

## Changes to Ontario's Estate Administration Tax (EAT)

The April 2019 Ontario Budget proposed changes to the Estate Administration Tax, still referred to commonly as probate fees. Here are two notable changes.

The first change is that effective Jan.1, 2020, Estate Administration Tax will not be payable on the first \$50,000.00 of an estate's value. Up until then, a tax is levied at a rate of \$5 per \$1000, or part thereof, of the value of estate assets between \$1,000.00 and \$50,000.00. The rate jumps to \$15 per \$1000, or part thereof, of the value of estate assets in excess of \$50,000.00 without any upper limit. The change means that no tax will be levied against estates with a value of \$50,000.00 or less. For estates with a value greater than \$50,000.00, this change will generate savings of \$250.00. Effective, Jan. 1, 2020, Ontario would be the only jurisdiction in Canada to exempt estates valued at \$50,000 or less from estate administration taxes or probate fees. The Ontario Minister of Revenue is responsible for collecting the tax.

Exempt estates must continue to file an Estate Information Return within the prescribed time. Here is a link to [completing an estate administration return](#). The form may be completed on-line or downloaded and delivered.

An estate representative must pay the Estate Administration Tax based on the value of the estate. Only estates that go through the estate certificate process are subject to this tax. The estate certificate gives proof of the estate representative's legal authority to deal with the assets of the estate and may be required to deal with certain aspects of the estate.

The second change is that the Ontario government plans on extending the deadline for filing Estate Information Returns with the Ministry of Finance. Currently, this completed form must be received by the Ministry of Finance within 90 calendar days after a Certificate of Appointment of Estate Trustee has been issued. An exception exists for anyone who applied for a Certificate of Appointment of Estate Trustee before Jan.1, 2015. The new filing deadline for Estate Information Returns is slated to be 180 days.

As a reminder, not all estates are required to file an Estate Information Return. There is no requirement to file the return if:<sup>1</sup>

- You received a Certificate of Appointment of Succeeding Estate Trustee with a Will
- You received a Certificate of Appointment of Succeeding Estate Trustee with a Will Limited to the Assets Referred to in the Will
- You received a Certificate of Appointment of Succeeding Estate Trustee without a Will



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Peter works with independent advisors and other professionals raising awareness on issues and concerns faced by affluent individuals, professionals and business owners. He supports efforts in researching and developing optimal solutions for clients aimed at improving their financial well-being and supporting their personal wishes and lifestyles. He annually provides 100's of workshops, seminars and technical support throughout the country on tax, retirement income and estate planning issues, concepts and strategies to both advisors and consumers. As an accredited Registered Financial Gerontologist, a good deal of his time is spent on building awareness and educating people of all professions who work with or specialize in the needs, expectations and issues of elders. Comprehensive lifestyle planning is an important element of these processes.

The Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team provides internal and broker support, including seminars, education, advanced concept illustrations & Client case technical consultations.

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- You received a Certificate of Appointment of Estate Trustee During Litigation
- You applied for the Certificate of Appointment of Trustee before January 1, 2015
- You were not issued a Certificate after an Application for Certificate of Appointment of Estate Trustee was made (e.g., your application was withdrawn)
- The full amount of estate administration tax has been paid in respect of a deceased's estate, and there is no change to be reported about the assets of the estate. A subsequent Estate Application is required to be filed, for example, to appoint a succeeding Estate Trustee), and no additional tax is payable.

Not all assets need to go through the probate process. Specifically, jointly owned assets with right of survivorship and assets with a named beneficiary, including life insurance, RRSPs, RRIFs, TFSAs, RPPs and investments issued by life insurance companies where a beneficiary other than the estate has been named, may all pass outside the estate and avoid estate administration taxes or probate fees.

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<sup>1</sup> Estate Administration Tax, Ontario Ministry of Finance

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