

Canadian Income Tax Act with Regulations, Annotated

*88th Edition
2009 Autumn*



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**R.S.C. 1985, c. 1 (5th Supp.), as amended
Consolidated to July 10, 2009**

- 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
- Technical Explanation of Third, Fourth and Fifth Protocols
 - Income Tax Conventions Interpretation Act
 - Interpretation Act
- Pending Amendments, including Former Bill C-10, *Income Tax Amendments Act, 2006*, and Explanatory Notes
 - Selected News Releases and Budget Extracts
 - 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 Annotations
 - Selected Remission Orders
- Tax Rates and Other Reference Tables
- Topical Index



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a Wolters Kluwer business

CCH Canadian Limited

300-90 Sheppard Avenue East
Toronto ON M2N 6X1

Telephone: 416 224 2248 • Toll Free: 1 800 268 4522

Fax: 416 224 2243 • Toll Free: 1 800 461 4131

www.cch.ca

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Current Tax Rates and Credits

(From information available as of June 2009)

Personal Income Tax Rate Components — 2009 (Including Surtaxes)

	Basic Tax		Surtax
	Rates	Brackets	
Federal¹	15.00%	\$0	
	22.00%	\$40,726	
	26.00%	\$81,452	
	29.00%	\$126,264	
Provincial or Territorial	Alberta	10.00% \$0	No surtax
	British Columbia	5.06% \$0	
		7.70% \$35,716	
		10.50% \$71,433	
		12.29% \$82,014	
		14.70% \$99,588	
	Manitoba	10.80% \$0	
		12.75% \$31,000	
		17.40% \$67,000	
	New Brunswick	9.65% \$0	
		14.50% \$35,707	
		16.00% \$71,415	
		17.00% \$116,105	
	Newfoundland and Labrador	7.70% \$0	
		12.80% \$31,061	
		15.50% \$62,121	
	Northwest Territories	5.90% \$0	
		8.60% \$36,885	
		12.20% \$73,772	
		14.05% \$119,936	
	Nova Scotia	8.79% \$0	10% of tax above \$10,000
		14.95% \$29,590	
		16.67% \$59,180	
		17.50% \$93,000	
	Nunavut	4.00% \$0	No surtax
		7.00% \$38,832	
		9.00% \$77,664	
		11.50% \$126,264	
	Ontario	6.05% \$0	20% of tax above \$4,257 + 36% of tax above \$5,370
		9.15% \$36,848	
		11.16% \$73,698	
	Prince Edward Island	9.80% \$0	10% of tax above \$12,500
		13.80% \$31,984	
		16.70% \$63,969	
	Quebec¹	16.00% \$0	No surtax
		20.00% \$38,385	
		24.00% \$76,770	
	Saskatchewan	11.00% \$0	
		13.00% \$40,113	
		15.00% \$114,610	
	Yukon	7.04% \$0	5% of tax above \$6,000
		9.68% \$40,726	
		11.44% \$81,452	
		12.76% \$126,264	
Non-residents²		7.20% \$0	No surtax
		10.56% \$40,726	
		12.48% \$81,452	
		13.92% \$126,264	

Notes:

1. In Quebec, basic federal tax is reduced by the 16.5% abatement of basic federal tax.
2. 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, so the non-resident rates are 48% of federal rates. Non-residents are subject to provincial or territorial rates (in this table) on:
 - employment income and business income earned in the respective province or territory; and
 - income and capital gains on dispositions of real property located in a province or territory.
 Different rates may apply to non-residents in other circumstances.

Tables of Rates and Credits

Personal Tax Credits — 2009

The two tables below contain information concerning select 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.

		Personal tax credit rates (See table below for some limitations)																		
		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		15%	10%	5.06%	10.8%	9.65%	7.7%	5.9%	8.79%	4%	6.05%	9.8%	20%	11%	7.04%					
Charitable donations	First \$200																			
	Amount over \$200	29%	21%	14.7%	17.4%	17%	15.5%	14.05%	17.5%	11.5%	11.16%	16.7%	24%	15%	12.76%					
Dividend tax credit ³ (on grossed-up amount)	Eligible	18.97%	10%	11%	11%	12%	9.75%	11.5%	8.85%	6.2%	7.4%	10.5%	11.9%	11%	11%					
	Non-eligible	13.33%	3.5%	4.2%	2.5%	5.3%	5%	6%	7.7%	4%	5.13%	3.2%	8%	6%	4.45%					
		Maximum value (before surtaxes) of credits that are based on prescribed amounts																		
		Federal Amounts	Federal	Alt.	B.C.	Man.	N.B.	Nfld. & Lab.	N.W.T.	N.S.	Nun.	Ont.	P.E.I.	Que. ¹	Sask.	Yukon				
Basic					\$474		\$830	\$599		\$702		\$537	\$755	\$2,091 ¹						
Spouse		\$10,320	\$1,548	\$1,678	\$406	\$878	\$705	\$489	\$747	\$596	\$466	\$456	\$642	N/A	\$1,460	\$727				
Equivalent to spouse													\$617							
Age 65		\$6,408	\$961	\$468	\$213	\$403	\$405	\$281	\$366	\$343	\$349	\$262	\$369	\$450 ¹	\$477	\$451				
Disability	Basic	\$7,196	\$1,079	\$1,294	\$356	\$667	\$672	\$404	\$606	\$416	\$466	\$434	\$675	\$476		\$507				
	Under 18 supplement									\$285			\$394							
Infirm dependant (18 or over)		\$4,198	\$630	\$971	\$208	\$389	\$392	\$190	\$248	\$231	\$168	\$253	\$240	N/A ¹	\$923	\$296				
Caregiver										\$405										
Pension income		\$2,000	\$300	\$129	\$51	\$108	\$97	\$77	\$59	\$97	\$80	\$74	\$98	\$400 ¹	\$110	\$141				
Child		\$2,089	\$313	N/A											\$541	\$147				
Adoption		\$10,909	\$1,636	\$1,147	\$552	\$1,080	N/A	\$808	N/A			\$656	N/A	N/A ¹	N/A	\$768				
Children's fitness		\$500	\$75	N/A		\$54	N/A			\$44		N/A			N/A ⁶	\$35				
CPP/QPP		\$2,119	\$318	\$212	\$107	\$229	\$204	\$163	\$125	\$186	\$85	\$128	\$208	N/A ¹	\$233	\$149				
Employment insurance (EI)		\$732 ⁵	\$110	\$73	\$37	\$79	\$71	\$56	\$43	\$64	\$29	\$44	\$72		\$80	\$52				
Canada Employment		\$1,044	\$157	N/A													\$73			
Education	Full-time	\$400	\$60	\$65	\$10	\$43	\$39	\$15	\$24	\$18	\$16	\$29	\$39	\$386 ¹	\$44	\$28				
(per month)	Part-time	\$120	\$18	\$20	\$3	\$13	\$12	\$5	\$7	\$5	\$5	\$9	\$12	N/A	\$13	\$8				
Textbook	Full-time	\$65	\$10	N/A								\$3				\$5				
(per month)	Part-time	\$20	\$3									\$1	N/A			\$1				
									× 1.1				× 1.2 or × 1.56		× 1.1				× 1.05	

