

Tax Facts and Figures: Canada 2009

Rising to the challenge*



*connectedthinking

Key 2009 Income and Capital Tax Rates – Individuals and Corporations

Individuals (page 4)

Applies to taxable income above \$126,264.

	Top combined marginal rates			
	Ordinary income and interest	Capital gains	Canadian dividends	
			Eligible	Non-eligible
Federal	29.00%	14.50%	14.55%	19.58%
Alberta	39.00%	19.50%	14.55%	27.71%
British Columbia	43.70%	21.85%	19.92%	32.71%
Manitoba	46.40%	23.20%	23.83%	38.21%
New Brunswick	46.00%	23.00%	21.80%	34.21%
Newfoundland and Labrador	44.50%	22.25%	22.89%	32.71%
Northwest Territories	43.05%	21.53%	18.25%	29.65%
Nova Scotia	48.25%	24.13%	28.35%	33.06%
Nunavut	40.50%	20.25%	22.24%	28.96%
Ontario	46.41%	23.20%	23.06%	31.34%
Prince Edward Island	47.37%	23.69%	24.44%	38.15%
Quebec	48.22%	24.11%	29.69%	36.35%
Saskatchewan	44.00%	22.00%	20.35%	30.83%
Yukon	42.40%	21.20%	17.23%	30.49%

Corporations (page 19)

For December 31 year end (12-month taxation year).

	Combined rates			
	General and M&P	Canadian-Controlled Private Corporations (CCPCs)		Investment income
		Active business income to \$400,000	\$400,000 to \$500,000	
	19%	11%		34.67%
	29%	14%	14% or 15.73%	44.67%
	30%	13.5%	22%	45.67%
	31.5%	12%	23.5%	47.16%
	31.5%		16%	47.16%
General	33%			48.67%
M&P	24%		16%	N/A
	30.5%		15%	46.17%
	35%	16%	27%	50.67%
	31%		15%	46.67%
General	33%			48.67%
M&P	31%		16.5%	N/A
	35%		13.37%	50.67%
	30.9%	19%	19.83%	46.57%
General	31%			46.67%
M&P	29%		15.5%	N/A
General	34%	15%	26%	49.67%
M&P	21.5%		13.5%	N/A

Capital Tax on Corporations (page 22)

Financial institutions have different rates. See page 22.

Rate	Exemption
No capital tax	
No capital tax	
No capital tax	
0.2%, 2.4% and 0.4%	\$10 million
No capital tax	
No capital tax	
No capital tax	
0.175% or 0.35%	Nil or \$5 million
No capital tax	
0.225%	\$15 million
No capital tax	
0.24%	Up to \$1 million
No capital tax	
No capital tax	

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Corporate and Personal Tax Services

Tax Facts and Figures: Canada 2009

Rising to the challenge

A Message from Our Tax Leader

The current economic turmoil makes tax particularly important to financial decisions. Any big changes in your financial situation could have important tax implications. To help you understand your tax rates and how the numerous tax changes apply to you or your company, PricewaterhouseCoopers presents the 32nd edition of *Tax Facts and Figures*.

Corporate tax rates continue to be on the decline. In response, personal tax rates on eligible and non-eligible dividends are being adjusted. General capital taxes are becoming extinct. Several targeted programs have been enhanced, such as tax credits for film and media, along with incentives for scientific research and experimental development. The federal government remains committed to provincial sales tax harmonization, with Ontario coming on board in 2010.

The 2009 edition is current to June 9, 2009, and takes into account all 2009 federal, provincial and territorial budgets. Important post-publication changes will be discussed on our website at www.pwc.com/ca.

This information in *Tax Facts and Figures* is most effective when used in tandem with professional advice. Please contact your PricewaterhouseCoopers tax adviser or any of the individuals listed to the right for further help.



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2009 and Beyond** 2

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This booklet is published with the understanding that PricewaterhouseCoopers is not thereby engaged in rendering accounting, legal or other professional service or advice. The comments included in this booklet are not intended to constitute professional advice, nor should they be relied upon to replace professional advice.

Rates and other information are current to June 9, 2009, but may change as a result of legislation or regulations issued after that date.

