Income Tax Act with Regulations, Annotated

94th Edition 2012 Autumn





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-R.S.C. 1985, c. 1 (5th Supp.), as amended Consolidated to July 3, 2012

• Income Tax Application Rules, R.S.C. 1985, c. 2 (5th Supp.), as amended

· Canada-U.K. Tax Convention as amended by Protocols

· Canada-U.S. Tax Convention as amended by Protocols

• Technical Explanation of Canada-U.S. Tax Convention

Joseph Frankovic - Technical Explanation to Third, Fourth and Fifth Protocols

Income Tax Conventions Interpretation Act

Interpretation Act

· Pending Amendments, including Draft Legislation concerning

Non-Resident Trusts, Foreign Affiliates,

Reporting of Tax Avoidence Transactions,

Pooled Registered Pension Plans,

and Numerous Technical Amendments

and Explanatory Notes

· Selected News Releases

· Department of Finance Comfort Letters

History Notes

· Editorial Notes

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to interpretation Bulletins

Technica

Canadian Tax F

· Tax Rates and Other Reference Tables

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Topical Index

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and Explanatory Notes

· Selected News Releases

Department of Finance Comfort Letters

History Notes

Editorial Notes

References to Related Sections and Regulations

References to interpretation Bulletins,

Information Circulars, CRA Forms and Guides,

Technical News, Selected Technical Interpretations,

Canadian Tax Foundation Articles and Other Publications

· Selected Case Apportations

Selected Remission Orders

· Tax Rates and Other Reference Tables

Topical Index

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Fraser Milner Casgrain LLP

Paul Bleiwas LL.B. Jules Lewy B.C.L., LL.B. Zahra Nurmohamed LL.B. J.D.

Matthew Peters LL.B., LL.M. Tony Schweitzer LL.B., LL.M.

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Directorate Newsletter, Regis-

the earlier *Income Tax Act*, R.S.C. 1952, c. 148, effective) roteffrom members of the children board for CCH's INCOME TAX January 1, 1972. Information on the "Fifth Supplement" is ACT WELL REGULATIONS, ANNOTATE descriptive editorial notes in this book at page 1xix: AA3D, id.49, id.11 zivoxina in descriptive descriptive are generally page lxxi, is a Table of Concordance listing sections of the located between the history-notes and the cross-references.

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a detailed sectional list of the Income Tax Regula-

· the full texts of the Income Tax Conventions Interpre-

an easy-to-use, comprehensive Topical Index

In the publication of this book, meticulous care has been exercised to set out an exact reproduction of the Income Tax Act and the Incomed Tax Regulations with all amendments incorporated in place. Some changes in printing style have been adopted, however, both for convenience and to improve readability of or example, marginal notes appearing in the official statute have been reproduced in boldface type in the first line of the section or subsection to which they apply and in some places, where notes have been inserted by CCH in square brackets. None of these changes affects the substance, punctuation, indenlocal afficial for wording of the statute T

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The 94th Edition of the Colf Carollan Income Tax ACT WITH REGULATIONS, ANNOTATED contains the consolidated text of the Income Tax Act, R.S.C. 1985, c. 1 (5th Tax Application Rules, R.S.C. 1985, c. 2 (5th Supp.), and the Income Tax Regulations, This 1911 anozanistrodTill amendments made by leeM.11 enrodloo leachiMement and all regulations ipnomu Michael McLaren B.Sc., LL.B. 2102, E ylul, noita

The "Fifthi Supplement", version of the Act was prowhich reflected the 1972 tax reform legislation, replaced

All pending amendments to the Act issued on or before July 3, 2012 are reproduced in place. Each proposal appears in a greyed box immediately following the provision affected. Similarly, all draft regulations outstanding at the time of publication are reproduced in place throughour the Regulations. Department of Finance Explanatory sions, and Department of Finance comfort letters describing possible future amendments are also reproduced in greyed boxes following the provisions to which they relate. Seethedist of proposed amendments for the Act

cies, capital costallowance rates, tax calendar, lists of deadlines, offences, and penalties under the Act, and rates of

withholding tax on selected types of payments under the

Helpful, in depth historical notes outlining the evolution of the Act and Regulations have been added by CCH at the end of each section. These notes are essential to the interpretation of the Act and Regulations in both current and prior taxation years. The notest begin with Bill C-15, which received Royal Assent on May 12, 1994 (S.C. 1994, c. 7) and implemented the amendments to the "Fifth Supplement" from November 30, prior to an amendment is included in the history notes.

Many useful cross-references have been incorporated at the end of sections of the Act and Regulations These definition, form, guide, Interpretation Bulzenizud rewull restlow a Circular, Advance (Tax Ruling, Technical News, SR&FD Appli- July 3, 2012

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The 94th Edition of the CCH CANADIAN INCOME TAX ACT WITH REGULATIONS, ANNOTATED contains the consolidated text of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), the transitional provisions known as the Income Tax Application Rules, R.S.C. 1985, c. 2 (5th Supp.), and the Income Tax Regulations. This Edition consolidates all amendments made by legislation passed by Parliament and all regulations promulgated on or before the date of publication, July 3, 2012.

The "Fifth Supplement" version of the Act was proclaimed in force on March 1, 1994, replacing the former version of the Act (S.C. 70-71-72, c. 63). The former Act, which reflected the 1972 tax reform legislation, replaced the earlier Income Tax Act, R.S.C. 1952, c. 148, effective January 1, 1972. Information on the "Fifth Supplement" is included in this book at page lxix. Also included, at page lxxi, is a Table of Concordance listing sections of the Act that have been reformatted in the new version. For a record of all Acts that have amended the Income Tax Act, R.S.C. 1985 (5th Supp.), see page lxxix.

Conveniently located at the front of the book for handy reference are several charts. These charts show the 2012 federal and provincial tax rates and personal tax credits, as well as prescribed interest rates, automobile rates and limits, annual average exchange rates for major currencies, capital cost allowance rates, tax calendar, lists of deadlines, offences, and penalties under the Act, and rates of withholding tax on selected types of payments under the tax conventions signed by Canada.

All pending amendments to the Act issued on or before July 3, 2012 are reproduced in place. Each proposal appears in a greyed box immediately following the provision affected. Similarly, all draft regulations outstanding at the time of publication are reproduced in place throughout the Regulations. Department of Finance Explanatory Notes to pending amendments are included as well. Federal Budget proposals not yet enacted, government press releases outlining proposed changes to income tax provisions, and Department of Finance comfort letters describing possible future amendments are also reproduced in greyed boxes following the provisions to which they relate. See the list of proposed amendments for the Act at page lxxxi and for the Regulations at page lxxxv.

Helpful, in-depth historical notes outlining the evolution of the Act and Regulations have been added by CCH at the end of each section. These notes are essential to the interpretation of the Act and Regulations in both current and prior taxation years. The notes begin with Bill C-15, which received Royal Assent on May 12, 1994 (S.C. 1994, c. 7) and implemented the amendments to the "Fifth Supplement" from November 30, 1991 to July 1, 1993. The full text of each provision as it read prior to an amendment is included in the history notes.

Many useful cross-references have been incorporated at the end of sections of the Act and Regulations. These cross-references direct you to a regulation, section of the Act, definition, form, guide, Interpretation Bulletin, Information 3 219110W s Circular, Advance Tax Ruling, Technical News, SR&ED Appli-

cation Policy, Registered Plans Directorate Newsletter, Registered Charities Newsletter, or to an article in TAX TOPICS, TAX PROFILE, CANADIAN TAX JOURNAL, CONFERENCE REPORT, or the CANADIAN PETROLEUM TAX JOURNAL that applies to the particular section. In situations where a reference applies to the section as a whole, it is noted following subsection (1) of the section, rather than for each subsection. If subsection (1) is a series of definitions, the general reference is noted in the charging subsection for that section. You will also find many case annotations throughout the book, which provide practical illustrations of how various provisions have been interpreted by the courts. Selected references to CRA technical interpretations and rulings have been added for certain provisions. These are listed under the heading TAX WINDOW FILES. As well, with input from members of the Editorial Board for CCH's INCOME TAX ACT WITH REGULATIONS, ANNOTATED, descriptive editorial notes have been added for certain provisions. These are generally located between the history notes and the cross-references.

The full texts of the Canada–U.S. and Canada–U.K. Tax Conventions consolidated with amending protocols and full-text history notes are reproduced in this book. Also included are the "Technical Explanations" of the Canada-U.S. Tax Convention and the Third, Fourth and Fifth Protocols issued by the U.S. Treasury Department and endorsed as authoritative by the Canadian Department of Finance.