Factors at bottom of table increase value of credits to reflect surtaxes.⁴

Notes:

- See below for Quebec's special credits and rules.
- The general factor, multiplied by the federal (or provincial/territorial) amount, yields the value of the federal (or provincial/territorial) credit.
- Eligible dividends are designated as such by the payor. They are grossed up by 45% 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., 19% in 2009); or
 - CCPCs, to the extent that the CCPC's income is:
 - not investment income (other than eligible dividends from public corporations); and
 - 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).

- 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 \$537 shown for the basic Ontario credit would be worth \$838 (i.e., $\$537 \times 1.56$).
- In Quebec, the federal EI amount is \$584.
- In Saskatchewan, commencing 2009, a refundable income tax credit provides up to \$150 per child aged six to 14, for cultural, recreational and sports activity fees.

Quebec's Special Credits and Rules — 2009

Quebec's Special Credits and Rules — 2009

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 \$10,455;
- 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;
- 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 \$561 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 \$30,345;
- a person that lives alone or with a dependant can claim a credit of \$245;
- a person that qualifies for the living alone credit and lives with an eligible student is eligible for an additional \$304 credit;
- the maximum education credit of \$386 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.

	Details
Adoption	50% of eligible adoption expenses (maximum credit of \$10,000)
Child care	26% to 75% of qualifying child care expenses (limits apply) ¹
Caregivers	Maximum credit of \$1,057 is reduced if the dependant's income exceeds \$21,140
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 significant disability; maximum credit of \$1,560 is reduced if family income exceeds \$51,180
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	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 \$51,180; expenses eligible for this credit will not qualify for the medical expense credit
Medical	25% of medical expenses eligible for the non-refundable credit and 25% of amount deducted for impairment support products and services; maximum credit of \$1,056 is reduced if family income exceeds \$20,425

- Commencing 2009, the limit on child care expenses paid for a child under seven at the end of the year (other than a child who qualifies for the disability tax credit) increased from \$7,000 to \$9,000.

Credits: Federal Limitations and Other Information — 2009

Credits: Federal Limitations and Other Information — 2009

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-forward
Tuition	Credit available only if at least \$100 is paid in fees to an institution	Spouse, parent or grandparent (Maximum combined tuition, education and textbook credits transferable = \$750)	Indefinite
Education	Credit = \$60/month for full-time students and certain disabled part-time students; \$18/month for other part-time students		
Textbook	Credit = \$10/month for full-time students and certain disabled part-time students; \$3/month for other part-time students		
Medical	Credit is based on amount by which qualifying medical expenses exceed the lesser of \$2,011 and 3% of net income (generally, expenses for any twelve-month period ending in the year can be claimed)	Either spouse may claim the medical expense credit	
CPP/QPP + EI	For employees, maximum credit = \$428 (in Quebec, \$405); self-employed persons deduct 50% of CPP/QPP premiums paid for their own coverage (maximum deduction of \$2,119) and claim a credit for the non-deductible half of premiums paid (maximum credit \$318); self-employed persons do not pay EI premiums	N/A	
Canada Employment	Credit is based on employment income		
Transit pass	Public transit passes (monthly or longer) and certain weekly and electronic payment cards for travel are eligible	Spouse or parent	
Student loan interest	Interest must be paid on qualifying student loans	N/A	
Charitable donations	Eligible donations are limited to 75% of net income	Either spouse may claim the donation credit	5 years
Spousal and equivalent to spouse	Reduced by any net income of the spouse or qualifying dependant	N/A	
Infirm dependant	Reduced if dependant's income exceeds \$5,956		
Caregiver	For providers of in-home care for an adult relative (reduced if relative's income exceeds \$14,336)		
Age	Reduced if income exceeds \$32,312	Spouse	
Pension	Maximum credit = \$300		
Child	Credit available for each child under 18		
Adoption	Must be claimed in the year the adoption period ends	Either parent may claim the adoption and children's fitness credits	
Children's fitness	Maximum credit = \$75 for children under 16; \$150 for children under 18 who qualify for the disability tax credit		
	Basic For individuals with severe and prolonged impairment	Spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, niece or nephew	
Disability Under 18 supplement	Reduced if child care expenses and attendant care expenses (claimed as a medical expense for child) exceed \$2,459		

Tables of Rates and Credits

Individual Marginal Rates for 2009

These tables show combined federal and provincial (or federal and territorial) marginal tax rates – the percentage of tax paid on the last dollar of income, or on additional income.

