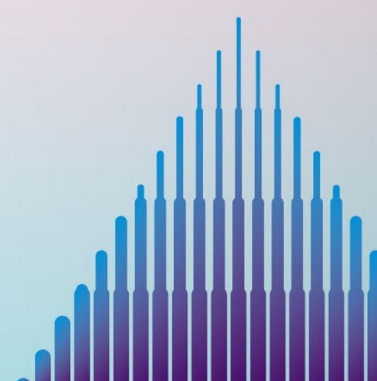




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Canada



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## 2024 CPP Contribution Limits Rise

*The CPP maximum pensionable earnings will increase to \$68,500, with a second CPP contribution rate for earnings above that amount and up to \$73,200 introduced for 2024*

The CRA has announced increased Canada Pension Plan (CPP) contribution limits for the upcoming year. The maximum pensionable earnings under the CPP for 2024 will rise to \$68,500 (from \$66,600). The employee and employer contribution rates for 2024 will remain at 5.95% and the self-employed contribution rate will remain at 11.90%.

Starting in 2024, an additional maximum pensionable earnings amount is introduced with additional CPP contributions of 4% for both employers and employees (8% for the self-employed) on earnings between the yearly maximum pensionable earnings limit (\$68,500 for 2024) and the new additional maximum pensionable earnings amount (\$73,200 for 2024).

As a result, the maximum employer and employee CPP contribution for 2024 will be \$4,055.50 each, and the maximum self-employed contribution will be \$8,111.00 (an increase from \$3,754.45 and \$7,508.90, respectively in 2023).

The basic exemption amount for CPP for 2024 remains at \$3,500. Individuals who earn less than that amount do not need to contribute to the CPP.

The rates for 2023 and 2024 are as follows:

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	2023	2024		
	Maximum	Maximum	Additional	Total
Pensionable earnings	\$66,600	\$68,500	\$4,700	\$73,200
Basic exemption amount	\$3,500	\$3,500	N/A	\$3,500
Employee/employer contribution rate	5.95%	5.95%	4.00%	N/A
Maximum employee/employer annual contribution	\$3,754.45	\$3,867.50	\$188.00	\$4,055.50
Self-employed contribution rate	11.90%	11.90%	8.00%	N/A
Maximum self-employed contribution	\$7,508.90	\$7,735.00	\$376.00	\$8,111.00

## KPMG observations

The introduction of the additional maximum pensionable earnings and the second level of additional CPP contributions in 2024 is part of several planned changes to the CPP that began in 2019. These changes were enacted by the Canadian government in 2016, with the intention of gradually increasing the maximum amount of CPP benefits that may be received during retirement once the changes are fully in place.

For more information, contact your KPMG adviser.

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