Other features contained in this book include:

- a list of Department of Finance comfort letters that are reproduced throughout the Act and Regulations;
- a list of the tax conventions signed by Canada and those under negotiation;
- several relevant Remission Orders;
- a detailed sectional list of the *Income Tax Act*;
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- the full texts of the Income Tax Conventions Interpretation Act and the Interpretation Act; and
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July 3, 2012

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The field we district the first lable contains the federal add and The two tables below contain information concerning select non-refundable Current Tax Rates and Credits

(From information available as of July 3, 2012)

Personal Income Tax Rate Components — 2012 (Including Surtaxes)

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- In Quebec, federal tax is reduced by 16.5% for Quebec's abatement of basic federal tax, broom a reduced by 16.5% for Quebec's abatement of basic federal tax.
 - 2. The table reflects Ontario's new tax on incomes over \$500,000. The rate is 13.16% after 2012, minoring \$40,000 and \$40,000
- 3. Instead of provincial or territorial tax, non-residents pay an additional 48% of basic federal tax on income taxable in Canada that is not earned in a province or territory. Non-residents are subject to provincial or territorial rates (in this table) on that is not earned in a province or territory. Non-residents are subject to provincial or territorial rates (in this table) on the province of Children's art territory. Different rates may apply to non-residents in other circumstances.

Tables of Rates and Credits

Personal Tax Credits - 2012

The two tables below contain information concerning select non-refundable personal tax credits. The first table contains the federal and provincial/territorial rates used in the calculation of personal tax credits. The second table shows the value of the credits. Provinces and territories use their own prescribed amounts to determine their personal tax credits.

	12)	3, 20	Luly	25 0	ilable			x credit ra	product.	s)				
	Federal	Alt.	B.C.	Man.	N.B.	Nfld. & Lab.	N.W.T.	N.S.	Nun.	Ont.	P.E.I.	Que.1	Sask.	Yukon
General factor ² Charitable First \$200	15%	10%	5.06%	10.8%	9.1%	7.7%	5.9%	8.79%	4%	5.05%	9.8%	20%	11%	7.04%
donations Amount over \$200	29%	21%	14.7%	17.4%	17.95%	13.3%	14.05%	21%	11.5%	11.16%5	16.7%	24%	15%	12.76%
Dividend tax credit ³ (on Eligible	15.02%	10%	10%	8%	12%4	11%	11.5%	8.85%	5.51%	6.4%	10.5%	11.9%	11%	15.08%
grossed-up amount) Non-eligible	13.33%	3.5%	3.4%	1.75%	5.3%	5%	6%	7.7%	4%	4.5%	1%	8%	4%	4.51%

					Max	imum va	lue (bef	ore surta	xes) of cree	dits that a	re base	d on preso	ribed an			
		Federal Amounts	Federal	Alt.	B.C.	Man.	N.B.	Nfld. & Lab.	N.W.T.	N.S.	Nun.	Ont.	P.E.I.	Lederal	Sask.	Yuko
Basic					\$575	4,000	\$837	\$634			1 7 8	\$475	\$755	\$2,185 ¹		
Spouse		\$10,8226	\$1,623	\$1,728	\$504	\$932	\$711	\$518	\$784	\$745	\$488	\$403	\$642	N/A	\$1,644	\$762
Equivalent to spe	ouse		11111	1816.0	\$304		2/11	2310			5	AiDert	\$617	IN/A	100	
Age 65		\$6,720	\$1,008	\$482	\$220	\$403	\$409	\$405	\$383	\$364	\$366	\$232	\$369	\$470 ¹	\$501	\$473
81	Basic	\$7,546	\$1,132	\$1,333	\$369	\$667	\$678	\$428	\$635	\$645	\$488	\$384	\$675	\$497	7	\$531
Disability	Under 18				8.5	\$74,0	%	10.50	a post	\$303	Colum	British	\$394	Hale	0000	
Infirm dependan	-	\$4,4026	\$660	\$1,000	\$215	\$389	\$396	\$201	\$260	\$246	\$176	\$224	\$240	N/A1	\$968	\$3106
Caregiver					08		\$395	08.01	All told	\$431	14	A Links		100		
Pension income		\$2,000	\$300	\$133	\$5100	\$108	\$91	\$77	\$59	\$103	\$80	\$66	\$98	\$418 ¹	\$110	\$141
Child		\$2,1916	\$329		N.	\$67.A	100	N/A7	N/A	N/A	8	N/A	N/A ⁸	N/A	\$623	\$1546
Adoption	10.39 (9)	\$11,440	\$1,716	\$1,182	\$579	\$1.080	N/A	\$856	AAAR	N/A	71 345.5	\$579	N/A	N/A1	N/A	\$805
Children's fitnes	s			27/4	00.5133	1 25.3	115 870	OI N/A		\$44	NT/A	NT/A 10	N	/A	N/A ¹¹	\$35
Children's arts		\$500	\$75	N/A	\$2513	\$54 ⁹	2.0	N/A		N/A	N/A	N/A ¹⁰	IN	/A	N/A	N/A
Canada Pension (CPP)	Plan	\$2,30712	\$346	\$231	\$1178	\$2498	\$210	0 \$178	\$136	\$203	\$92	\$116	\$226	N/A	\$254	\$162
Quebec Pension (OPP)	Plan	\$2,34212	\$351	r Arri	93	\$32,89		12.509	N/A	bas b		Newfor	r esti	N/A1	N	/A
Employment Insurance	not ii Quebe	\$840	\$126	\$84	\$43	\$91	\$76	\$65	\$50	\$74	\$34	\$42	\$82	N/A	\$92	\$59
(EI)	in Quebe	\$675¹	\$101		61	\$38,67	0	8.60	N/A		ere Giller			N/A1	N	/A
Canada Employ	ment	\$1,095	\$164		10	\$77.36	10	12.209	SE PU	N/A	3 1 189/	ANGENA				\$77
Education	Full-time	\$400	\$60	\$67	\$10	\$43	\$36	\$15	\$24	\$18	\$16	\$26	\$39	\$403 ¹	\$44	\$28
(per month)	Part-time	\$120	\$18	\$20	\$3	\$13	\$11	\$5	\$7	\$5	\$5	\$8	\$12	N/A	\$13	\$8
Textbook	Full-time	\$65	\$10	19/19/	01	\$29.59	NI/A	14.959	2.46.1		\$3	ES PERON	N	/A		\$5 \$1
(per month)	Part-time	\$20	\$3								\$1	0				\$1
			Several I	The Same		\$93,00	0	17.509	un bro	u, apra	K1103	× 1.2 or × 1.56		Provinci Territor		× 1.05

Notes:

- Factors at bottom of table increase value of credits to reflect surtaxes. 14
- 1. See below for Quebec's special credits and rules.
- 2. The general factor, multiplied by the federal (or provincial/territorial) amount, yields the value of the federal (or provincial/territorial) credit.
- 3. Eligible dividends are designated as such by the payor. They are grossed up by 38% and include dividends paid by:
 - public corporations or other corporations that are not Canadian-controlled private corporations (CCPCs), that are resident in Canada and are subject to the federal general corporate income tax rate (i.e., 15% in 2012); or
 - CCPCs, to the extent that the CCPC's income is:
 - o not investment income (other than eligible dividends from public corporations); and
 - o subject to the federal general corporate income tax rate (i.e., the income is active business income not subject to the federal small business rate).

Non-eligible dividends are grossed up by 25% and include dividends paid out of either income eligible for the federal small business rate or a CCPC's investment income (other than eligible dividends received from public corporations).

- 4. According to New Brunswick's 2010 and 2011 T1 individual tax returns (and confirmed by a New Brunswick Finance official), the province will maintain its eligible dividend tax credit rate at 12% for 2010 and subsequent years.
- 5. Ontario's top charitable donation credit rate remains 11.16%, although Ontario's new top rate is 12.16% (13.16% after 2012) on incomes over \$500,000.
- 6. Commencing 2012, caregivers of dependants with a mental or physical infirmity can claim the Family Caregiver Tax Credit. This credit increases the spouse/equivalent to spouse, infirm dependant, caregiver or child tax credit by \$300 (i.e., \$2,000 x 15%; to be indexed). Only one Family Caregiver Tax Credit can be claimed for each infirm dependant. The Yukon has paralleled this credit, with an increase of up to \$148 (i.e., \$2,000 x 7.04% x 1.05; to be indexed).
- 7. In Newfoundland and Labrador, parents can claim a non-refundable tax credit amount equal to the child care expenses that are deductible from their income.
- 8. A non-refundable tax credit for children under six is available in Nova Scotia (up to \$105 per year), in Nunavut (\$48 per year) and Prince Edward Island (up to \$129 per year).
- 9. In Manitoba, individuals up to age 24 can claim the fitness credit.
- 10. In Ontario, a refundable tax credit provides up to \$53 for a child under 16 (up to \$105 for a child under 18 with a disability) for fitness and certain non-fitness activities.
- 11. In Saskatchewan, a refundable tax credit provides up to \$150 per child aged six to 17 (to 14, before 2012), for cultural, recreational and sports activity fees.
- 12. Commencing 2012, CPP and QPP amounts differ.
- 13. In British Columbia, tax credits for children's fitness and for children's arts can be claimed, starting 2012.
- 14. For taxpayers affected by provincial/territorial surtaxes, the value of the credits shown will be higher by the factors indicated. For example, to a taxpayer in Ontario's top bracket, the \$475 shown for the basic Ontario credit would be worth \$741 (i.e., \$475 × 1.56).

