

The age amount: a tax credit for people 65 and over that shrinks long before the OAS clawback

The federal age amount is a tax credit for people who are 65 or older by December 31. For the 2026 tax year it is up to \$9,208, and it shrinks by 15% of net income above \$46,432. That is less than half the income at which the OAS clawback starts, so a RRIF withdrawal or a pension split can change it.

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The age amount starts to shrink well below the OAS clawback threshold

The Old Age Security (OAS) recovery tax, often called the clawback, is the income test most retirees have heard of. For 2026 income, it starts at net world income of \$95,323.¹ The federal age amount has its own income test, and it starts much lower. In 2026, the age amount begins to shrink once net income passes \$46,432.² That is less than half the clawback threshold. A person can lose part of this tax credit without ever paying the clawback.

The age amount is a credit for people who are 65 or older on December 31

The age amount is a non-refundable tax credit. A credit of this kind lowers the income tax a person owes, but it does not create a refund when no tax is owed. It is claimed on line 30100 of the federal return.³ For the 2025 tax year, the Canada Revenue Agency (CRA) lists two conditions.³

- The person was 65 or older on December 31, 2025.
- Their net income, on line 23600 of the return, was less than \$105,709.

For 2025, the full amount is \$9,028 for net income of \$45,522 or less.³ For 2026, the CRA raised the age amount to \$9,208 and the income threshold to \$46,432.² Those 2026 figures reflect an indexation factor of 2.0%, based on the Consumer Price Index.² They apply to the return for 2026 income, which is filed in 2027.

Each \$1,000 above the threshold removes \$150 of the age amount

The Income Tax Act sets the rate of the reduction. The amount drops by 15% of income above the threshold.⁴ For each \$1,000 of net income above \$46,432 in 2026, the age amount falls by \$150. By that arithmetic, the 2026 amount reaches zero at a net income of about \$107,819. The same calculation for 2025 gives the CRA's own figure of \$105,709.³

The age amount is not the tax saving itself. The credit equals the age amount multiplied by the lowest federal tax rate.⁴⁵ That rate is 14% for 2026.⁶ The full 2026 age amount is therefore worth about \$1,289 off federal tax. Each \$1,000 of income above the threshold removes about \$21 of that saving.

A large RRIF withdrawal can reduce the age amount without touching OAS

A registered retirement income fund (RRIF) is the account that pays out savings built up in an RRSP. Its payments are taxable income, and a person 65 or older reports them on line 11500.⁷ Each RRIF must pay at least a yearly minimum, and the owner can withdraw more.⁷ Any extra withdrawal raises net income for the year it is paid.

In this illustration, a 70-year-old has net income of \$46,000 in 2026 and takes an extra \$20,000 from a RRIF. Net income becomes \$66,000, which is \$19,568 above the threshold. The age amount drops by \$2,935.20, to \$6,272.80. That lowers the federal credit by about \$411, on top of the tax on the \$20,000 itself. The person is still far below \$95,323, so the OAS payments do not change.¹

The same effect can come from selling an investment at a gain or from a one-time payment. OAS Guides does not say when a withdrawal makes sense for a household. That decision belongs to the RRIF owner and their own tax adviser.

Pension splitting changes each spouse's net income and each spouse's age amount

Spouses and common-law partners can report up to 50% of one person's eligible pension income on the other person's return.⁸ The CRA says splitting affects credits worked out from one person's net income. The age amount is the first example it names.⁸

In this illustration, both spouses are over 65. One has 2026 net income of \$70,000, including enough eligible pension income to split, and the other has \$30,000. Without a split, the first spouse's age amount is \$5,672.80, and the second spouse receives the full \$9,208. If \$15,000 is split, their incomes become \$55,000 and \$45,000. The first spouse's age amount rises to \$7,922.80, and the second spouse keeps the full amount. A larger split can raise the second spouse's income above \$46,432 and shrink that spouse's amount instead.

