FIDELITY PRIVATE WEALTH

2025 year-end tax planning guide

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A robust wealth plan involves regular checkpoints throughout the year. As we approach year-end, it's a great time to look at strategies and considerations to navigate potential tax liability. While this guide is not exhaustive, it includes common tax-related considerations and is meant to provide filing deadlines, answers to frequently asked questions and other information to help simplify your tax-preparation efforts.

Important year-end deadlines

Date[1]	Year-end deadline
December 15, 2025	• Fourth personal tax instalment for 2025 due[2]
December 30, 2025	• Last trading day to complete trade settlement in 2025
December 31, 2025	• Registered Education Savings Plan (RESP) and Registered Disability Savings Plan (RDSP) contribution deadline for government grants • First Home Savings Account (FHSA) contribution deadline • Charitable donation deadline for 2025 tax credit
January 30, 2026	• Deadline to pay interest on prescribed rate loans for income splitting
February 28, 2026	• T4 and T5 slips filing deadline
March 1, 2026	• Registered Retirement Savings Plan (RRSP) contributions deadline including Home Buyers' Plan (HBP) repayments
March 15, 2026	• First personal tax instalment for 2026 due
March 31, 2026	• T3 returns and slips due for December 31, 2025, year-ends • T5013 returns and slips due for December 31, 2025, year-ends
April 30, 2026	• T1 personal income tax return filing deadline • Personal tax payment deadline
June 15, 2026	• T1 return filing deadline for individuals with self-employed business income • Second personal tax instalment for 2026 due

1 If the deadline falls on a Saturday, Sunday or holiday, you have until the next business day to pay or file.

2 You will have to pay instalments if your tax payable in the current or preceding two taxation years is more than $3,000 ($1,800 for Quebec).

Non-registered accounts

Tax loss harvesting

If you realized capital gains during the year or in the previous three taxation years, consider selling investments with accrued losses before calendar year-end.[3] Capital losses can be applied against current-year capital gains, carried back and applied against capital gains in the previous three taxation years, or carried forward indefinitely. A transaction must settle by December 31 in order to realize and use the capital loss. The last trading day to realize losses and ensure settlement for this calendar year is December 30, 2025.

When realizing capital losses, be careful of the superficial-loss rules. If an investment is sold at a capital loss and the same security is purchased by you or an affiliated person[4] within 30 days before or after the sale, the capital loss will be denied and instead added to the Adjusted Cost Base (ACB) of the identical securities purchased.

Donations: Cash and in-kind

If you donate to a registered charity during the taxation year, it can help reduce your taxes payable. Donations must be made by December 31 in order to claim the tax credits for that year. The federal donation tax credit is 29% for donations over $200, and up to 33% depending on your income level. There are additional provincial and territorial tax credits.

Donations can be made in cash or in-kind. In-kind donations of listed securities with accrued capital gains have a 0% capital gains inclusion rate, and will be eligible for the federal and provincial or territorial donation tax credit based on the fair market value (FMV) of the securities donated.

While the inclusion rate for in-kind donations is 0%, alternative minimum tax (AMT) could apply.[5]

Pay investment expenses

Investment-related expenses in non-registered accounts, such as investment management fees or interest paid on money borrowed to earn investment income, may be deductible from taxable income. In order to deduct these amounts in the 2025 taxation year, they must be paid by December 31.

Commissions and transaction fees paid for purchasing and selling securities in a non-registered account are not deductible on your income tax return. They are added to the ACB of the security or claimed as a selling cost, which may lower your capital gain or increase your capital loss when sold.

Prescribed rate loan interest

A prescribed rate loan is a non-arm's-length loan at the Canada Revenue Agency's (CRA's) prescribed rate and is used as an income-splitting strategy, often between spouses or parents and children. Interest on a prescribed rate loan for the 2025 year must be paid on or before January 30, 2026. The interest income and expense will be reported on the lender's and borrower's 2025 tax returns.

3 Where the fair market value (FMV) is less than the adjusted cost base (ACB).

4 Includes spouse, common-law partner, corporations or a partnership controlled by you and/or your partner, or trusts in which you or your partner are majority beneficiaries (e.g., TFSAs and RRSPs).

5 AMT is an alternative Canadian income tax calculation in which you earn preferentially taxed income, such as capital gains and dividends from Canadian corporations that are in excess of an annual exemption, or in years when you claim preferential tax deductions or credits, such as the lifetime capital gains exemption. As part of the 2023 and 2024 federal budgets, there were proposed changes to the AMT rules that may affect the charitable donation credits and capital gains inclusion rate for in-kind donations. The AMT rate increased to 20.5% (from 15%) for income over $173,000 (from $40,000). The inclusion rate of capital gains on donations of publicly listed securities is 30% (from 0%), and the donation tax credit is 80% (from 100%).