Quebec's Special Credits and Rules — 2012

The following special rules apply to Quebec's non-refundable tax credits:

- the minimum basic personal credit, the Quebec Pension Plan (QPP), Employment Insurance (EI), Health Services Fund and Quebec Parental Insurance Plan (QPIP) credits are combined into a single basic personal credit equal to \$10,925;
- employees, employers and the self-employed must contribute to the QPIP, from which maternity, adoption and parental leave benefits are
 paid. As a result, federal EI premiums are lower for Quebec employees than for other employees (\$675 instead of \$840), A federal credit is
 available to individuals for QPIP premiums;
- an adult student can transfer the unused portion of the basic personal credit to a parent, but if this transfer is made, the other dependant (18 or over) credit of \$586 cannot be claimed for that student;
- · most non-refundable credits, such as the basic personal credit and the age credit, can be transferred to a spouse, if not used by the taxpayer;
- the age, pension and living alone credits are reduced if net family income exceeds \$31,695;
- a person that lives alone or with a dependant can claim a credit of \$256;
- a person that qualifies for the living alone credit and lives with an eligible student is eligible for an additional \$317 credit;
- the maximum education credit of \$403 per term (maximum two terms per year) can be claimed by a supporting Quebec parent (but is not transferable) for a child under 18 who attends post-secondary school full-time (part-time for infirm dependants);
- · a student can transfer the unused portion of the tuition and examination tax credits to a parent or grandparent; and
- the medical expense credit is based on the amount by which qualifying expenses exceed 3% of net family income (see below for details on the
 refundable medical expense credit).

Select Quebec refundable tax credits are listed in the table below.

CO TO SECOND	Details On the property of the
Adoption	50% of eligible adoption expenses (maximum credit of \$10,000)
Child care	26% to 75% of qualifying child care expenses (limits apply)
Caregivers1,2	Maximum credit of \$700 plus supplement of \$497, which is reduced if the dependant's income exceeds \$22,075
Respite expenses for informal caregivers	30% of eligible respite expenses paid for the care of a person who resides with the caregiver and has a significan disability; maximum credit of \$1,560 is reduced if family income exceeds \$53,465
Informal caregivers	Maximum credit of \$500 for each care recipient can be allocated to a volunteer who provides home respite to informal caregivers of the care recipient
Home support for seniors ²	30% of eligible expenses; maximum credit of \$4,680 for independent seniors, and \$6,480 for dependent seniors, aged 70 and over, is reduced if family income exceeds \$53,465; expenses eligible for this credit will not qualify for the medical expense credit
Medical 8 8 8 8	25% of medical expenses eligible for the non-refundable credit and 25% of amount deducted for impairment support products and services; maximum credit of \$1,103 is reduced if family income exceeds \$21,340

- 1. The informal caregivers credit consists of separate credits for:
 - informal caregivers who house, in the strict sense of the term, an eligible relative;
 - informal caregivers who cohabit with an eligible relative unable to live alone; and
 - certain informal caregivers caring for an elderly spouse (credit is not affected by the spouse's income).
- 2. The maximum credit will increase annually to 2016 for the caregivers credit and to 2017 for the home support for seniors credit.

Credits: Federal Limitations and Other Information — 2012

This table presents additional information related to federal credits. Other restrictions may also apply. The provinces/territories may have comparable thresholds and rules.

	Limitations	To whom the credit may be transferred	Carry-
Tuition	Credit available only if at least \$100 is paid in fees to an institution	Spouse, parent or	0
Education	Credit is \$60/month for full-time students and certain disabled part-time students; \$18/month for other part-time students	grandparent (Maximum combined tuition, education and	Indefinite
Textbook	Credit is \$10/month for full-time students and certain disabled part-time students; \$3/month for other part-time students	textbook credits transferable is \$750)	50
Medical	Credit is based on amount by which qualifying medical expenses exceed the lesser of \$2,109 and 3% of net income (generally, expenses for any twelve-month period ending in the year can be claimed)	Either spouse may claim	DIOVI
CPP/QPP and EI	For employees, maximum credit is \$472 (in Quebec, \$452); self-employed persons deduct 50% of CPP/QPP premiums paid for their own coverage (maximum deduction of \$2,307; in Quebec \$2,342) and claim a credit for the non-deductible half of premiums paid (maximum credit \$346; in Quebec \$351); self-employed persons do not pay El premiums	N/A	900
Canada Employment	Credit is based on employment income		<u>o</u> ,
Transit pass	Public transit passes (monthly or longer) and certain weekly and electronic payment cards for travel are eligible	Spouse or parent	000
Student loan interest	Interest must be paid on qualifying student loans	N/A	5 years
Charitable donations	Eligible donations are limited to 75% of net income	Either spouse may claim	o years
Spousal and equivalent to spouse	Reduced by any net income of the spouse or qualifying dependant		O WO
Infirm dependant	Reduced if dependant's income exceeds \$6,420	N/A	
Caregiver	For providers of in-home care for an adult relative (reduced if relative's income exceeds \$15,033)	and a side more more incided incident control incident co	290
Age	Reduced if income exceeds \$33,884	西京 正古 草葉 宝山	0
Pension	Maximum credit is \$300	Spouse 3	0
Child 2	Credit available for each child under 18	# B 3 4 4 7 787	
Adoption	Must be claimed in the year the adoption period ends	ECT 8 0538	F
Children's fitness	Maximum credit is \$75 for children under 16; \$150 for children under 18 who qualify for	Either parent may claim	
Children's arts	the disability tax credit	1	
Basi	For individuals with severe and prolonged impairment	Spouse, parent,	
	Reduced if child care expenses and attendant care expenses (claimed as a medical expense t for child) exceed \$2,578	grandparent, child, grandchild, sibling, aunt, uncle, niece or nephew	

grandparont, child, grandchild, sibling, aunt, uncle, niece or nophew

Tables of Rates and Credits

S O Individual Marginal Rates for 2012 9 UO

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noitgobA Children's arts

Under 18 Reduced if child care expenses and aftendant care expension paperment for child) exceed \$2,578