Each row contains marginal rates for:

- ordinary income and interest;
- the actual amount of capital gains; and
- the actual amount of dividends (eligible and non-eligible) from Canadian corporations.

	Taxable Income \$10,320 ⁽¹⁾ to \$40,726				Taxable Income \$40,726 to \$81,452					
	Brackets	Ordinary income & interest	Capital gains	Canadian dividends Eligible ⁽²⁾	Non-eligible ⁽²⁾	Brackets	Ordinary income & interest	Capital gains	Canadian dividends Eligible ⁽²⁾	Non-eligible
Federal only										
Alberta	\$10,320	15.00%	7.50%	(5.75%) to 0%	2.08%	\$40,726	22.00%	11.00%	4.40%	10.83%
	\$16,775	25.00%	12.50%	(5.75%) to 0%	10.21%	\$40,726	32.00%	16.00%	4.40%	18.96%
British Columbia	\$10,320	15.00%	7.50%	(5.75%) to 0%	2.08%					
	\$35,716	22.70%	11.35%	(10.54%) to 0%	6.46%	\$71,433	32.50%	16.25%	3.68% to 4.40%	18.71%
Manitoba	\$10,320	20.06%	10.03%	(14.36%) to 0%	3.16%	\$40,726	29.70%	14.85%	(0.39%) to 4.40%	15.21%
	\$31,000	27.75%	13.88%	(3.21%) to 2.54%	14.90%	\$67,000	39.40%	19.70%	13.68%	29.46%
New Brunswick	\$10,320	25.80%	12.90%	(6.04%) to 0%	12.46%	\$40,726	34.75%	17.38%	6.94%	23.65%
	\$35,707	29.50%	14.75%	(2.13%) to 3.63%	13.58%	\$71,415	38.00%	19.00%	10.20%	24.21%
Newfoundland and Labrador	\$10,320	24.65%	12.33%	(9.16%) to 0%	7.52%	\$40,726	36.50%	18.25%	8.03%	22.33%
	\$31,061	27.80%	13.90%	(1.33%) to 4.42%	11.83%	\$62,121	37.50%	18.75%	12.74%	23.96%
Non-resident ⁽³⁾	\$10,320	22.70%	11.35%	(8.72%) to 0%	5.46%	\$40,726	34.80%	17.40%	8.82%	20.58%
	\$10,320	22.20%	11.10%	(8.51%) to 0%	3.08%	\$40,726	32.56%	16.28%	6.51%	16.03%
Northwest Territories	\$36,885	23.60%	11.80%	(9.96%) to 0%	5.33%					
	\$12,664	20.90%	10.45%	(13.87%) to 0%	1.96% to 2.08%	\$73,772	34.20%	17.10%	18.58%	14.08%
Nova Scotia	\$10,320	15.00%	7.50%	(5.75%) to 0%	2.08%	\$40,726	30.60%	15.30%	0.20% to 4.40%	14.08%
	\$29,590	29.95%	14.98%	3.10% to 8.85%	11.15%	\$81,237 ⁽⁴⁾	40.34%	20.17%	16.87%	23.17%
Nunavut	\$10,320	23.79%	11.90%	(5.84%) to 0%	3.45%	\$59,180	38.67%	19.34%	15.74%	22.05%
	\$38,832	22.00%	11.00%	(4.59%) to 1.16%	5.83%	\$40,726	36.95%	18.48%	13.25%	19.90%
Ontario	\$11,644	19.00%	9.50%	(8.94%) to 0%	2.08%	\$77,664	31.00%	15.50%	8.46%	17.08%
	\$10,320	15.00%	7.50%	(5.75%) to 0%	2.08%	\$40,726	29.00%	14.50%	5.56%	14.58%
Prince Edward Island	\$36,848	24.15%	12.08%	(3.21%) to 2.54%	7.11%					
	\$10,320	21.05%	10.53%	(7.71%) to 0%	3.23%	\$76,442 ⁽⁴⁾	39.41%	19.70%	12.91%	22.59%
Quebec	\$31,984	28.80%	14.40%	(0.97%) to 4.79%	15.33%	\$73,698	35.39%	17.70%	10.94%	19.88%
	\$10,320	24.80%	12.40%	(6.77%) to 0%	10.33%	\$64,881 ⁽⁴⁾	32.98%	16.49%	7.45%	16.86%
Saskatchewan	\$38,385	32.53%	16.26%	6.94% to 11.75%	16.74%	\$40,726	31.15%	15.58%	6.94%	15.86%
	\$13,069	28.53%	14.26%	1.14% to 5.95%	11.74%	\$63,969	38.70%	19.35%	13.39%	27.71%
Yukon	\$10,320	12.53%	6.26%	(4.80%) to 0%	1.74%	\$40,726	35.80%	17.90%	9.19%	24.08%
	\$40,113	28.00%	14.00%	(2.85%) to 2.90%	10.83%	\$76,770	42.37%	21.19%	21.22%	29.05%
	\$13,269	26.00%	13.00%	(5.75%) to 0%	8.33%	\$40,726	38.37%	19.19%	15.42%	24.05%
	\$10,320	15.00%	7.50%	(5.75%) to 0%	2.08%	\$40,726	35.00%	17.50%	7.30%	19.58%
	\$10,320	22.04%	11.02%	(11.49%) to 0%	5.32%	\$80,596 ⁽⁴⁾	32.16%	16.08%	2.39% to 4.40%	17.70%
						\$40,726	31.68%	15.84%	2.49% to 4.40%	17.37%

Individual Marginal Rates for 2009 (continued)

