

***SAVING
YOU
MORE!***



TAX GUIDE

Read this guide before completing
your 2025 tax return!

JAMIE SCHMALE

**MP | HALIBURTON-
KAWARTHA LAKES**

A Message from Your Member of Parliament

Dear Neighbour,

It has been a challenging year for many families in our community. Residents across the riding are feeling the pressure of higher living costs, rising housing expenses, and uncertainty about the future. For many households, savings are being stretched thin, and it can be difficult to know where to turn for reliable support.

Across Canada, elevated interest rates over the past several years have increased mortgage and rent costs, food prices remain high, and demand for community supports such as food banks continues to be at record levels. Young Canadians, in particular, are expressing growing concern about housing affordability and long-term financial stability. These pressures are affecting families, seniors, workers, and small business owners alike.

There are tools available to help. This annual Tax Guide is designed to assist you during these uncertain times by highlighting federal tax credits, deductions, and benefits that may help ease some of the financial strain. Throughout this guide, you will find practical information to help you navigate the tax system and identify benefits you may be entitled to claim from the previous year.

As tax season approaches, it is especially important to ensure that you receive every benefit and credit for which you qualify. With household budgets under pressure, understanding the available tax measures can make a meaningful difference. We encourage you to review this guide carefully and consider the tax savings that may apply to your situation.

Please feel free to contact my office for assistance.

Sincerely,

Jamie Schmale, Member of Parliament
Haliburton-Kawartha Lakes

****Disclaimer**** Please note that this is not legal or tax-preparation advice and does not necessarily include every credit or deduction for which you may qualify. Some changes may apply to the GST rebate as of July 2026. Contact the Canada Revenue Agency at 1-800-959-8281 or visit www.canada.ca/en/revenue-agency for more information. All models depicted in this publication were chosen for illustrative purposes only.

Medical Expense Travel Log

Medical Expense Travel Log

CRA will often review medical expenses and request documentation to support a claim.

Keeping track of trips of more than 40KMS for medical purposes will help with calculating mileage using the simplified rates method and will also help in the event that CRA requests supporting documentation for a medical expense review.

Date of Appointment	Name of Physician	Location—Full Address	# of KMS One Way	Office Signature



SAVINGS FOR ALL CANADIANS

Please see the list of some tax benefits you can claim below:

Goods and Services Tax (GST) Credit

Four times a year, this tax-free payment helps individuals and families with modest incomes offset all or part of the GST they pay. If you have a spouse or common-law partner, only one of you will receive this credit. When you file your tax return, CRA will determine your eligibility and will advise those who are eligible to receive the credit. You do not need to apply but you must file your annual taxes, even if you have no payment due.

Medical Expense Deductions

This credit applies to a number of eligible expenses, from home care services, to laser eye surgery, to orthotics. You can claim medical expenses for yourself, your spouse or common-law partner, or a dependent child. For the 2025 tax year, the threshold you subtract from your total eligible medical expenses is the lesser of 3% of your net income or approximately **\$2,834**. There is no overall limit on the amount of eligible expenses you can claim, provided they meet CRA criteria.

Medical Travel Simplified Rates for 2025

More than 40 km one way, vehicle rate (varies by province; Ontario's rate in 2025 is approx ~\$0.62 per km) and more than 80 km one way, meals **\$23** per meal up to **\$69** per day.

Canada Training Credit

An eligible individual can accumulate \$250 each year toward their CTC limit, up to a lifetime maximum of \$5,000, which can be accessed to help cover up to half of eligible tuition and fees. The CTC is available to Canadian residents aged 26 to 65 with income above a minimum threshold, subject to eligibility criteria as determined by CRA.

SAVINGS FOR FAMILIES



Here is a list of some family-based tax benefits you can claim:

Child Care Expense Deductions

You can claim payments you have made to an eligible child care provider who looked after your child while you earned employment income, operated a business, attended school, or conducted research. The CRA allows: up to **\$8,000** per child under age 7, up to **\$5,000** per child aged 7 to 16, and up to **\$11,000** for each child eligible for the Disability Tax Credit.