nals o	for for Tip 1		Taxable income \$10,822(1) to \$42,707) to \$42,707	d for		18	me \$42,707 to	\$85,414	gder soms stal le (40)
up to tex ex	Brackets	Ordinary income & interest	Capital gains	Canadian dividends Eligible ⁽²⁾	dends Non-eligible ⁽²⁾	Brackets Ordi	Ordinary income & C	Capital gains	Canadian dividends Eligible ⁽²⁾ Non-	ends Non-eligible
100		15.00%	7.50%	(0 03%) to 0%	2 08%	\$42 707	22 00%	11 00%	%896	10 83%
Alberta	\$17,282	25.00%	12.50%	(0.03%) to 0%	10.21%	\$42,707	32.00%	16.00%	9.63%	18.96%
	\$10,822		7.50%	(0.03%) to 0%	2.08%	10:05 0 xb 8, 83 16:05 16:48	1,13	upp deer dear oils	eden este este este este este este este es	
British Columbia(1)	\$37,013		11.35%	(3.20%) to 0%	7.46%	\$84,993	34.29%	17.15%	12.79%	21.95%
on and a second	\$11,354		10.03%	(6.84%) to 0%	4.16%	\$74,028	32.50%	16.25%	10.32%	19.71%
Monitoho(1)	\$31,000	15.00%	13.88%	6.53% to 6.56%	15.83%	\$42,707	39.40%	19.70%	0.40% 10 9.65%	30.40%
TO T	\$10,822		12.90%	3.84% to 3.86%	13.40%	\$42,707	34.75%	17.38%	16.19%	24.58%
New Brunswick ⁽¹⁾	\$38,190	27.10%	13.55%	0.11% to 0.14% ⁽³⁾	10.58%	\$76,380	34.40%	17.20%	10.18%(3)	19.71%
ation of the state	\$10,822	24.10%	12.05%	(4.03%) to 0% ⁽³⁾	6.83%	\$42,707	34.10%	17.05%	9.77%(3)	19.33%
nd and	\$32,893		13.75%	2.04% to 2.07%	11.46%	\$65,785	35.30%	17.65%	12.81%	21.21%
	\$10,822		11.35%	(4.58%) to 0%	5.46%	\$42,707	34.50%	17.25%	11.70%	20.21%
Non-resident ⁽⁴⁾	\$10,822		11.10%	(0.04%) to 0%	3.08%	\$42,707	32.56%	16.28%	14.26%	16.03%
Northwest Territories	\$38,679		11.80%	(4.03%) to 0%	5.33%	\$77,360	34.20%	17.10%	10.60%	18.58%
All:	610 820	15,00%	7 50%	(1.16%) 10 0%	7 00 %	442,101	30.00%	13.30%	5.05% 10 9.05%	14.00%
Nova Scotia(1)	\$29.590	29.95%	14.98%	8.39% to 8.42%	11.15%	\$59.180	38.67%	19.34%	20.42%	22.05%
10 0	\$10,822		11.90%	(0.11%) to 0%	3.45%	\$42,707	36.95%	18.48%	18.05%	19.90%
Nunavut	\$40,721	22.00%	11.00%	2.03% to 2.06%	5.83%	\$81,442	31.00%	15.50%	14.45%	17.08%
de: 95	\$12,211	19.00%	%05.6	(2.11%) to 0%	2.08%	\$42,707	29.00%	14.50%	11.69%	14.58%
the for	\$10,822	15.00%	7.50%	(0.03%) to 0%	2.08%	to co	d 5	nkor ieri	ori ind ind ind	
Ontario ⁽¹⁾	\$39,020	24.15%	12.08%	3.77% to 3.80%	7.90%	\$80,963(6)	39.41%	19.70%	19.88%	23.82%
mo mi bili tess	\$10,822	20.05%	10.03%	(1.89%) to 0%	2.77%	\$78,043	35.39%	17.70%	17.52%	20.82%
one interest one	n) s din d m	part part eff il chris chris	ti yi if	iot mid	ovi ica fuci ita ita	\$68,719(6)	32.98%	16.49%	14.19%	17.81%
	404 004	700000	14 400/	A 520/ to A 550/	10 000	\$42,707	30.13%	10.36%	10.45%	10.05%
Prince Edward Island	\$10,804		12.40%	4.33 % (0 4.33 % (0 99%) to 0%	13.08%	\$42,707	35.70%	17 90%	14 19%	30.40%
Ouebec	\$40.100		16.26%	11.16% to 11.18%	16.74%	\$80.200	42.37%	21.19%	24.74%	29.05%
ced ced (33) celii mu	\$13,656		14.26%	5.64% to 5.66%	11.74%	\$42,707	38.37%	19.19%	19.22%	24.05%
odu odu odu odu odu laxi	\$10,822		6.26%	(0.02%) to 0%	1.74%	N N	ESS ST	bli dig equi	one crist one one one one	
Saskatchewan	\$42,065		14.00%	2.73% to 2.76%	13.33%	\$42,707	35.00%	17.50%	12.39%	22.08%
97	\$14,942	26.00%	13.00%	(0.03%) to 0%	10.83%	Pic vis	bau	or i or i ran oper	one of the control of	leas nph nk
10	\$10,822	15.00%	7.50%	(0.03%) to 0%			No.	THE COLUMN	to to the state of	ot lar lar
Yukon ⁽¹⁾	\$10,822	22.04%	11.02%	(11.12%) to 0%	5.25%	\$81,501(6)	32.16%	16.08%	1.81% to 9.63%	17.62%

Federal Marginal Rates for 2012 (continued) Israels at

income cons	ating of \$2	Taxable i Brackets Ordinary income &	ncome \$85,414 to \$132,406 Capital gains Car	to \$132,406 Canadian dividends	Ilaqquqe) miji bir.	Brackets	Taxable Brackets Ordinary income &	Taxable income over \$132,406 income & Capital gains	\$132,406 Canadian dividends	lends
dividend fax		interest	The Salbert of 1967 of 1975	Eligible ⁽²⁾	Non-eligible	SHOR DESCRIPTION OF STATE	interest	medical substant	Eligible ⁽²⁾	Non-eligible
Federal only	\$85.414	26.00%	13.00%	15.15%	15.83%	\$132,406	29.00%	14.50%	19.29%	19.58%
Alberta	\$85.414		18.00%	15.15%	23.96%	\$132,406	39.00%	19.50%	19.29%	27.71%
British Columbia	\$103,205	STATES PRODUCTION	20.35%	21.64%	29.96%	\$132,406	43.70%	21.85%	25.78%	33.71%
of greateness T 2	\$85,414		19.15%	18.31%	26.95%	io/s	94	30 name	4 1000	
Manitoba	\$85,414	Treatments.	21.70%	28.12%	35.40%	\$132,406	46.40%	23.20%	32.26%	39.15%
New Brunswick	\$124,178		20.15%	18.33%(3)	27.08%	\$132,406	43.30%	21.65%	22.47%(3)	30.83%
Nondaniae II	\$85,414	38.40%	19.20%	15.70%(3)	24.71%	income taxablegal	शास्त्रवर्ष द्वासा स्ट्राण्टि क	thee in a blooking	e or reunfeily.	
Newfoundland and	\$85,414	wt will be 39,30%	19.65%	18.33%	26.21%	\$132,406	42.30%	21.15%	22.47%	29.96%
Labrador Brokings will	mennen in enther	CHANGERS INX CLOSES IN	9 81 PS,84 ROL SOLD 9	organipactificat Acquar						8
Non-resident ⁽⁴⁾	\$85,414	38.48%	19.24%	22.43%	23.43%	\$132,406	42.92%	21.46%	28.55%	28.98%
Northwest Territories	\$125,771	WAS VING-1985	20.03%	18.67%	25.90%	\$132,406	43.05%	21.53%	22.81%	29.65%
	\$85.414		19.10%	16.12%	23.58%					
Nova Scotia		econora.	21.75%	27.09%	28.08%	\$150,000	20.00%	25.00%	36.06%	36.21%
Maximum	value of	20.000	21.34%	25.94%	27.05%	\$132,406	46.50%	23.25%	31.23%	31.83%
Nimaviit	\$85,414	Section 13 and	17.50%	19.97%	22.08%	\$132,406	40.50%	20.25%	27.56%	28.96%
Ontario	\$85,414	32.02%	21.70%	25.40%	28.82%	\$500,000(5)	47.97%	23.98%	31.69%	34.52%
DisbiviQ.	ax credit					\$132,406	46.41%	23.20%	29.54%	32.57%
Prince Edward Island	\$98 143(6)	44.37%	22.19%	24.56%	37.42%	\$132,406	47.37%	23.69%	28.70%	41.17%
BARO	\$85,414		21.35%	23.71%	35.46%	20,008 40,40,4		PROBLEM NOTE	7 (CO) (CO)	
Quebec	\$85,414	31 85%	22.86%	29.35%	33.22%	\$132,406	48.22%	24.11%	32.81%	36.35%
Saskatchewan	\$120,185	41.00%	20.50%	20.67%	29.58%	\$132,406	44.00%	22.00%	24.81%	33.33%
	\$85,414	20,183	19.50%	17.91%	27.08%	30'06% 31'20%		18.55 1 %0T		
Yukon	\$85,414	38.01%	19.01%	9.88% to 15.15%	24.93%	\$132,406	42.40%	21.20%	15.93% to 19.29%	30.41%

Edward Island and the Yukon, or the Manitoba Family The table does not take into account the low-income tax reductions in British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Benefit (for low-income taxpayers), which may affect the rates shown. (E)

with the income, When two dividend rates are indicated, the lower rate has a negative federal and/or provincial/territorial component. A negative federal component shelters other income from provincial/territorial tax. As a result, the combined federal and provincial/territorial rate that applies depends on the level of the taxpayer's other injury. It is a negative higher rate applying if the taxpayer has no other income. (2)

a New Brunswick Finance official), the province substantially all (i.e., 0 win mamman his engine unviven rax creum rate at 1.2% for 20 to 20 to an assussequent years.

A non-resident who does not qualify for the federal personal basic credit of \$10,822 will pay tax on taxable income below \$10,822. A non-resident can claim the personal basic credit only if all by New Brunswick's rates reflect a 12% provincial eligible dividend fax credit rate. According to New Brunswick's 2010 and 2011 T1 individual tax returns (and confirmed I will maintain its eligible dividend tax credit rate at 12% for 2010 and subsequent years. 90% or more) of the non-resident's worldwide income is included in his or her taxable income earned in Canada for the year. (3) (4)

to arm's length non-residents) and dividends paid to non-residents are subject to Part (other than most interest paid Non-resident rates for interest and dividends apply only in limited circumstances. Generally, interest (XIII withholding tax.) withholding tax.)