	Brackets	Taxable income \$81,452 to \$126,264			Taxable income over \$126,264		
		Ordinary income & interest	Capital gains	Canadian dividends	Ordinary income & interest	Capital gains	Canadian dividends
				Eligible ⁽²⁾	Non-eligible	Eligible	Non-eligible
Federal only	\$81,452	26.00%	13.00%	10.20%	15.83%	14.50%	19.58%
Alberta	\$81,452	36.00%	18.00%	10.20%	23.96%	14.55%	27.71%
British Columbia	\$99,588	40.70%	20.35%	15.57%	28.96%	14.55%	32.71%
	\$82,014	38.29%	19.15%	12.07%	25.95%	19.92%	
Manitoba	\$81,452	36.50%	18.25%	9.48% to 10.20%	23.71%		
New Brunswick	\$81,452	43.40%	21.70%	19.48%	34.46%	23.83%	38.21%
	\$116,105	43.00%	21.50%	17.45%	30.46%	21.80%	34.21%
Newfoundland and Labrador	\$81,452	42.00%	21.00%	16.00%	29.21%		
	\$81,452	41.50%	20.75%	18.54%	28.96%	22.89%	32.71%
Non-resident ⁽³⁾	\$81,452	38.48%	19.24%	15.10%	23.43%		
Northwest Territories	\$119,936	40.05%	20.03%	13.90%	25.90%	21.53%	28.98%
	\$81,452	38.20%	19.10%	11.22%	23.58%	18.25%	29.65%
Nova Scotia	\$93,000	45.25%	22.63%	24.00%	29.31%		
	\$81,452	44.34%	22.17%	22.67%	28.17%	24.13%	33.06%
Nunavut	\$81,452	35.00%	17.50%	14.26%	22.08%		
Ontario	\$81,452	43.41%	21.70%	18.71%	27.59%	20.25%	28.96%
Prince Edward Island	\$98,143 ⁽⁴⁾	44.37%	22.19%	20.09%	34.40%	23.20%	31.34%
	\$81,452	42.70%	21.35%	19.19%	32.71%	23.69%	38.15%
Quebec	\$81,452	45.71%	22.86%	26.06%	33.22%		
	\$114,610	41.00%	20.50%	16.00%	27.08%	24.11%	36.35%
Saskatchewan	\$81,452	39.00%	19.50%	13.10%	24.58%	22.00%	30.83%
	\$81,452	38.01%	19.01%	10.87%	25.01%	17.23%	30.49%
Yukon	\$81,452						

(1) Provincial tax may be payable on taxable incomes below \$10,320 for residents of British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island, where the basic amounts are less than \$10,320.

(2) 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 federal tax and a negative provincial/territorial component shelters other income from provincial/territorial tax. As a result, depending on the level of other income, the combined federal and provincial/territorial rate could be higher, but will not exceed the higher rate shown, which applies if the taxpayer has no other income.

(3) A non-resident who does not qualify for the federal personal basic credit of \$10,320 will pay tax on taxable income below \$10,320. Non-residents may claim the personal basic 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.

Non-resident rates for interest and dividends apply only in limited circumstances. Generally, interest (commencing 2008, other than most interest paid to arm's length non-residents) and dividends paid non-residents are subject to Part XIII withholding tax.

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

Federal and Provincial Income Taxes Payable by Individuals at Various Levels of Taxable Income — 2009

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-residents — see footnote 1, below), and that all income is either interest or ordinary income (such as salary). When income includes at least \$1,044 of salary, the Canada Employment Credit, described under **Personal Tax Credits — 2009** (see table), will reduce the results shown by \$157 (\$131 in Quebec). Depending on the types of income and deductions, the Alternative Minimum Tax may apply.

