

Payroll Withholdings Changes and Increases to Tax Bracket Thresholds



Effective January 1st, 2024

Tax brackets for Canada in 2024 are as follows:

- **15.00%** for the first \$55,867
- **20.50%** for income over \$55,867 up to \$111,733
- **26.00%** for income over \$111,733 up to \$173,205
- **29.32%** for income over \$173,205 up to \$246,752
- **33.00%** for income over \$246,752

Each province also has its own set of provincial tax brackets, most having been indexed to inflation, but using their respective provincial calculations.

The basic personal amount (BPA) ie. the amount of income an individual can earn without paying federal tax has been increased to \$15,705.00. For tax payors who earn amounts in excess of this amount, the federal credit is calculated by applying the lowest federal personal tax rate ie. 15%, to the BPA, making it worth \$2,356.00, however, as this credit is non-refundable, it is only worth the maximum amount if you would otherwise have paid that much tax within the calendar year.

CPP contributions:

For 2024, the CPP rate will remain at 5.95% but the maximum pensionable earnings have increased to \$68,500.00 (the "first earnings ceiling"), while the basic exemption amount remains at \$3,500.00. This means that contributors will be paying CPP on their first \$65,000.00 earnings (\$68,500.00, less the \$3,500.00 exemption), a total of \$3,867.50 for both the employee and the employer.

Starting January 1st, 2024, however, the federal government has introduced a second CPP contribution rate (**CPP2**) and earnings ceiling.

The second higher earnings limit creates a dual-threshold system and as a result, pensionable earnings between \$68,500.00 and \$73,200.00 will be subject to a 4% contribution, with a maximum contribution of \$188.00 for both employer and employee.

EI contributions: The contribution rate for employees increases to 1.66% in 2024 (1.32% in Quebec), up to a maximum contribution of \$1,049.12 (\$834.24 for Quebec) on 2024 maximum insurable earnings of \$63,200.00

For Assistance with Payroll and Human Resources Services please call BizWize at 705-250-1525 and one of our staff will be happy to assist you!