The table reflects Ontario's new tax on incomes over \$500,000.

The bracket relates to surtaxes levied by Ontario, Prince Edward Island or the Yukon, and assumes that only the basic personal credit is available. (2)

Federal and Provincial Income Taxes Payable by Individuals at Various Levels of Taxable Income — 2012

and that all income is either interest or ordinary income (such as salary). When income includes at least \$1,095 of salary, the Canada Employment Credit, described undersonal Tax Credits — 2012 (see table), will This table shows the combined federal and provincial (or territorial) income taxes payable, including surtaxes, assuming only the basic personal tax credit is claimed (except for non-residente see footnote 3, below), reduce the results shown by \$164 (\$137 in Quebec). Depending on the types of income and deductions, the alternative minimum tax (AMT) may apply

		British		New	Newfoundland		Northwest	Nova			Edward			
2012	Alberta	Alberta Columbia	Manitoba	Brunswick	and Labrador	Non-resident3	Territories8	Scotia	Nunavut8	Ontario1.8,9	Island	Quebec 10 S	Saskatchewan	Yukon
\$1,000,000	\$376,270	\$417,365	\$447,346	\$416,427	\$408,259	\$413,840	\$411,559	\$478,390		\$451,427	\$456,170	\$465,132	\$423,110	\$406,281
Ket Leigher 000 2000 300	\$181.270	\$198,865	\$215.346	\$199,927	\$196,759	\$199,240	\$196,309	\$228,390	\$183,849	\$211,579	\$219,320	\$224,057	\$203,110	\$194,291
The table telles400,000 tio, a usw			0\$168,946	\$156,627	\$154,459	\$156,320	\$153,259	\$178,390	\$143,349	\$165,169	\$171,950	\$175,842	\$159,110	\$151,893
\$300,000			\$122,546	\$113,327	\$112,159	\$113,400	\$110,209	\$128,390	\$102,849	\$118,760	\$124,580	\$127,627	\$115,110	\$109,495
	\$83,770		\$99,346	7791.677	891,009	\$91,940	\$88,684	\$103,390	\$82,599	\$95,555	\$100,895	\$103,519	\$93,110	\$88,296
\$200,000	\$64.270		\$76,146	\$70,027	Cente	\$70,480		\$78,390	\$62,349	\$72,350	\$77,210	\$79,412	\$71,110	\$67,097
30% of more) \$150,000 U-testgsu		30	\$52,946	\$48,377		\$49,020	107 6	\$53,390	\$42,099	\$49,145	\$53,525	\$55,304	\$49,110	\$45,898
DOSUS100,000 BOUNDED		0	\$30,718	\$28,158	\$28,531	\$28,999	\$25,558	\$31,113	\$23,632	\$26,913	\$30,812	\$32,008	\$28,486	\$26,120
890,000		\$21,286	\$26,378	\$24,318	Local St	\$25,151	\$21,738	\$26,788	\$20,132	\$22,572	\$26,511	\$27,437	\$24,586	\$22,319
			\$22,255	\$20,695		\$21,624	\$18,134	\$22,737	\$16,877	\$18,486	\$22,457	\$23,055	\$20,902	\$18,842
\$70,000	\$16,059		\$18,315	\$17,274		\$18,368	\$14,979	\$18,870	\$13,977	\$15,141	\$18,587	\$19,218	\$17,402	\$15,674
dxet au 000,068 de set leubn	\$12,859		\$14,700	\$13,864		\$15,112	\$11,919	\$15,003	\$11,077	\$12,002	\$14,832	\$15,381	\$13,902	\$12,506
\$50,000 boueur 250,659	\$9,659	989'88	\$11,225	\$10,454	K Ass	\$11,856	658,88	\$11,294	\$8,177	58,887	\$11,252	\$11,544	\$10,402	\$9,338
AALISH FAO DIN \$40,000 GR SHE INDIE \$6,649	\$6,649	\$5,905	\$7,940	\$7,234	Not big	\$8,880	\$5,989	87,788	\$5,488	\$5,962	\$7,862	\$7,870	\$7,133	\$6,431
	\$4,149	\$3,820	\$5,184	\$4,769		\$6,660	\$3,863	\$4,793	\$3,588	\$3,917	\$5,061	\$5,017	\$4,533	\$4,227
SX B8U64 \$20,000		\$1,814	\$2,604	\$2,359	\$2,282	\$4,440	\$1,773	\$2,389	\$1,688	\$1,912	\$2,581	\$2,165	\$1,933	\$2,023
Top marginal rates:			T SCHOOL STORY			Supply Spinor	To hope board	and condo is			200			
Canadian dividends	Section 11 Comments			The Column Street	CONTRACTOR CO.	The second	No. of Concession, Name of Street, or other Persons and Name of Street, or other Pers	100	THE STATE OF THE PARTY OF	-97.	6295.61	- Trepping		1000
CIC		7002 30	22 27.07	40.0400		200	2010 00	26.050	7075 22	21 600/	70 700%	22 610/	24 810%	15.93% to
(eligible)	19.29%	72.78%	977.70%	27.41%	77.41%	78.35%	77.07.70	30.00%	21.3070	31.0970	20.1070	34.01/0	7.101/0	19.29%11
(non-eligible)	27.71%	33.71%	39.15%	30.83%	29.96%	28.98%	29.65%	36.21%	28.96%	34.52%	41.17%	36.35%	33.33%	30.41%
Capital gains		21.85%	23.20%	21.65%	21.15%	21.46%	21.53%	25.00%	20.25%	23.98%	23.69%	24.11%	22.00%	21.20%
Other income	39.00%	43.70%	46.40%	43.30%	42.30%	42.92%	43.05%	50.00%	40.50%	47.97%	47.37%	48.22%	44.00%	42.40%
Snstat or	(953 7 568)	No. of the last	\$13 Per	55 495	26-E07-97	54.26%	37,43		\$132,406	THE	Sex C	S2163W	18S	0.00
Dividend tax credit			0.90%	10,45%					SUST YOR		1 000 120	53.20%	2.82	Mod
(eligible) ⁵	25.02%	25.02%	23.02%	27.02%2	26.02%	58 40 22.23%	26.52%	23.87%	20.53%	25.00%	26.57%	24.44%	26.02%	30.85%
(non-eligible)6	16.83%	16.73%	15.08%	18.63%	18.33%	19.73%	19.33%	21.03%	17.33%	20.35%	14.43%	19.13%	17.33%	18.07%
Maximum value of	25.00%	20.06%	25.80%	24.10%	22.70%	22.20%	20.90%	23.79%	19.00%	22.88%	25.78%	32.53%	26.00%	22.39%
addifferia civario			TO SOUTH	The state of the s		100000000000000000000000000000000000000	CHANGE	2/10					No. of the last of	

1 These provinces and the Yukon have low-income tax reductions, which may decrease some amounts shown.

New Brunswick's rates reflect a 12% provincial eligible dividend tax credit rate. According to New Brunswick's 2010 and 2011 T1 individual tax returns (and confirmed by a New Brunswick Finance official), the province will maintain its eligible dividend tax credit rate at 12% for 2010 and subsequent years.

This table assumes the non-resident will not qualify for the federal basic personal tax credit of \$10,822. Non-residents can claim this credit only if all or substantially all (i.e., 90% or more) of the non-resident's worldwide income is included in his or her taxable income earned in Canada for the year. The non-resident amounts apply to income taxable in Canada that is not earned in a province or territory. Non-resident rates for interest and dividends apply only in limited circumstances. Generally, interest (other than most interest paid to arm's length non-residents) and dividends paid to non-residents are subject to

Taxpayers in top brackets (i.e., taxable income above \$132,406; \$150,000 for Nova Scotia and \$500,000 in Ontario) who receive Canadian eligible dividends can determine their tax l

by multiplying the dividend t

Part XIII withholding tax.

credit by the amount of eligible dividends (grossed up by 38%) and subtracting the result from the amount of tax shown in the table. For example, a Manitoba resident with \$200,000 taxable income consisting of dividend tax credit by the amount of non-eligible dividends (grossed up by 25%) and subtracting the result from the amount of tax shown in the table. For example, an Alberta resident with \$250,000 taxable Taxpayers in top brackets (i.e., taxable income above \$132,406; \$150,000 for Nova Scotia and \$500,000 in Ontario) who receive Canadian non-eligible dividends can determine their tax by multiplying the income consisting of \$240,000 salary plus \$10,000 of grossed-up non-eligible dividends (58,000 actual dividends) will pay the \$83,770 tax shown, less 16,83% of \$10,000, yielding \$82,087 \$186,200 salary plus \$13,800 of grossed-up eligible dividends (\$10,000 actual dividends) will pay the \$76,146 tax shown, less 23.02% of \$13,800, yielding \$72,969,

When personal tax credits in addition to the basic personal tax credit are available, the results in this table are too high. For taxpayers in the top tax bracket, the amounts can be adjusted by subtracting the product of the percentage indicated (maximum value of additional credits) and the amount of the additional credits. Charitable donations over \$200 have a higher maximum value.