2009	Alberta	British Columbia	Manitoba	New Brunswick	Newfoundland and Labrador	Non-resident ¹	Nova Scotia	Nunavut ⁶	Ontario ⁶	Prince Edward Island	Quebec ⁷	Saskatchewan	Yukon
\$1,000,000	\$376,878	\$418,270	\$447,957	\$443,761	\$429,695	\$414,553	\$412,438	\$387,215	\$444,936	\$456,726	\$465,896	\$424,001	\$407,088
\$500,000	\$181,878	\$199,770	\$215,957	\$213,761	\$207,195	\$199,953	\$197,188	\$184,715	\$212,888	\$219,876	\$224,821	\$204,001	\$195,098
\$400,000	\$142,878	\$156,070	\$169,557	\$167,761	\$162,695	\$157,033	\$154,138	\$144,215	\$166,478	\$172,506	\$176,606	\$160,001	\$152,700
\$300,000	\$103,878	\$112,370	\$123,157	\$121,761	\$118,195	\$114,113	\$111,088	\$103,715	\$120,068	\$125,136	\$128,391	\$116,001	\$110,302
\$250,000	\$84,378	\$90,520	\$99,957	\$98,761	\$95,945	\$92,653	\$89,563	\$83,465	\$96,864	\$101,451	\$104,284	\$94,001	\$89,103
\$200,000	\$64,878	\$68,670	\$76,757	\$75,761	\$73,695	\$71,193	\$68,038	\$63,215	\$73,659	\$77,766	\$80,176	\$72,001	\$67,904
\$150,000	\$45,378	\$46,820	\$53,557	\$52,761	\$51,445	\$49,733	\$46,513	\$42,965	\$50,454	\$54,081	\$56,069	\$50,001	\$46,705
\$100,000	\$26,666	\$25,758	\$31,145	\$30,710	\$29,983	\$28,144	\$26,144	\$24,159	\$28,037	\$31,184	\$32,619	\$29,081	\$26,658
\$90,000	\$23,066	\$21,919	\$26,805	\$26,510	\$25,833	\$25,591	\$22,324	\$20,659	\$23,696	\$26,883	\$28,048	\$25,181	\$22,857
\$80,000	\$19,524	\$18,184	\$22,523	\$22,368	\$21,741	\$21,829	\$18,562	\$17,217	\$19,413	\$22,671	\$23,526	\$19,143	\$17,143
\$70,000	\$16,324	\$14,974	\$18,583	\$18,589	\$17,991	\$18,573	\$15,278	\$14,270	\$15,820	\$18,801	\$19,560	\$17,839	\$15,975
\$60,000	\$13,124	\$12,004	\$14,968	\$14,939	\$14,298	\$15,317	\$12,218	\$11,370	\$12,612	\$15,046	\$15,723	\$14,339	\$12,807
\$50,000	\$9,924	\$9,034	\$11,493	\$11,289	\$10,818	\$12,061	\$9,158	\$8,470	\$9,497	\$11,466	\$11,886	\$10,839	\$9,639
\$40,000	\$6,775	\$6,115	\$8,069	\$7,690	\$7,389	\$8,880	\$6,149	\$5,621	\$6,432	\$7,937	\$8,091	\$7,392	\$6,541
\$30,000	\$4,275	\$3,996	\$5,314	\$5,017	\$4,663	\$6,660	\$3,975	\$4,913	\$3,686	\$4,230	\$5,137	\$4,792	\$4,337
\$20,000	\$1,775	\$1,990	\$2,734	\$2,552	\$2,393	\$4,440	\$1,885	\$2,508	\$2,125	\$2,657	\$2,321	\$2,192	\$2,133
Top marginal rates:													
Canadian dividends													
(eligible)	14.55%	19.92%	23.83%	21.80%	22.89%	21.53% ²	18.25%	28.35%	22.24%	23.06%	24.44%	29.69%	20.35%
(non-eligible)	27.71%	32.71%	38.21%	34.21%	32.71%	28.98% ²	29.65%	33.06%	28.96%	31.34%	38.15%	36.35%	30.83%
Capital gains	19.50%	21.85%	23.20%	23.00%	22.25%	21.46%	21.53%	24.13%	20.25%	23.20%	23.69%	24.11%	21.20%
Other income	39.00%	43.70%	46.40%	46.00%	44.50%	42.92% ²	43.05%	48.25%	40.50%	46.41%	47.37%	48.22%	42.40%
Dividend tax credit													
(eligible) ³	28.97%	29.97%	29.97%	30.97%	28.72%	28.07%	30.47%	28.70%	30.51%	30.52%	27.74%	29.97%	30.52%
(non-eligible) ⁴	16.83%	17.53%	15.83%	18.63%	18.33%	19.73%	19.33%	21.80%	21.34%	16.85%	19.13%	19.33%	18.00%
Maximum value of additional credits ⁵	25.00%	20.06%	25.80%	24.65%	22.70%	22.20%	20.90%	24.67%	19.00%	24.44%	32.53%	26.00%	22.39%

1 The table assumes the non-resident will not qualify for the federal personal basic credit of \$10,320. Non-residents may claim the personal basic 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.

2 Non-resident rates for interest and dividends apply only in limited circumstances. Generally, interest (commencing 2008, other than most interest paid to arm's length non-residents) and dividends paid to non-residents are subject to Part XIII withholding tax.

3 Taxpayers in top brackets (i.e., taxable income above \$126,264) who receive Canadian eligible dividends can determine their tax by multiplying the dividend tax credit by the amount of eligible dividends (grossed up by 45%) 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 \$185,500 salary plus \$14,500 of grossed-up eligible dividends (\$10,000 actual dividends) will pay the \$76,757 tax shown, less 29.97% of \$14,500, yielding \$72,411.

4 Taxpayers in top brackets (i.e., taxable income above \$126,264) who receive Canadian non-eligible dividends can determine their tax by multiplying the 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 income consisting of \$240,000 salary plus \$10,000 of grossed-up non-eligible dividends (\$8,000 actual dividends) will pay the \$84,378 tax shown, less 16.83% of \$10,000, yielding \$82,695.

5 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 of their jurisdictions, the amounts can be adjusted by subtracting the product of the percentage indicated (maximum value of additional credits) and the amount of each additional credit. Charitable donations over \$200 have a higher maximum value.

6 Amounts do not include the Northwest Territories and Nunavut employees' payroll taxes or the Ontario Health Premium.

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

Top Marginal Rates — A 17-Year History

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Federal rates (including surtaxes)	31.32						30.89	30.45	29.00								
Combined rates (%) (including surtaxes and flat taxes)	Alberta	46.07				45.60	45.17	43.71	39.00								
	British Columbia	51.11	54.16		54.17		52.27	51.26	45.70	43.70							
	Manitoba	50.40				50.11	48.95	48.08	46.40								
	New Brunswick	50.74	51.36		51.05	50.43	49.68	48.77	46.84				46.95		46.00		
	Newfoundland and Labrador	51.33		53.33			52.90	51.31	48.64				47.04	45.00	44.50		
	Non-resident	46.40					45.97	44.37	42.92								
	Northwest Territories	44.37					43.94	43.50	42.05		42.55	43.05					
	Nova Scotia	50.30	53.75	50.30		49.98	49.66	49.23	48.79	47.34		48.25					
	Nunavut	(Nunavut came into existence on April 1, 1999)						43.94	43.50	42.05	40.50						
	Ontario	52.35	53.19		52.92	51.64	50.29	48.75	47.86	46.41							
	Prince Edward Island	50.30					49.55	48.79	47.37								
	Quebec	52.94				53.01	52.61	52.18	50.67	48.72	48.22						
	Saskatchewan	51.95					51.58	50.79	49.73	45.00	44.50	44.00					
	Yukon	45.94	46.55					46.11	45.37	43.01	42.40						

Deferred Income Plan Contributions Limits

The maximum amount deductible RRSP, DPSP and money RPP contribution limits for 2005 to 2011 are as shown:

	2005	2006	2007	2008	2009	2010	2011
Dollar limits:							
RRSP	\$16,500	\$18,000	\$19,000*	\$20,000*	\$21,000*	\$22,000*	Indexed
DPSP	\$ 9,000	\$ 9,500*	\$10,000*	\$10,500*	\$11,000*	Indexed	Indexed
Money Purchase RPP	\$18,000	\$19,000*	\$20,000*	\$21,000*	\$22,000*	Indexed	Indexed

* The greater of the amount shown or the amount that would result if the RPP money purchase of \$18,000 was indexed for increases in the average wages after 2005

Federal Corporate Tax Rates — 2003–2009 (%)

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

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

		2003	2004	2005 - 2006	2007	2008	2009	
General ⁴	Basic rate	38						
	Less: provincial abatement	10						
	Rate after abatement	28						
	Plus: federal surtax ¹	1.12				n/a		
	General federal rate (before reduction)	29.12				28		
	Less: general rate reduction ^{2,3}	5	7			8.5	9	
	General federal rate	24.12	22.12			19.5	19	
Manufacturing & processing (M&P) income	General federal rate (before reduction) ³	29.12				28		
	Less: M&P deduction ²	7				8.5	9	
	M&P rate	22.12				19.5	19	
Canadian-controlled private corporations (CCPCs)	Threshold	Small business deduction threshold ⁵	\$225,000	\$250,000	\$300,000	\$400,000	\$500,000	
	Active business income up to threshold	General federal rate (before reduction) ³	29.12				28	
		Less: small business deduction ⁵	16				17	
		CCPC small business rate	13.12				11	
	Active business income from threshold to \$300,000	General federal rate (before reduction) ³	29.12	n/a				
		Less: CCPC rate reduction ⁶	7					
		CCPC reduced rate	22.12					
	Investment income	General federal rate (before reduction) ³	29.12				28	
		Additional refundable tax ⁷	6.67					
		CCPC investment income rate	35.79				34.67	

Notes:

- The federal surtax was eliminated for all corporations on January 1, 2008, resulting in a 1.12% decrease in income tax rates. This overrides rules that would have eliminated or reduced the surtax on January 1, 2008, only for associated companies with taxable capital under \$75 million.
- Recent and planned changes to the general rate reduction and manufacturing and processing deduction are shown in the following table.

Changes effective after December 31, 2004		
	From	To
General rate reduction and M&P deduction	7%	8.5%*
	8.5%	9%*
	9%	10%*
	10%	11.5%*
	11.5%	13%*

* The general rate reduction and M&P deduction were originally scheduled to increase to 7.5% on January 1, 2008, to 8% on January 1, 2009, to 9% on January 1, 2010 and to 9.5% on January 1, 2011.

- The general rate reduction does not apply to: M&P income; income benefiting from the small business deduction or the CCPC rate reduction; investment income of CCPCs; income of credit unions, most deposit insurance corporations, mutual fund corporations, mortgage investment corporations and investment corporations; and, until taxation years beginning after 2006, resource income. Income not eligible for the general rate reduction may qualify for special tax treatment.

Federal Corporate Tax Rates — 2003–2009 (%) (continued)

4. Recent and planned changes to the federal income tax rate on resource income are shown in the following table.

	Changes effective after December 31, 2004		
	From	To	Effective
Resource tax rate (including the 1.12% surtax, applicable before 2008)	27.12%	26.12%	January 1, 2005
	26.12%	24.12%	January 1, 2006
	24.12%	22.12%	January 1, 2007*
	22.12%	19.5%**	January 1, 2008**
	19.5%	19%**	January 1, 2009**
	19%	18%**	January 1, 2010**
	18%	16.5%**	January 1, 2011**
	16.5%	15%**	January 1, 2012**

* Commencing January 1, 2007, the resource tax rate is the same as the general rate.

** The resource tax rate was originally scheduled to decrease to 20.5% on January 1, 2008, to 20% on January 1, 2009, to 19% on January 1, 2010 and to 18.5% on January 1, 2011.

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 are shown in the following table.

	Changes effective after December 31, 2004		
	From	To	Effective
Small Business Deduction	16%	17%*	January 1, 2008*

* The small business deduction was originally scheduled to increase to 16.5% on January 1, 2008 and to 17% on January 1, 2009.

Recent changes to the threshold are set out in the following table.

	Changes effective after December 31, 2004		
	From	To	Effective
Threshold up to which CCPC rate applies*	\$250,000	\$300,000	January 1, 2005
	\$300,000	\$400,000	January 1, 2007
	\$400,000	\$500,000	January 1, 2009

* For taxation years straddling the effective date, the original threshold applies for the number of days in the year before that date.

6. A 7% rate reduction applied from January 1, 2001, to active business income between the small business threshold and \$300,000 earned in Canada of associated CCPCs. It was eliminated commencing the 2005 taxation year when the general rate reduction was fully phased in, and therefore matched the 7% CCPC rate reduction.
7. A 6½% 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.