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Federal

Because the federal government is in a minority, it is uncertain whether federal tax changes that have not been enacted into law will proceed. At the publication date, some 2009 federal budget measures had not been enacted.

Personal income tax rates: lowest and middle brackets as well as basic, spousal and age amounts increased for 2009 (p. [10](#)).

Corporate income tax rates: general and M&P rate decreasing in stages from 19.5% to 15% by January 1, 2012; small business rate unchanged (p. [24](#)).

Small business threshold:¹ increased from \$400,000 to \$500,000, retroactive to January 1, 2009 (p. [24](#)).

Eligible dividends:² personal taxes increasing in stages from 2010 to 2012 (p. [10](#)).

Tax-Free Savings Account: new, commencing 2009 (p. [10](#)).

Capital cost allowance (CCA): rates enhanced and extended (p. [24](#)).

Anti-Tax-Haven Initiative: repealed – new rules that would have prevented “double-dipping” for interest payable after 2011 on investments of foreign affiliates (p. [25](#)).

International tax system: recommendations in the Advisory Panel on Canada’s System of International Taxation’s final report are under review (p. [11](#)).

International Financial Reporting Standards (IFRS): to replace current Canadian Generally Accepting Accounting Principles (GAAP) for fiscal years beginning after December 31, 2010 (p. [25](#)).

Canada-U.S. tax treaty: Protocol entered into force; eliminates withholding tax on most interest and makes the Limitation of Benefits article bilateral (p. [11](#)).

Provincial sales tax harmonization: federal government committed to harmonizing federal and provincial sales taxes (p. [11](#)).

Alberta²

Personal and corporate income tax rates: unchanged (pp. [11](#), [26](#)).

Eligible dividends:² personal taxes decreasing in 2009, but increasing after 2009 (p. [11](#)).

Non-eligible dividends: personal taxes increasing in 2009 (p. [11](#)).

Small business threshold: increased from \$460,000 to \$500,000 on April 1, 2009 (p. [26](#)).

British Columbia²

Personal income tax rates: two lowest rates decreased, retroactive to January 1, 2008 (p. [12](#)).

Eligible and non-eligible dividends:² personal taxes increasing in 2009 and 2010 (p. [12](#)).

Corporate income tax rates: decreasing – general and M&P rate in stages from 11% to 10% by January 1, 2011; small business rate from 3.5% to 2.5% on December 1, 2008 (p. [26](#)).

Small business threshold: increasing from \$400,000 to \$500,000 on January 1, 2010 (p. [26](#)).

Financial institutions capital tax: gradually eliminated; to be replaced by a minimum tax on April 1, 2010 (p. [26](#)).

Manitoba²

Personal income tax rates: in stages from 2009 to 2011 – lowest rate decreasing, and middle and top brackets increasing; all changes after 2009 are subject to balanced budget requirements (p. [12](#)).

Non-eligible dividends: personal taxes increasing in 2009 and 2011 (p. [12](#)).

Corporate income tax rates: general and M&P rate from 13% to 12% on July 1, 2009, and, subject to balanced budget requirements, to 11% at a date to be determined; small business rate from 2% to 1% on January 1, 2009 and to 0% on December 1, 2010 (p. [27](#)).

General capital tax: phased out by January 1, 2011; for M&P companies – eliminated July 1, 2008 (p. [27](#)).

New Brunswick^{1,2}

Personal income tax rates: all decreasing from 2009 to 2012; brackets and basic personal and spousal amounts increasing from 2010 to 2012 (p. [13](#)).

Corporate income tax rates: decreasing – general and M&P rate from 13% to 12% on July 1, 2009 and in stages to 8% by July 1, 2012; small business rate unchanged (p. [28](#)).

General capital tax: eliminated on January 1, 2009 (p. [28](#)).

Newfoundland and Labrador^{1,2}

Personal income tax rates: all decreasing in 2009 (p. [14](#)).

Eligible dividends:² personal taxes decreasing in 2009, but increasing after 2009 (p. [14](#)).

Corporate income tax rates: unchanged (p. [29](#)).