8 Amounts do not include the Northwest Territories and Nunavut employee payroll taxes and provincial health levies (e.g., the Ontario Health Premium).

9 For Ontario, the taxes payable amounts and top marginal rates in the table reflect Ontario's new tax on incomes over \$500,000.

10 Taxable income may differ for federal and Quebec purposes, in which case the amounts shown in the table may require adjustment.

11 For the Yukon, the lower eligible dividend rate has a negative Yukon component, which shelters other income from Yukon tax. As a result, the combined federal/Yukon rate that applies depends on the level of the taxpayer's other income, with the higher rate applying if the taxpayer has no other income.

corporations, out Illina of

Top Marginal Rates — A 17-Year History

		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Federal rates	(including surtaxes)		31.32		30.89	30.45	The S	en er		Tell" E			29.00		00			
	at be prorated for taxal	ges mu	i chan	reshold	and tr	All Tate	.16.790	ecemi	CL DOD	EES CO	9V 401	I I I I I I	ппош	TI TOI I	palla u	THE ATE	40018 800	I ne ra
PRIBAL X	Alberta	46	.07	45.60	45.17	43.71	di ma	mand's	PERC	AT SE			39.00	ive dat	effect	idle the	hat strac	years t
From	British Columbia	084	54.17	2002	52.27	51.26	45.70						43.	70	4.19	(PALE)	ny Zalahi	N.
2102	Manitoba	50	.40	50.11	48.95	48.08	District	art and their		A CT ST			46.40	or Con	alal mil	da l		
2 1992 70	New Brunswick	51.36	51.05	50.43	49.68	48.77			46.	84		A CONTRACTOR	46	.95	46.00	PHP ST	43.30	
Income	Newfoundland and Labrador	0 8	53.33		52.90	51.31	012 (5.0)	alquian	48.	64	baleme ent	ie Isioe insetsel	47.04	45.00	43.	.40	vince 42.	.30
Combined	Non-resident	poratio	46.40		45.97	44.37	e reques	CON	-132	Úp.	Jo	strug H	42.92	affer pro	winsiak	abetema	DE DOTA	Compa
and the same of th	including Northwest Territories		44.37		43.94	43.50	660	42.05	2.50	42.55		·, 50	/ gos for	Musine	43.05	7678JRK	Moderan	ava s
	including Northwest Territories Nova Scotia		49.98	49.66	49.23	48.79	leral-m	47.34	HOLION	DOD OK	130) 3	B1 1010	18.25	(Theoly)	none and	olo in	50.00	5 110 10
flat taxes)	Nunavut I NOAm		came into e	existence on 9)	43.94	43.50	42.05	J.C.	-drytt	10 110	reducti	al rate deduc	40.	50	Tar sel	1-121	4 julee	22019
	Ontario	52.92	51.64	50.29	48.75	47.86		THE P	COLPT	43.0	10.4	46.4	1	may 86	Tardiffice o	i by the	relevant	47.97 ⁽¹⁾
15	Prince Edward Island	sportes	50.30	Citt	49.55	48.79	47.37 47.37					TO DESCRIPTION	e					
Branel	Quebec 008,0022	52.94	53.01	52.61	52.18	50.67	48.72	Sielar	biol	faresi	duction	ess de	48.	22	hold	kondT'	u-yu-uu-	
	Saskatchewan		.95	51.58	50.79	49.73	45.00	44.50	moitan	hah and	te (befo	er lara	and fed	44.00	Charlet Air o	Table of the same	mandala	61) (6)
	Yukon	Trees (of	46.55	n in	46.11	45.37	43.01	18 185			thole se	A LOCATION	42	40	onteus s	resday.	163-	Cantro

⁽¹⁾ For Ontario, the 47.97% rate reflects Ontario's new highest tax bracket on incomes over \$500,000

Deferred Income Plan Contributions Limits

CCPC small business rate

the manage to the sman business deduction and increased are shown in the following table.

Threshold up to which the CCPC rate applicant, 18, 18, 1

through the refundable dividend tax on hand (RDTOH) mechanism out

The maximum amount deductible RRSP, DPSP and money RPP contribution limits for 2007 to 2013 are as shown:

Changes effective after December 34, 2607

		TIPEGUEST VIBILISH	manufacture of the state of the state of		JOY CYCEVAL	apalitikabkalaryiathes	DSMC retail accel
	2007	2008	2009	2010	2011 ₂₀₀₀	2012	2013
Dollar limits:		January 1, 2012	13%	11.5%	A notional L	CT, calculated as if the threshold were 0.2 threshold were 0.2 threshold were 0.2 threshold to the control of the threshold threshold the control of the con	ne LCT rate 25% and 2007 ant distantians
RRSP	\$19,000	\$20,000	\$21,000	\$22,000	\$22,450	\$22,970	\$23,820
DPSP	\$ 10,000	\$10,500	\$11,000	\$11,225	\$11,485	\$11.910	Indexed*
Money	\$20,000	\$21,000	\$22,000	\$22,450	\$22,970	\$23,820	Indexed*
Purchase RPP	threshold. As a result	ated CCPCs, up to a it associated basis, e	in Canada of associ	iness income carned said-un capital empl	applies to active bus reduced if taxable	business deduction	S. The small

^{*} Increased for increases in the Average Wage

mer; one (other than deductible dividends) of CCPCs. It is refundable



Tables of Rates and Credits

Federal Federal Corporate Tax Rates — 2006–2012 (%)

The rates shown are in effect for 12-month taxation years ended December 31. All rate and threshold changes must be prorated for taxation years that straddle the effective date.

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008

8		1 2 2 3 2 2 2 4 3 2 5 5 5 7 6 2	2006 2	2007	2008	2009	2010	2011	2012
43.30 5	= 3 0 00.54 T S	Basic rate	18.75	49.68	50.43	38		New Binneylei	
-		Less: provincial abatement	10.10	00.05		10	-bas	Newfoundland	
42.30 B	00 43.40 &	Rate after abatement	16.16	06.26		28	18.5	Labrador -	bined
General and n	nanufacturing	Plus: federal surtax ¹	1.12	45,97		46.40	n/a	Non-residents	(%)
& processing	(M&P) income	General federal rate (before deductions)	29.12	10.03	20.04	so of los os	28	Nove Station	gniba
9	8888	Less: general rate reduction or M&P deduction ^{2, 3}	48.57 42.05	13.94	8.5	eminoring or market	10	11:5vanovi	tage sand
47.9%	1825785	General federal and M&P rate ⁴	22.12	C1.84	19.5	19	18	16.5	15
2	Threshold	Small business deduction threshold ⁵	\$300,000	\$400,	000	52.94 \$3.01	\$50	Quebec 000,0	
5	Active business	General federal rate (before deductions) ³	00.4 29.12	50,79	82.12	\$ 51.95	28	Saskatchewan	
Canadian- controlled	income up to	Less: small business deduction ⁵	16.64	111.01	1-8-8	CC.08' 5	17	Lukou	
private	threshold	CCPC small business rate	13.12		£ 8	14 43	8 11	TO THE	
corporations	\$15 to to all of the	General federal rate (before deductions) ³	29.12	cket on	nd xargasal)	did won e other	28	the 4 Cy Paralle	or Ontario
(CCPCs)	Investment	Additional refundable tax ⁶			1 8 8	6.67		E S H	
AM July	income	CCPC investment income rate	35.79		- 11	2 8	34.67	Constant of the	2.0

Notes

- . The federal surtax was eliminated on January 1, 2008, resulting in a 1.12% decrease in income tax rates.
- 2. Recent changes to the general rate reduction and manufacturing and processing (M&P) deduction are shown in the following table.

	Chai	nges effective after	December 31, 2007
HIS THIMES	From	To	Effective
for 2007 to 2013 are as	stienil 7% insti-	8.5%	January 1, 2008
	8.5%	9%	January 1, 2009
General rate reduction	9%	10% 000	January 1, 2010
and M&P deduction	10%	11.5%	January 1, 2011
	11.5%	13%	January 1, 2012

The maximum amount de-

- 3. The general rate reduction and M&P deduction do not apply to: income benefiting from the small business deduction; investment income of CCPCs; income of certain corporations (e.g., mutual fund corporations, mortgage investment corporations and investment corporations); and, until taxation years beginning after 2006, resource income. For taxation years beginning after October 31, 2011, proposed legislation disallows income from a personal services business from being eligible for the general rate reduction.
- 4.7 The resource income tax rate was 24.12% before January 1, 2007. Commencing January 1, 2007, the rate is the same as the general and M&P rate.
- 5. The small business deduction applies to active business income earned in Canada of associated CCPCs, up to a threshold. As a result of a clawback, the small business deduction is reduced if taxable paid-up capital employed in Canada, on an associated basis, exceeded \$10 million in the preceding year.