Tables of Rates and Credits

Other Federal Corporate Tax Rates for 2009

	Rate	Corporations affected	Description	Special rules
Income not earned in a province or territory	29% ¹	All corporations	Income tax for 2009 is calculated as follows: Basic federal rate 38% Less: General rate reduction -9% General federal rate 29% Therefore, the federal rate is 29%, instead of 19%.	Corporate income that is 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	25%	Non-resident corporations, except: • transportation, communications and iron-ore mining companies; and • insurers (except in special circumstances).	Applies to after-tax profits that are not invested in qualifying property in Canada.	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 Designations	20% or 30%	Canadian-resident corporations	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	33⅓%	Private corporations and certain public corporations	Payable on taxable dividends received from certain taxable Canadian corporations.	Refundable to the corporation when it pays dividends, through the refundable dividend tax on hand (RDTOH) mechanism, at a rate of \$1 for every \$3 of taxable dividends paid.
Refundable Investment Tax	6⅔%	Canadian-Controlled Private Corporations (CCPCs)	Increases the total federal rate that applies to investment income of a CCPC to 34.67% (before 2008, 35.79% after federal surtax).	
Large Corporations Tax (LCT)	Nil ²	All corporations	Before 2006, imposed on taxable capital employed in Canada over \$50 million. (The \$50 million threshold was shared among 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 (before July 1, 2006, 1.25% rate for capital over \$300 million; 1% between \$200 million and \$300 million; and nil below \$200 million). The thresholds are shared among related corporations.	Reduced by the corporation's federal income tax liability (before 2008, net of any federal surtax claimed against the LCT 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. Unused income taxes that can be carried back from taxation years ending after June 30, 2006, are calculated using capital tax rates and thresholds that applied before July 1, 2006 (i.e., 1.25% for capital over \$300 million; 1% between \$200 million and \$300 million; nil below \$200 million).

Notes:

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

	Changes effective after December 31, 2004		
	From	To	Effective
	32.12%	29.5%*	January 1, 2008*
	29.5%	29%*	January 1, 2009*
	29%	28%*	January 1, 2010*
	28%	26.5%*	January 1, 2011*
Income not earned in a province or territory	26.5%	25%*	January 1, 2012*

* The rate for income not earned in a province or territory was originally scheduled to decrease to 30.5% on January 1, 2008, to 30% on January 1, 2009, to 29% on January 1, 2010 and to 28.5% on January 1, 2011.

2. Recent changes to the Large Corporations Tax are shown in the following table:

	Changes effective after December 31, 2004		
	From	To	Effective
	0.200%	0.175%	January 1, 2005
Large Corporations Tax	0.175%	Nil	January 1, 2006

Corporate Income Tax Rates by Province/Territory — 2009 (%)
(General and M&P Corporate Income Tax Rates)

Corporate Income Tax Rates by Province — 2009 (%)

(Prepared from information available as of June 9, 2009.)

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, 2005 or later.

Tax holidays may reduce or eliminate provincial tax.

In addition to income tax:

- financial institutions may also be subject to Part VI Financial Institution Capital Tax (see **Other Federal Corporate Tax Rates for 2009**); and
- most provinces impose capital taxes on corporations that have permanent establishments in the province (see **Capital Tax Rates and Exemptions for 2009**).

General and M&P Corporate Income Tax Rates

(for December 31, 2009 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, 2009, on income allocated to provinces or territories. For Canadian-controlled private corporations (CCPCs), this table applies to income other than:

- the first \$500,000 of active business income; and
- investment income.

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

	General (Non-Manufacturing)		Manufacturing & Processing	
Basic federal rate		38		38
Provincial abatement		(10)		(10)
4% federal surtax ¹		n/a		n/a
Federal rate (before deductions)		28		28
General rate reduction ³		(9) ²		n/a
Deductions M&P ⁴		n/a		(9)
Federal rate		19²		19
		↓		↓
	Provincial	Federal + Provincial	Provincial	Federal + Provincial
Alberta ⁵	10	29²	10	29
British Columbia ⁶	11	30²	11	30
Manitoba ⁷	12.5	31.5²	12.5	31.5
New Brunswick ⁸	12.5	31.5²	12.5	31.5
Newfoundland and Labrador	14 H	33²	5 H	24
Northwest Territories ⁹	11.5	30.5²	11.5	30.5
Nova Scotia	16	35²	16	35
Nunavut	12	31²	12	31
Ontario ^{10, 11}	14 ¹² H	33²	12 ¹² H	31
Prince Edward Island ¹³	16 H	35²	16 H	35
Quebec ¹⁴	11.9 H	30.9²	11.9 H	30.9
Saskatchewan ¹⁵	12	31²	10 ¹⁶	29
Yukon	15	34²	2.5	21.5

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

Notes:

1. The 4% federal surtax was eliminated for all corporations on January 1, 2008. See footnote 1 to the table, **Federal Corporate Tax Rates**.
2. For cases when the federal 9% general rate reduction does not apply. See footnote 3 to the table, **Federal Corporate Tax Rates**.
3. For recent and planned changes to the general rate reduction. See footnote 2 to the table, **Federal Corporate Tax Rates**.
4. For recent and planned changes to the manufacturing and processing deduction. See footnote 2 to the table, **Federal Corporate Tax Rates**.
5. Recent Alberta changes are shown in the following table:

	Alberta changes effective after December 31, 2004		
	From	To	Effective
General and M&P	11.5%	10%*	April 1, 2006

* Alberta's long-term goal is to reduce the rate to 8%.

Corporate Income Tax Rates by Province — 2009 (continued)

6. Recent and planned British Columbia changes are shown in the following table:

	British Columbia changes effective after December 31, 2004		
	From	To	Effective
	13.5%	12%	July 1, 2005
	12%	11%	July 1, 2008
	11%	10.5%	January 1, 2010
General and M&P	10.5%	10%	January 1, 2011

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

	Manitoba changes effective after December 31, 2004		
	From	To	Effective
	15.5%	15%	January 1, 2005
	15%	14.5%	January 1, 2006
	14.5%	14%	January 1, 2007
	14%	13%	July 1, 2008
	13%	12%	July 1, 2009
General and M&P	12%	11%*	To be determined

* The rate reduction is subject to balanced budget requirements.

