



Memo

TO: All Employees and Pensioners

FROM: Kelly Martin, Payroll Manager

RE: 2021 Tax Changes

The following are the rates for federal and provincial income tax along with CPP, EI and pension contributions for 2021.

Federal income tax:

The federal tax rates are unchanged. The brackets have been indexed by 1%.

For income of:	To income of:	Federal Tax Rate
\$0	\$49,020	15%
\$49,020	\$98,040	20.5%
\$98,040	\$151,978	26%
\$151,978	\$216,511	29%
\$216,511		33%

The federal basic personal amount has been increased to \$12,421, up from \$12,298 in 2020.

The Canada Employment Amount has been increased to \$1,257, up from \$1,245 in 2020.

Provincial income tax:

The provincial tax rates are unchanged. The brackets have been indexed by 0.4%.

For income of:	To income of:	Provincial Tax Rate
\$0	\$38,081	8.7%
\$38,081	\$76,161	14.5%
\$76,161	\$135,973	15.8%
\$135,973	\$190,363	17.3%
\$190,363		18.3%

The provincial basic personal amount has been increased to \$9,536, up from \$9,498 in 2020.

2021 Tax Changes

Provincial Deficit Reduction Levy:

The temporary deficit reduction levy, implemented by the Government of Newfoundland and Labrador effective July 1, 2016, ended on December 31, 2019.

Canada Pension Plan:

For 2021, the Canada Pension Plan maximum pensionable amount is \$61,600. The basic exemption remains at \$3,500. The contribution rate is increasing to 5.45%; therefore, the maximum employee contribution for the year is \$3,166.45, up from \$2,898.00 in 2020.

The increase in contribution rate is part of the Federal Government's CPP enhancement plan. Further details can be found [here](#).

Employment Insurance:

For 2021, the maximum insurable earnings amount is \$56,300, and the premium rate is 1.58%, for a maximum annual premium of \$889.54, up from \$856.36 in 2020.

Memorial University Pension Plan

Contributions to the pension plan on the first \$3,500 of earnings in the calendar year are at a rate of 11.8%. Contributions on the next \$58,100 are at 10.0% and on earnings above \$61,600 the rate returns to 11.8%.

For More Information

If you have questions about the 2021 tax, CPP, EI or pension rates and brackets, please email MyHR@mun.ca.