An unused age amount can move to a spouse on Schedule 2

Some people have too little income to use all of their own age amount. In that case, their spouse or common-law partner may be able to claim the unused part.⁹ The transfer is worked out on Schedule 2, Federal Amounts Transferred from your Spouse or Common-Law Partner. The result goes on line 32600 of the receiving spouse's return.⁹ The pension income amount and the disability amount can move in the same way. A transfer is not allowed when a couple lived apart for 90 days or more because the relationship broke down, in a period that includes December 31.⁹

Provinces and territories set their own age amounts

Every province and territory except Quebec has a provincial or territorial age amount listed by the CRA.³ Quebec residents follow the rules of Revenu Québec, and Yukon uses the same amount as the federal return.³ The others use their own figures. British Columbia's age amount is \$5,799 for 2025 and \$5,927 for 2026. It shrinks once income passes \$43,169 in 2025 and \$44,119 in 2026.¹⁰

For 2025, the incomes at which the provincial amounts end range from \$52,602 in Manitoba to \$127,542 in Nunavut.³ A Manitoba resident with net income of \$52,602 in 2025 has no provincial age amount left. By the federal formula, that same income still leaves \$7,966 of the federal age amount. Each age amount is therefore worked out separately, with its own threshold and its own end point, on the federal and provincial parts of the same return.

Notes

1. The examples in this article are illustrations using 2026 figures. They ignore every other factor in a real return. Government of Canada (Service Canada), “Old Age Security pension recovery tax”, page modified 2026-09-29. <https://www.canada.ca/en/services/benefits/publicpensions/old-age-security/recovery-tax.html> (accessed 2026-10-06)

2. Table of indexed amounts for 2023 to 2026, including the age amount and its net income threshold. Canada Revenue Agency, “Indexation adjustment for personal income tax and benefit amounts”, page modified 2026-03-12. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/adjustment-personal-income-tax-benefit-amounts.html> (accessed 2026-10-06)

3. Figures on this page are for the 2025 tax year. The zero point for 2026 given in this article is our own arithmetic: \$46,432 plus \$9,208 divided by 15%. Canada Revenue Agency, “Line 30100 – Age amount”, page modified 2026-07-29. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-30100-amount.html> (accessed 2026-10-06)

4. Subsection 118(2), Age credit. The dollar figures in the Act are adjusted for inflation each year; the CRA publishes the current figures. Justice Laws Website (Government of Canada), “Income Tax Act, section 118”, current to 2026-02-18. <https://laws-lois.justice.gc.ca/eng/acts/I-3.3/section-118.html> (accessed 2026-10-06)

5. Subsection 248(1) defines the “appropriate percentage” used in the age credit as the lowest federal tax rate for the year. Justice Laws Website (Government of Canada), “Income Tax Act, section 248”, current to 2026-02-18. <https://laws-lois.justice.gc.ca/eng/acts/I-3.3/section-248.html> (accessed 2026-10-06)

6. The dollar values of the credit in this article (\$1,289, \$21, and \$411) are our own arithmetic at 14%. Canada Revenue Agency, “Current year tax rates and income brackets (2026)”, page modified 2026-06-25. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/tax-rates-brackets/current-year.html> (accessed 2026-10-06)
7. Canada Revenue Agency, “Receiving income from a RRIF”, page modified 2026-01-06. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/registered-retirement-income-fund-rrif/receiving-income-a-rrif.html> (accessed 2026-10-06)
8. Canada Revenue Agency, “Pension income splitting”, page modified 2026-01-20. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/pension-income-splitting.html> (accessed 2026-10-06)
9. Canada Revenue Agency, “Line 32600 – Amounts transferred from your spouse or common-law partner”, page modified 2026-08-31. <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/deductions-credits-expenses/line-32600-amounts-transferred-your-spouse-common-law-partner.html> (accessed 2026-10-06)
10. Province of British Columbia, “B.C. basic personal income tax credits”, last updated April 20, 2026. <https://www2.gov.bc.ca/gov/content/taxes/income-taxes/personal/credits/basic> (accessed 2026-10-06)

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