8. The New Brunswick general and M&P rate reduction from 13% to 12% that was scheduled for January 1, 2007 was repealed. Planned New Brunswick changes are shown in the following table:

	New Brunswick changes effective after December 31, 2004		
	From	To	Effective
	13%	12%	July 1, 2009
	12%	11%	July 1, 2010
	11%	10%	July 1, 2011
General and M&P	10%	8%	July 1, 2012

9. Recent Northwest Territories changes are shown in the following table:

	Northwest Territories changes effective after December 31, 2004		
	From	To	Effective
General and M&P	14%	11.5%	July 1, 2006

10. Planned Ontario changes are shown in the following table:

	Ontario changes effective after December 31, 2004		
	From	To	Effective
	14%	12%	July 1, 2010
	12%	11.5%	July 1, 2011
	11.5%	11%	July 1, 2012
General	11%	10%	July 1, 2013
M&P	12%	10%	July 1, 2010

11. 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. Planned Ontario changes are shown in the following table:

	Ontario changes effective after December 31, 2004		
	Taxation years ending		
	Before July 1, 2010	After June 30, 2010	
Corporate Minimum Tax (CMT) rate	4%	2.7%	
Thresholds for CMT to apply*	Total assets	> \$5 million	≥ \$50 million
	Annual gross revenues	> \$10 million	≥ \$100 million

* Thresholds apply on an associated basis.

12. For CCPCs affected by the clawback, the Ontario rates are higher than those shown. See the table, **Canadian-Controlled Private Corporation (CCPC) Income Tax Rates** (note 13).

13. Recent Prince Edward Island changes are shown in the following table:

	Prince Edward Island changes effective after December 31, 2004		
	From	To	Effective
M&P	7.5%	16%	April 1, 2005

Corporate Income Tax Rates by Province — 2009 (continued)

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

		Quebec changes effective after December 31, 2004				
		From	To	Effective		
General active/ eligible and M&P	Financial institutions (other than insurance corporations) and oil refining companies*	8.9%	9.9%	January 1, 2006		
		9.9%	11.9%	June 1, 2007		
	Other	8.9%	9.9%	January 1, 2006		
		9.9%	11.4%	January 1, 2008		
		11.4%	11.9%	January 1, 2009		
				16.25%	9.9%	February 21, 2007
				9.9%	11.4%	January 1, 2008
			11.4%	11.9%	January 1, 2009	
General inactive						

* From June 1, 2007 to December 31, 2008, Quebec's active/eligible rates of 9.9% and 11.4% do not apply to financial institutions (other than insurance corporations) and oil refining companies. For financial institutions (other than insurance corporations) and oil refining companies, the active/eligible rate is 11.9% and the combined rate is 31.4% for December 31, 2008 year ends (11.07% and 33.19%, respectively, for December 31, 2007 year ends).

15. Recent Saskatchewan changes are shown in the following table:

		Saskatchewan changes effective after December 31, 2004		
		From	To	Effective
General		17%	14%	July 1, 2006
		14%	13%	July 1, 2007
		13%	12%	July 1, 2008

16. The general rate (12% in 2009) is the maximum Saskatchewan rate. A rebate of up to the difference between the general rate and 10% (2% in 2009) of manufacturing profits allocated to Saskatchewan is available, which can reduce the rate to as low as 10%.

Tables of Rates and Credits

Canadian-Controlled Private Corporation (CCPC) Income Tax Rates (for December 31, 2009 Year End) (%)

	Active business income of CCPCs ¹				Investment income ³	
	up to \$400,000 ²		\$400,000 to \$500,000 ²			
Federal rate (before deductions)		28		28		28
Small business deduction ²		(17)		(17)		n/a
Refundable investment tax		n/a		n/a		6.67
Federal rate		11 ↓		11 ↓		34.67 ↓
	Provincial	Federal + Provincial	Provincial	Federal + Provincial	Provincial	Federal + Provincial
Alberta ⁴	3	14	3 or 4.73	14 or 15.73	10	44.67
British Columbia ⁵	2.5	13.5	11	22	11	45.67
Manitoba ⁶	1	12	12.5	23.5	12.5	47.16*
New Brunswick	5	16	5	16	12.5	47.16*
Newfoundland and Labrador ⁸	5 H	16	5 H	16	14 H	48.67
Northwest Territories ⁹	4	15	4	15	11.5	46.17
Nova Scotia ¹⁰	5 H	16	16 H	27	16	50.67
Nunavut ¹¹	4	15	4	15	12	46.67
Ontario ^{12, 13}	5.5 H	16.5	5.5 H	16.5	14 H	48.67
Prince Edward Island ¹⁴	2.37 H	13.37	2.37 H	13.37	16 H	50.67
Quebec ¹⁵	8 H	19	8.83 H	19.83	11.9 H	46.57
Saskatchewan ¹⁶	4.5	15.5	4.5	15.5	12	46.67
Yukon ¹⁷	M&P Non-M&P	2.5 4	13.5 15	2.5 15	13.5 26	n/a 49.67

H = Tax holidays are available to certain corporations in the provinces indicated. For Nova Scotia, the holiday applies only to the Nova Scotia CCPC small business rate.

* Although 34.67% (federal) + 12.5% (Manitoba/New Brunswick) = 47.17%, the exact rate is 47.163%.

Notes:

- 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.
The federal small business threshold increased from \$400,000 to \$500,000, retroactive to 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;
 - Quebec, 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).
 Manitoba, Nova Scotia and the Yukon have not harmonized with this increase.
- See footnote 5 to the table, **Federal Corporate Tax Rates**, for:
 - recent changes to the 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 of the provinces except Ontario. Ontario's clawback is outlined in footnote 13, below.
- Rates on investment income are 15.67% higher than the general rates for 2009 (see the table, **General and M&P Corporate Income Tax Rates**), because:
 - CCPC investment income does not benefit from the 9% federal general rate reduction; and
 - the rates on investment income includes a 6⅔% tax that is refundable when the CCPC pays taxable dividends.
 Generally, 26⅔% 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.