Recent changes to the small business deduction and threshold are shown in the following table.

36 2 2 2 2 2 3 5 6 6 7 7 7	Changes effective after December 31, 2007					
	From	To	Effective			
Small business deduction	16%	17%	January 1, 2008			
Threshold up to which CCPC rate applies	\$400,000	\$500,000	January 1, 2009			

 A 63/% additional refundable tax on investment income applies to investment income (other than deductible dividends) of CCPCs. It is refundable through the refundable dividend tax on hand (RDTOH) mechanism.

Corporate Tax Rates for 2012 (%) Corporate Income Tax Rates)

All rate changes must be pro-rated for taxation years that straddle the effective date. Use the rate changes to determine rates for taxation years ending on December 31, 2008 or later

Tax holidays may reduce or climinate provincial tax.

Manitoba change effective after December 31, 2007

From To Effective

Tax holidays may reduce or climinate provincial tax.

Manitoba change effective after December 31, 2007

From To Effective

one province (Nova Scotia) imposes general capital tax on corporations that have

Rates for 2012	Rate	Corporations affected	Part VI Financia noitqirosed Capital Tax (see	financial instit salur laisage lso be subject to
Income not earned in a province or territory	25%1	All corporations	Income tax for 2012 is calculated as follows: Basic federal rate Less: General rate reduction General federal rate 25% Therefore, the federal rate is 25%, instead of 15%.	Corporate income not earned in a province or territory is neither: eligible for the provincial abatement; nor subject to provincial or territorial tax (exceptions apply).
Branch tax Recent and pla	25%	Non-resident corporations, except: • transportation, communications and iron-ore mining companies; and	ar ended December 31, 2012, on income allocated below and apply to the companies of after tax profits that are not invested in a companies of the companies of the companies of the companies (CCPC). Income	The 25% rate may be reduced by the relevant tax treaty (generally to the withholding tax rate on dividends, which is usually 5%, 10% or 15%). Some treaties prohibit the imposition of branch tax or provide that the tax is payable only on earnings exceeding a threshold.
Part III.1 Tax on Excess Eligible Dividend Designations	20% or 30%	Canadian-resident corporations Ontario	Applies if: a CCPC has designated as eligible dividends during the year an amount that exceeds the corporation's general rate income pool (GRIP) at the end of the year; or a non-CCPC pays an eligible dividend when it has a positive balance in its low rate income pool (LRIP).	A corporation subject to Part III.1 tax at the 20% rate (i.e., the excess designation was inadvertent) can elect, with shareholder concurrence, to treat all or part of the excess designation as a separate non-eligible dividend, in which case Part III.1 tax will not apply to the amount that is the subject of the election.
Refundable Part IV tax	331/3%	Private corporations and certain public corporations	Payable on taxable dividends received from certain taxable Canadian corporations.	Refundable to the corporation when it pays 199
Refundable Investment Tax	62/3%	Canadian-Controlled Private Corporations (CCPCs)	Increases the total federal rate that applies to investment income of a CCPC to 34.67%. Generally, 26%% of a CCPC's aggregate investment income is added to its RDTOH.	dividends, through the refundable dividend tax on hand (RDTOH) mechanism, at a rate of \$1 for every \$3 of taxable dividends paid.
Large Corporations Tax (LCT) Recent Quebe	Nil change	All corporations Annual of All corporations	Before 2006, imposed on taxable capital employed in Canada over \$50 million. (The threshold was shared by related corporations; associated corporations in the case of CCPCs.)	A notional LCT, calculated as if the LCT rate and capital tax threshold were 0.225% and \$10 million, respectively, is relevant for certain purposes (e.g., a CCPC's small business limit). Before 2008, the portion of the federal surtax liability that was the corporation's Canadian surtax liability reduced any LCT liability for the year or the previous three years (and, before 2006, the next seven years).
Part VI Financial Institutions Capital Tax	1.25%	Banks Trust and loan corporations Life insurance companies	Applies to banks, trust and loan corporations and life insurance companies with capital employed in Canada over \$1 billion. The threshold is shared by related corporations.	Reduced by the corporation's federal income tax liability. Any unused federal income tax liability can be applied to reduce Financial Institutions Capital Tax for the previous three years and the next seven

Notes:

1. Recent changes to the federal rate for income not earned in a province or territory are shown in the following table:

Bevail, ci	mages are shown in i	is tollowing tal	Changes effective after	December 31, 200	07	par our or c oronioo i	
ax Kares.	Federal Corporate Ta	From	officer sec footing	Effec	ctive latened and o	For recent changes t	
	HE CHARLES WAS	32.12%	in the%2.92ving table:	nworls on January	British Co 8002,1	Recent and planned	4.
	Income not earned	29.5%	29%	January	1, 2009		
Ger	in a province or	29%	28%	January	1, 2010		
	territory	28%	26.5%	January	1, 2011	tral rate and 10% (2	196 In
	allocated have a brain	26.5%	25%	January	1, 2012	and the and to all the	
	ary 1, 2011		10%	P 10.5%	General and M&		
	ril 1 2014		*/011	10%			

British Columbia's 2012 budget describes the increase to the 11% rate on April 1, 2014, as a temporary measure to be triggered only if the province's fiscal situation worsens.

208025Wg

Corporate Income Tax Rates by Province/Territory — 2012 (%) (General and M&P Corporate Income Tax Rates)

All rate changes must be pro-rated for taxation years that straddle the effective date. Use the rate changes to determine rates for taxation years ending on December 31, 2008 or later.

Tax holidays may reduce or eliminate provincial tax.

In addition to income tax:

- one province (Nova Scotia) imposes general capital tax on corporations that have a permanent establishment there (see Capital Tax Rates and Exemptions for 2012); and
- financial institutions may also be subject to Part VI Financial Institution Capital Tax (see Other Federal Corporate Tax Rates for 2012) and provincial capital taxes (see Capital Tax Rates and Exemptions for 2012).

General and M&P Corporate Income Tax Rates (for December 31, 2012 year end) (%)

The percentages shown in the table below reflect the combined federal and provincial/territorial corporate rates (general and manufacturing and processing (M&P)) for a 12-month taxation year ended December 31, 2012, on income allocated to provinces or territories. For Canadian-controlled private corporations (CCPCs), this table does not apply to:

on Excess Eligible Dividend

- the first \$500,000 (\$400,000 in Manitoba and Nova Scotia) of active business income; and
- investment income.

For more CCPC rates, see table Canadian-Controlled Private Corporation (CCPC) Income Tax Rates.

		General and Manufacturi	ing & Processing (M&P)
Basic federal rate	margaret Alte (b	se designated as eligible dividend	88 a CCPC II
Provincial abatement	ong refutible	year an amount that exceeds the	tan (10) during the
4% federal surtax ¹	icamentario i in	a general rate income gool (CR)	esident n/a thebise
Federal rate (before deductions)	roitemaisah		bas on is 28
General rate reduction3 or M&P deduc	tion ³ day of	D pays an eligible dividend when	$(13)^2$
Federal rate	and the state of the state of the state of	o balance in its low rate income	119.1) loog \$\frac{15^2}{2}\$
	msi	Provincial/Territorial	Combined and see
Alberta and in more attended to the comportation when it pay and the	Refundable	10 are not composite in the	bems Dolder 25 Hollerogies oil
British Columbia builton and dayond		of soliton 10 ster level of	25
DTOH) mechanism, at a rateadonineM		12 0900 a 10 emps	one teamine 27
New Brunswick bookivib aldazat to E	Lot gyery S	of a CCPC's 01 center	25 villamene 25
Land to the Control of the Control o	General	HOTON 14 H bebbs at Street	nai tanantan 29
Newfoundland and Labrador	M&P	5 H	20
Northwest Territories	Istinao bas	11.5	26.5
Nova Scotia tagyolog ai wlovitoogaan.		16 more benefit	of from the 31 all banks are dec
Numayut Resided Home a 2922 ava.	THE PARTY	oloms lange 12 daxis no bacomi	27
Ontario 7,8 landered la moirre pedra 8		11.5 H	26.5
Ontario	M&P	10 H	25
Prince Edward Island as boombox will		16 H	31
previous three years (and, bei 29dauO		11.9 H	26.9
J. The areal busingsing the was the	General	usiness incon12 earned in Cana	27
Saskatchewan ¹⁰	M&P	1011	25
. Any unused federal income tax	Willids General	illust and ioai 7 orporations at	30
he applied to reduce Financial nodu'Y	M&P	2.5	17.5

 $\mathbf{H} = \text{Tax holidays}$ are available to certain corporations in the provinces indicated.