Registered accounts

Tax-Free Savings Account (TFSA) contributions and withdrawals

Canadian residents who are 18 years or older[6] can contribute to a TFSA. These contributions are not tax-deductible. However, all the income and gains in the TFSA are tax-free. For 2025, the maximum contribution is $7,000. There is no deadline to make a TFSA contribution. Once you reach the age of 18, your TFSA room starts accumulating. If you were 18 or older in 2009, when the TFSA was introduced, the contribution room available is currently $102,000.

Registered Retirement Savings Plan (RRSP) contributions

RRSP contributions are tax-deductible up to your contribution limit, which can be found on your most recent Notice of Assessment or Reassessment. RRSP contributions must be made by March 1 of the following year[7] to be deductible on your current year tax return. Undeducted contributions can be carried forward to future years to deduct against your income when your tax rate may be higher.

Consider use of a spousal RRSP, which can help to facilitate income splitting. The higher-income partner will contribute to the spousal RRSP of the lower-income partner. This will use the higher-income partner's RRSP contribution room, and they can claim the tax deduction. In the future, when funds are withdrawn, they will be taxed in the lower-income partner's hands at their marginal tax rate. Note that if the lower-income partner withdraws a contribution from their spousal RRSP in the year the contribution is made, or a contribution made in the two previous tax years, the withdrawal may be attributed back to the higher-income partner and included in their taxable income.

Year-end bonus planning

If you are eligible for a year-end bonus or lump-sum payment from your employer, you may have the option to transfer some or all of this payment to your RRSP to avoid withholding tax. If you would like to confirm your RRSP contribution room, refer to your most recent Notice of Assessment or Reassessment.

Home Buyers' Plan (HBP) repayments

The HBP allows you to withdraw up to $60,000 from your RRSP to use for the down payment on a new home. This withdrawal is not taxable as long as it is repaid over a specific period of time. Repayments begin two years after the year of withdrawal, unless withdrawals were made between January 1, 2022 and December 31, 2025, in which case repayments begin five years after the year of withdrawal. If you miss your repayment, tax may be payable on the amount not repaid. If you need to make an HBP repayment, ensure you designate your repayment on Schedule 7 of your tax return. Check your latest Notice of Assessment or Reassessment for the repayment amount.

If you are purchasing a home, consider delaying HBP withdrawals until after year-end to allow you more time to repay funds into your RRSP.

Registered Retirement Income Fund (RRIF) conversions

While an RRSP can be converted to a RRIF at any time, it must be converted to a RRIF by the end of the year in which you turn 71, with payments beginning at age 72. Once an RRSP is converted to a RRIF, you need to withdraw a minimum percentage of the total value of your RRIF each year, based on the balance in your account and your age, or in certain cases, your spouse's age.

6 Or the age of majority in their province or territory of residence.

7 If the deadline falls on a Saturday, Sunday or holiday, you have until the next business day to pay or file.

First Home Savings Account (FHSA) contributions

If you or a family member are considering purchasing your first home, are a resident in Canada and are at least 18 years old, consider contributing to an FHSA before year-end.

An FHSA allows you to contribute up to $8,000 annually, subject to any available carry-forward room (up to $8,000) and up to $40,000 in your lifetime. An FHSA combines the benefits of an RRSP and TFSA, with tax-deductible contributions and tax-free withdrawals. You can carry forward FHSA contributions indefinitely and take the deduction in a future tax year if you expect a higher marginal tax. Unlike RRSP contributions, contributions to FHSA accounts in the first 60 days of 2026 cannot be deducted from 2025 income.

The account can stay open for a maximum of 15 years. If no qualifying home is purchased in this time, FHSA contributions plus accumulated growth can be transferred to an RRSP without affecting RRSP contribution room. However, RRSP contributions can only be transferred to an FHSA up to the available FHSA contribution room, and you do not get the RRSP contribution room back in the future. Consider contributing to your FHSA before your RRSP if you have the funds available.

Registered Education Savings Plan (RESP) contributions

RESP contributions are not tax-deductible, however, they grow on a tax-deferred basis in the RESP account. When withdrawals are made to pay for eligible education costs, they are taxed in the hands of the beneficiary. This could result in low or no tax if the beneficiary does not have other sources of income and is in a low marginal tax bracket. There is a lifetime contribution limit of $50,000 per beneficiary.

RESP contributions allow you to benefit from the Canada Education Savings Grant (CESG)[8], of up to $500 per year (20% of $2,500 in contributions) up to a lifetime maximum of $7,200 per child. There are additional CESG benefits for low-income families. If you have unused CESG carry-forward, you can have up to $1,000 of CESGs paid into an RESP annually.

8 Additional provincial benefits may be available for residents of British Columbia and Quebec.

Final words

Year-end is an important time for tax planning for investors. Depending on your personal situation, and the type of accounts you and your family own and have access to, there are various considerations that can help drive financial decisions. Speak with your team to determine whether the above strategies would align with your long- and short-term financial goals. Fidelity Private Wealth is here to support you in implementing these strategies and to answer any questions you may have.

Contact us for more information: privatewealth@fidelity.ca

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