Canada Caregiver Credit

You can claim the Canada Caregiver Credit if you support a spouse, common-law partner, or dependent with a physical or mental infirmity. The base Canada Caregiver amount is indexed annually; amounts vary depending on the relationship and the dependent's income.

Disability Tax Credit

This non-refundable tax credit may be claimed by a person with a severe and prolonged impairment, or by their caregiver if the credit is transferred. For the 2025 tax year, federal amounts are **\$10,138** for an adult and an additional supplement of **\$5,914** for a dependent under age 18.

Child Disability Benefit

If your child is eligible for the Disability Tax Credit, they may also be eligible for the Child Disability Benefit, which provides additional support recognizing the extra costs of caring for a child with a severe disability. The maximum benefit is linked to the Canada Child Benefit and additional assistance amounts.

Registered Disability Savings Plan

The Registered Disability Savings Plan (RDSP) ensures long-term financial security for Canadians and families who are dealing with severe disability. A grant from the Canada Disability Savings program may also be available, and for low and modest income individuals, the Canada Disability Savings Bond may apply. Please check with CRA to determine if you or a family member qualifies for these supports.

Claim childcare
expenses up to

\$8,000

(for children under
the age of seven)

If the disability amount is claimed for
a child, you could claim up to

\$11,000

Claim adoption expenses
in Ontario up to

\$15,551

Claim home
care services,
laser eye
surgery,
orthopedics,
and more



SAVINGS FOR FAMILIES (cont'd)



Multigenerational Home Renovation Tax Credit

Many older adults would like to stay in their own home and live as independently as possible. For some families, a home may be renovated to create a “granny suite,” or an area within the home of adult children where an elderly parent can live. This is one type of situation where the proposed Multigenerational Home Renovation Tax Credit (MHRTC) could help.

For a qualifying renovation period, the 2025 maximum claim can be **\$7,250**.

Tax-Free First Home Savings Account

The Tax-Free First Home Savings Account offers prospective first-time home buyers the ability to save **\$40,000** tax-free. Like registered retirement savings plans (RRSP), contributions to an FHSA would be tax deductible. Like tax-free savings accounts (TFSA), income and gains inside an FHSA as well as withdrawals would be tax-free. You are allowed to contribute a total of **\$8,000 annually**, up to a maximum account value of **\$40,000 total**.

Increase to the First-Time Home Buyers' Tax Credit

There is currently a non-refundable tax credit available to first-time home buyers of **\$10,000** for the purchase of a qualifying home in 2025 or later, which provides tax relief at 15% or **\$1,500**.



SAVINGS FOR SENIORS

Here is a list of some tax benefits you can claim:

Home Accessibility Tax Credit

While in Government, Conservatives introduced the Home Accessibility Tax Credit. Seniors and persons with disabilities who are eligible for the Disability Tax Credit can qualify for tax relief of 14.5% on up to **\$20,000** in eligible expenses. To be eligible, expenses must be incurred in relation to a renovation allowing for better mobility and functionality or reducing the risk of harm.

Doubling the Pension Income Amount

The previous Conservative government doubled the maximum amount of eligible pension income that can be claimed from **\$1,000** to **\$2,000**. This results in even more savings that will make a real difference for pensioners.

Increasing the Age Amount

While in government, our party also increased the Age Amount by **\$2,000** to help low and middle-income seniors. Seniors age 65 and older may claim the Age Amount, a non-refundable tax credit; amounts are indexed. The 2025 age amount is **\$9,028.00** if your income is **\$45,522.00** or less.

Pension Income-Splitting

The previous Conservative government introduced pension income-splitting to help ease the tax burden and deliver fairness for Canadian pensioners.

