly more retirement savings than an RRSP — and contributions are corporate-deductible. Every client in this profile should model an IPP.

5.4 Professional Corporations — MDs, Dentists, Lawyers, Engineers

- Retain after-tax corporate earnings for tax-deferred compounding inside the corporation — the longer the deferral, the more powerful the outcome.
- **Holding Companies:** A holding company above the operating corporation can provide asset protection, facilitate income splitting with adult family shareholders, and separate passive investment assets from active business risk.
- **TOSI (Tax on Split Income):** Dividends paid to family members are subject to top marginal rates unless specific exemptions apply. TOSI rules are complex and require careful structuring — do not assume income splitting with family shareholders is straightforward.
- Use corporate surplus strategically: fund insurance policies, establish investment accounts, or deploy into real estate within appropriate structures.

5.5 Corporate Lifecycle Planning

- **When to Incorporate:** A common rule of thumb is steady annual income above $150,000–$200,000 after personal living expenses. Below that threshold, the administrative cost of incorporation may outweigh the tax benefit.
- **Wind-Down & Succession:** Capital gains exemption planning and estate freeze strategies should be initiated well in advance of any business transition.

- **Selling the Business:** Ensure qualifying shares have been structured correctly to access the LCGE. A share sale structured early can result in over $1.25 million of capital gains being entirely tax-free — but the groundwork must be laid years before the transaction.

SECTION 6

The 2026 Tax Calendar

Never Miss a Deadline

Tax deadlines are not suggestions. Missing a single date can trigger penalties, eliminate credits, or cost thousands in lost planning opportunity. Use this calendar as your guide — and let Lionspoint keep you ahead of every one.

Date	Event / Action Required	Status
January 1, 2026	New TFSA contribution room ($7,000) became available. Cumulative room for eligible Canadians: $109,000.	✓ Past
March 2, 2026	RRSP contribution deadline for the **2025 tax year**. Contributions after this date apply to 2026.	✓ Past

Date	Event / Action Required	Status
April 30, 2026	Personal tax return filing and **payment deadline** for most Canadians. Balances owing after this date accrue daily interest.	✓ Past
June 15, 2026	Extended filing deadline for self-employed individuals and their spouses. *Note: any balance owing was still due April 30.*	✓ Past
July 2026	**Mid-Year Tax Review: Assess year-to-date income, projected year-end income, and adjust instalment payments if required. A critical checkpoint — schedule your review with Paul now.**	**▶ Now**
August – September 2026	Corporate year-end planning for December 31 fiscal year corporations. Review salary/dividend mix for the current year and model year-end bonuses.	Upcoming
September 15, 2026	Third quarterly instalment payment due for individuals with significant non-withheld income (investment income, rental income, business income).	Upcoming
October 2026	Begin year-end planning in earnest. Review investment portfolio for tax-loss harvesting opportunities. Confirm registered account contribution room remaining.	Upcoming
November 2026	Charitable donation planning. All eligible donations must be made by December 31 to generate a 2026 tax credit. Consider donating publicly traded securities directly to avoid capital gains.	Upcoming
December 15, 2026	Fourth and final quarterly instalment payment due for	Upcoming

Date	Event / Action Required	Status
	the 2026 tax year.	
December 31, 2026	**Year-End Deadline: Last day to make 2026 TFSA and FHSA contributions, complete tax-loss harvesting, make eligible charitable donations, and complete corporate transactions within the 2026 fiscal year.**	**Critical**
January 1, 2027	New TFSA contribution room becomes available. 2026 RRSP contribution room calculated based on 2026 earned income.	Future
March 1, 2027	RRSP contribution deadline for the **2026 tax year**. Final opportunity to reduce 2026 taxable income via RRSP.	Future
April 30, 2027	2026 personal tax return filing and payment deadline.	Future

★ Lionspoint Client Advantage

Lionspoint clients receive proactive deadline reminders and personalized year-end checklists tailored to their specific income situation, account structure, and planning priorities. Reach out to Paul at any time to ensure nothing slips through the cracks — paul.davis@lionspointwealth.com.

SECTION 7

The Lionspoint Toolkit

Your Advisory Edge

Every Lionspoint client benefits from a structured, disciplined approach to financial planning. Below is an overview of the core services we deploy on your behalf throughout the year.

■ 7.1 Annual Tax Review

A comprehensive year-end tax assessment for every client, covering marginal rate analysis, projected income, registered account contribution room, and all identified tax-saving opportunities. Output: a personalized, written action plan delivered before December 31 — when it can still make a difference.

■ 7.2 Registered Account Optimization

Strategic contribution timing and sequencing for RRSP, TFSA, FHSA, and RESP. We model the annual trade-off between RRSP and TFSA based on current and projected marginal rates, carry-forward room, and withdrawal timelines. Annual review of cumulative room ensures no opportunity is left unused.

■ 7.3 Investment Tax Efficiency

Asset location strategy: we determine which investments belong in which account — TFSA for highest-growth and income-producing assets, RRSP for fixed income and foreign holdings, personal accounts for capital-gains-eligible investments. Combined with disciplined capital gains and loss harvesting, and dividend income structuring for incorporated clients.

■ 7.4 Corporate Planning for Professionals

Annual salary/dividend optimization modelling, passive income monitoring and SBD preservation analysis, holding company structuring, TOSI compliance review, and IPP/RCA modelling for high-income incorporated professionals. We run the numbers so you can make decisions with confidence.

■ 7.5 Estate & Succession Planning Coordination

Regular beneficiary designation reviews, TFSA successor holder vs. beneficiary planning, life insurance as a tax-efficient wealth transfer tool, and active coordination with estate lawyers and accountants to ensure your plan is both legally sound and tax-optimal. Estate planning is not a one-time event — it is an ongoing discipline.

■ 7.6 Family Financial Architecture

Spousal RRSP structuring, prescribed rate loan facilitation, family trust planning in coordination with legal counsel, RESP strategy and CESG grant optimization, and FHSA setup and management for next-generation clients entering the workforce. We help your family build wealth across every generation.

★ Our Commitment

Every Lionspoint engagement is built on three pillars: **Proactive** — we identify opportunities before deadlines force your hand. **Personalized** — your plan reflects your life, not a template. **Comprehensive** — tax, investment, estate, and family planning are never siloed.

SECTION 9

Your Next Step

Let's Build Your Tax Plan Together

This playbook was designed to give you a clear, grounded view of the 2026 Canadian tax landscape — the rules, the tools, the deadlines, and the strategies that matter most. But a playbook, by definition, is just the starting point.

Real results come from a plan that is built around **your** income, **your** family structure, **your** timeline, and **your** goals. No two clients are the same, and at Lionspoint, no two plans are either. What we offer is not generic advice — it is the kind of proactive, personalized, and comprehensive guidance that makes a measurable difference year after year.

Whether you are an incorporated professional managing passive income, a couple planning your first home purchase, a family building an RESP strategy, or a pre-retiree navigating the RRIF transition — your 2026 tax plan deserves dedicated attention. The best time to start is always now.

> *“This playbook is a starting point — but real results come from a customized plan built around your income, your family, and your goals. Let’s talk.”*

Schedule Your Complimentary 2026 Tax Review

A personalized, no-obligation conversation with your Lionspoint advisor.

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We look forward to hearing from you. The sooner your plan is in place, the more time it has to work for you.

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