
Explanatory Notes Relating to the Income Tax Act

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Preface

These explanatory notes are provided to assist in an understanding of legislative proposals relating to the *Income Tax Act*. These explanatory notes describe the proposed amendments, clause by clause, for the assistance of Members of Parliament, taxpayers and their professional advisors.

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These notes are intended for information purposes only and should not be construed as an official interpretation of the provisions they describe.

Amendments to the Income Tax Act (the “Act” or “ITA”)

Clause 2

Rates for taxation years after 2024

ITA
117(2)

Subsection 117(2) provides the rates of federal personal income tax.

Paragraph 117(2)(a) is amended to adjust the lowest rate of personal income tax for the 2025 taxation year from 15% to 14.5%.

Paragraph 117(2)(a) is further amended to adjust the lowest rate of personal income tax for the 2026 and subsequent taxation years from 14.5% to 14%.

In addition, for ease of reference, the amounts in this subsection are replaced with their indexed amounts for 2025. Each of these amounts will continue to be indexed to inflation after 2025. In particular:

- Paragraphs 117(2)(a) and (b) are amended to replace references to \$45,282 with \$57,375;
 - Paragraphs 117(2)(b) and (c) are amended to replace references to \$90,563 with \$114,750;
 - Paragraphs 117(2)(c) and (d) are amended to replace references to \$140,388 with \$177,882;
- and
- Paragraphs 117(2)(d) and (e) are amended to replace references to \$200,000 with \$253,414.