Generally, each individual Canadian pays taxes on their full income earned. Pension income-splitting allows any Canadian resident who receives qualifying pension income to allocate to their spouse (or common-law partner), with whom they reside, up to one-half of that income. By doing so, a pensioner and their family can dramatically reduce their tax load. Residents receiving eligible pension income may allocate up to 50% of that income to a spouse or common-law partner to reduce overall family tax.

**Pension
income-splitting**

helps ease the
tax burden

Keep more of your hard-
earned money with the
Increased Age Amount

Save on
renovations,
allowing for better
mobility, with the
**Home
Accessibility
Tax Credit**



SAVINGS FOR SENIORS (cont'd)

Increasing the Age Limit for Converting RRSPs to RRIFs

Registered Retirement Savings Plans (RRSPs) provide one of the best opportunities for Canadians to save for the future. Since RRSP contributions below your RRSP deduction limit are not taxable, they are an ideal way to plan for retirement. However, some Canadians have been restricted by the way RRSPs are structured. Even though they chose to work past 69 years of age, it was a requirement to convert their RRSP into a Registered Retirement Income Fund (RRIF) and were forced to begin making taxable withdrawals.

The previous Conservative government increased the age limit for converting RRSPs to RRIFs from 69 to 71. Now, more Canadians have the freedom to choose when they convert their RRSPs.



SAVINGS FOR WORKING CANADIANS

We know that local business owners are the backbone of Canada's economy. That's why we successfully reduced red tape and made it more affordable for businesses to hire more workers.

Here is a list of some tax benefits that you can claim:

Canada Workers Benefit

This benefit, introduced in 2007, is a refundable tax credit that supplements the earnings of low-income workers to ensure they aren't penalized for getting a job. This refundable tax credit supports low-income workers. For the 2025 tax year, maximum amounts are approximately: **\$1,633** for single workers, **\$2,813** for families, **\$843** disability supplement advance payments are made quarterly.

Low-income working Canadians with a disability who face even larger barriers to workforce participation may qualify for an additional supplement.

Canada Employment Amount

Employees (excluding self-employed) may claim a non-refundable credit to help offset work-related expenses. For 2026 payroll purposes, the Canada Employment Amount credit is the lesser of employment income and a federal credit base around **\$1,501**, yielding a maximum non-refundable value around **\$210** in tax savings.

Apprenticeship Job Creation Tax Credit

Businesses who employ an eligible apprentice in a skilled trade in the first two years of an apprenticeship contract (registered with the federal, provincial, or territorial government) may be eligible for their apprentices to claim a non-refundable tax credit equal to **10%** of salaries and wages, up to a maximum of **\$2,000** per apprentice.

Lower Taxes for Local Business Owners, Farmers and Fishermen

When an owner of a family farm, local business, or fishing enterprise passes from one generation to the next, the properties – or shares – are subject to a Capital Gains Tax. There is an exemption of \$800,000, indexed to inflation. Additionally, the limit specifically for farm and fishing businesses was increased to \$1 million. Conservatives introduced Bill C-208, passed in the last Parliament, which made it easier for family-owned businesses and farms to be passed down to children or grandchildren.

Eligible Educator School Supply Tax Credit

Eligible educators can claim a 25% refundable tax credit on up to **\$1,000** of eligible supplies purchased in a taxation year. Some examples include flashcards, art supplies, writing materials, books for the classroom and more.

Firefighters' and Search and Rescue Volunteers' Tax Credit

Volunteer firefighters and search and rescue volunteers who perform at least 200 hours annually may claim a non-refundable credit based on an amount of **\$6,000**. Alternatively, employers may pay a tax-free honorarium of up to **\$1,000**.

Tradespersons' Tools Deduction

Providing a deduction of up to **\$1,000**, the employment tax deduction for eligible new tools was first introduced by the previous Conservative government. This deduction helps those tradespeople who pay for their tools as a condition of employment up front, out of their own pockets.

Meal Expenses of Long-Haul Truck Drivers

The deductible portion of meal expenses for long-haul truck drivers was raised to 80% a few years ago, and it remains at this level. The Canadian tax system otherwise limits business-related meal expenses to 50% deductible. Use the TL2 form to claim both meals and lodging expenses.