Notes:

- 1. The 4% federal surtax was eliminated on January 1, 2008. See footnote 1 to the table, Federal Corporate Tax Rates.
- 2. Footnote 3 to the table, Federal Corporate Tax Rates indicates when the general rate reduction and M&P deduction do not apply.
- 3. For recent changes to the general rate reduction and M&P deduction, see footnote 2 to the table, Federal Corporate Tax Rates.
- 4. Recent and planned British Columbia changes are shown in the following table:

anuary 1, 2009	British Columbia changes effective after December 31, 2007				
anuary 1, 2010	From	To	Effective		
anuary 1, 2011	12%	11%	July 1, 2008		
General and M&P	11%	10.5%	January 1, 2010		
	10.5%	10%	January 1, 2011		
	10%	11%*	April 1, 2014		

^{*} British Columbia's 2012 budget describes the increase to the 11% rate on April 1, 2014, as a temporary measure to be triggered only if the province's fiscal situation worsens.

Corporate Income Tax Rates by Province — 2012 (continued)

5. Recent and planned Manitoba changes are shown in the following table:

CCPC rate on over-	Manitoba changes effective after December 31, 2007				
integrated income"	From	To	Effective		
General and M&P	14%	13%	July 1, 2008		
	13%	12%	July 1, 2009		
	12%	11%*	To be determined		

* The rate reduction is subject to balanced budget requirements.

6. Recent New Brunswick changes are shown in the following table:

SBD threshold incre	New Brunswick changes effective after December 31, 2007					
longer applies.	From	To	III, and	Effective		
General and M&P	13%	12%	The second second	July 1, 2009		
	12%	11%	Combined	July 1, 2010		
	11%	10%*	Terrive since	July 1, 2011		

* New Brunswick repealed the legislated corporate income tax rate of 8% that was to apply on July 1, 2012.

7. Recent and planned Ontario changes are shown in the following table:

	Ontario changes effective after December 31, 2007				
* British Columbia	From	ntains that To li bu	51 or 27h	Effective	
decrease in the rate	14%	12%	2012ar	July 1, 2010	
General	71.0412%	H & 11.5%*	15.5	July 1, 2011	
M&P	12%	H 10%	12	July 1, 2010	

* Ontario's 2012 budget froze the general income tax rate at 11.5%, until the province returns to a balanced budget (scheduled for 2017-18). The rate was to drop to 11% on July 1, 2012, and to 10% on July 1, 2013.

8. Corporations subject to Ontario income tax may also be liable for corporate minimum tax (CMT) based on adjusted book income. The minimum tax is payable only to the extent that it exceeds the regular Ontario income tax liability. Recent Ontario CMT changes are shown in the following table:

2.440.1.20.1.10.1.10.1.10.1.10.1.1		Ontario change	\$400,000 to \$50		
		From	To To	Effective	
Corporate Minim	um Tax (CMT) rate	4%	2.7%	July 1, 2010	the table. Genera
Thresholds for	Total assets	int his opposite Ce Co	0 ≥ \$50 million	Taxation years ending after	e federal small busi New Brunswick
CMT to apply*	Annual gross revenues	> \$10 million	≥ \$100 million	June 30, 2010	Saskatchewan;

* Thresholds apply on an associated basis.

9. Recent Quebec changes are shown in the following table:

3.4	Quebec changes effective after December 31, 2007				
	From	To OBS	roai ain diw Effective for evan airoo		
C 1 1340 P*	9.9%	11.4%	January 1, 2008		
General and M&P*	11.4%	bm11.9%	January 1, 2009 mebal edit		

British Columbia, after December 31, 2009 (see footnote

- * For financial institutions (other than insurance corporations) and oil refining companies, the rate is 11.9% and the combined rate is 31.4% for December 31, 2008 year ends. However, deposit insurance corporations are not financial institutions and were subject to a rate of advance of the combined rate is 31.4% for December 31, 2008 year ends. However, deposit insurance corporations are not financial institutions and were subject to a rate of advance of the combined rate is 31.4% for December 31, 2008 year ends. However, deposit insurance corporations are not financial institutions and were subject to a rate of advance of the combined rate is 31.4% for December 31, 2008 year ends. However, deposit insurance corporations are not financial institutions and were subject to a rate of advance of the combined rate is 31.4% for December 31, 2008 year ends. However, deposit insurance corporations are not financial institutions and were subject to a rate of advance of the combined rate is 31.4% for December 31, 2008 year ends. However, deposit insurance corporations are not financial institutions and were subject to a rate of advance of the combined rate is 31.4% for December 31, 2008 year ends. However, deposit insurance corporations are not financial institutions and were subject to a rate of advance of the combined rate is 31.4% for December 31, 2008 year ends.
- 10. Recent Saskatchewan changes are shown in the following table:

	Saskatchev	wan changes effec	ctive after December 31, 2007	CCPC Investment
OCPC nate was a series	From	To	Effective	THE PRICE OF THACKIN
General	13%	12%	July 1, 2008	rally, 20%% of a Co

11. The general rate (12% in 2012) is the maximum Saskatchewan rate. A rebate of up to the difference between the general rate and 10% (2% in 2012) of manufacturing profits allocated to Saskatchewan is available.

Income Tax Rates (for December 31, 2012 Year End) (%)

Manitoba changes effective after December 31, 2007 OI Active business income of General and M& CCPCs1 Investment income³ up to \$500,000² 28 Federal rate (before deductions) n/a Small business deduction² (17)6.67 Refundable investment tax n/a 34.67 11 Federal rate 1 Provincial/ Provincial/ Combined Combined Territorial Territorial 44.67 14 10 Alberta 44.67 25 **British Columbia** 13.5 10 on July 1, 201 Manitoba⁶ Nil* or 12* 11* or 23* 12 46.67 10 44.67 New Brunswick 4.5 15.5 Newfoundland and Labrador 4 H 14 H 48.67 15 4 15 11.5 46.17 **Northwest Territories** 4* H or 16* 15* or 27* 16 50.67 Nova Scotia 10 12 46.67 Nunavut¹¹ 15 4 General Ontario 12, 13 11.5 H 4.5 H 15.5 46.17 Prince Edward Island¹⁴ 1 H 16 H 50.67 12 11.9 H Quebec¹⁵ 8 H 19 46.57 Saskatchewan 12 46.67 13 2.5 M&P 13.5 n/a Yukon¹⁷ Non-M&P 4 15

H = Tax holidays are available to certain corporations in the provinces indicated.

The lower rate applies to active business income of CCPCs up to \$400,000. The higher rate applies to active business income of CCPCs from \$400,000 to \$500,000.

Notes:

1. See the table, General and M&P Corporate Income Tax Rates, for the rates that apply to CCPCs on active business income above \$500,000.

From

The federal small business threshold increased from \$400,000 to \$500,000 on January 1, 2009. The \$500,000 threshold also applies in:

New Brunswick, Newfoundland and Labrador, Northwest Territories, Nunavut, Ontario (see footnote 13 below), Prince Edward Island and Saskatchewan;

Recent Quebec changes are shown in the following table

General and M&P*

of manufacturing profits allocated to Saskatchewan is available.

- Ouebec, after March 19, 2009 (see footnote 15 below);
- Alberta, after March 31, 2009 (see footnote 4 below);
- British Columbia, after December 31, 2009 (see footnote 5); and
- the Yukon, after December 31, 2010 (see footnote 17).

Manitoba and Nova Scotia have not harmonized with this increase.

- 2. See footnote 5 to the table, Federal Corporate Tax Rates, for:
 - recent changes to the federal small business deduction and threshold; and
 - a description of the federal small business deduction clawback and threshold.

The clawback also applies for the purposes of the provincial/territorial small business deductions in the territories and all provinces except Ontario. Ontario had a clawback before July 1, 2010, as outlined in footnote 13, below.

- 3. Rates on investment income are 19.67% higher than the general rates for 2012 (see the table, General and M&P Corporate Income Tax Rates), because:
 - CCPC investment income does not benefit from the 13% federal general rate reduction; and
 - the rates on investment income includes a 63% tax that is refundable when the CCPC pays taxable dividends.

Generally, 26%% of a CCPC's aggregate investment income is added to its refundable dividend tax on hand (RDTOH). This amount is refundable at a rate of \$1 for every \$3 of taxable dividends paid by the CCPC.