Employers can save up to
**\$2,000 per eligible
apprentice**

**Claim tools and
meal expenses**



Supporting
volunteer
firefighters,
and search
and rescue
personnel



SAVINGS FOR WORKING CANADIANS (cont'd)



Labour Mobility Deduction

The labour mobility deduction provides a deduction for eligible transportation, meals and temporary lodging costs at temporary work locations to eligible tradespersons and apprentices engaged in certain construction activities. Complete the TL2 form in your 2025 return.

Lowering of the Small Business Tax Rate

The previous Conservative government introduced a tax measure to lower the small business tax rate for Canadian-controlled private corporations to 9%, and the rate remains at this 9% today.

HIGHER TAXES FOR CANADIANS



Payroll Contribution Limits Increase

Both Canada Pension Plan (CPP) and Employment Insurance (EI) maximum contribution amounts increased in 2025 and will again be higher in 2026 because they are tied to annual earnings thresholds. This effectively means many workers are paying more in these mandatory contributions through payroll.

Beer, Wine and Spirit Excise Tax

The federal government has capped the annual inflationary increase on excise duties for beer, wine, and spirits at 2% as of March 2025 for two additional years, covering the 2025–2026 fiscal year.

Industrial Carbon Price Increase

Although the consumer carbon tax/fuel charge was removed on April 1, 2025, the industrial carbon price (carbon tax applied to large industrial emitters) continues and will increase to about **\$110** per tonne in 2026. Carbon pricing embedded in fuel regulations continues and is projected to add to consumer fuel costs in the years ahead. This is not a direct tax collected at the pump but functions effectively like one and is part of federal tax policy.



HIGHER TAXES FOR CANADIANS (cont'd)

Higher Interest Rates for Late Taxes

The interest rate charged on overdue taxes, the Canada Pension Plan contributions, and employment insurance premiums will be 10%.

Beer, Wine and Spirit Excise Tax

Effective April 1, the federal excise tax on beer, wine and spirits will go up by a whopping 4.7%, further exacerbating the already heavy impact of inflation. Overall, this will add over \$100 million more to government revenue from taxpayers in 2024-2025.

CPP Tax Hike

Canada Pension Plan (CPP) contributions for employees, employers, and self-employed individuals continue to rise gradually, reflecting increases in the pensionable earnings limit and the additional contribution tier. The Year's Maximum Pensionable Earnings (YMPE) for 2026 is **\$74,600**, with a basic exemption of **\$3,500**. Employees and employers each contribute 5.95 % on earnings between **\$3,500** and **\$74,600**, for a maximum base contribution of **\$4,230.00** per person. Self-employed individuals pay both portions (11.9 %). For earnings above the YMPE up to the Additional Maximum Pensionable Earnings (YAMPE) of **\$85,000**, an additional contribution tier applies. Employees and employers each contribute 4 % on this range, with a maximum additional contribution of **\$416**; self-employed individuals pay both halves (8 %), for a maximum of **\$832**.

ADDITIONAL COMPLIANCE OBLIGATIONS

Higher Interest Rates for Late Taxes

The interest rate charged on overdue taxes, the Canada Pension Plan contributions, and employment insurance premiums will be 10%.

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Jamie Schmale

MEMBER OF PARLIAMENT

Haliburton-Kawartha Lakes

jamie.schmale@parl.gc.ca | www.jamieschmale.ca



/MPJamieSchmale



jamieschmale



@Jamie_Schmale



@jamieschmale7251

OTTAWA OFFICE

Valour Building, Room
630
Ottawa ON K1A 0A6
Tel. 613-992-2474
Fax. 613-996-9656



CONSTITUENCY OFFICE

1-68 McLaughlin Rd
Lindsay, ON K9V 6B5
Tel. 705-324-2400
Fax. 705-324-0880