1. Federal small business threshold increase also applies to New Brunswick, Newfoundland and Labrador, Northwest Territories, Nunavut and Prince Edward Island.

2. Federal eligible dividend changes will increase personal taxes in all provinces and territories from 2010 to 2012.

Northwest Territories^{1,2}

Personal and corporate income tax rates: unchanged (pp. [14](#), [29](#)).

Nova Scotia²

Because the government was defeated in the June 9, 2009 election, a new budget is expected. Important post-publication changes will be on www.pwc.com/ca/taxmemo.

Personal and corporate income tax rates: unchanged (pp. [15](#), [30](#)).

General capital tax: phased out by July 1, 2012 (p. [30](#)).

Nunavut^{1,2}

Personal income tax rates: unchanged (pp. [15](#), [30](#)).

Ontario²

Personal income tax rates: lowest rate and surtax thresholds decreasing in 2010 (p. [16](#)).

Eligible dividends:² personal taxes decreasing in 2009, but increasing after 2009 (p. [16](#)).

Non-eligible dividends: personal taxes increasing in 2010 (p. [16](#)).

Corporate income tax rates: decreasing – general rate in stages from 14% to 10% by July 1, 2013; M&P rate from 12% to 10% and small business rate from 5.5% to 4.5% on July 1, 2010; small business deduction clawback eliminated on July 1, 2010 (p. [31](#)).

Capital tax: phased out by July 1, 2010; for manufacturing and resource companies – eliminated or reduced (p. [31](#)).

Corporate Minimum Tax (CMT): rate decreasing from 4% to 2.7% and thresholds increasing, for taxation years ending after June 30, 2010 (p. [31](#)).

Corporate tax harmonization: for taxation years ending after December 31, 2008, corporate income tax, capital tax, CMT and Special Additional Tax on life insurers will be administered by the Canada Revenue Agency (p. [32](#)).

Sales tax harmonization: on July 1, 2010, a 13% blended sales tax will replace Ontario's 8% Retail Sales Tax and the 5% federal Goods and Services Tax (pp. [16](#), [32](#)).

Prince Edward Island^{1,2}

Personal income tax rates: unchanged (p. [16](#)).

Non-eligible dividends: personal taxes increasing from 2009 to 2011 (p. [16](#)).

Corporate income tax rates: general rate unchanged; small business rate decreasing in stages from 3.2% to 1% by April 1, 2010 (p. [32](#)).

Quebec²

Personal income tax rates: unchanged (p. [17](#)).

Corporate income tax rates: general and M&P rate (exceptions apply) increased from 11.4% to 11.9% on January 1, 2009; small business rate unchanged (p. [33](#)).

Small business threshold: increased from \$400,000 to \$500,000 on March 20, 2009 (p. [33](#)).

Capital tax: phased out by January 1, 2011; for manufacturing companies – eliminated or reduced for taxation years ending after March 13, 2008 (p. [33](#)).

Aggressive tax planning: measures to counter aggressive tax planning proposed (p. [33](#)).

Quebec Sales Tax (QST) rate: to increase from 7.5% to 8.5% on January 1, 2011 (pp. [17](#), [33](#)).

Saskatchewan²

Personal and corporate income tax rates: unchanged (pp. [18](#), [34](#)).

Yukon²

Personal income tax rates: lowest and middle brackets as well as basic, spousal and age amounts increased for 2009 (p. [18](#)).

Corporate income tax rates: unchanged (p. [34](#)).

1. Federal small business threshold increase also applies to New Brunswick, Newfoundland and Labrador, Northwest Territories, Nunavut and Prince Edward Island.

2. Federal eligible dividend changes will increase personal taxes in all provinces and territories from 2010 to 2012.

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.

Provincial brackets below \$10,320 are not shown.	Taxable income \$10,320 to \$40,726					Taxable income \$40,726 to \$81,452					Taxable income \$81,452 to \$126,264					Taxable income > \$126,264			
	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends' Eligible %	Non-eligible %	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends' Eligible %	Non-eligible %	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends' Eligible %	Non-eligible %	Ordinary income & interest %	Capital gains %	Canadian dividends' Eligible %	Non-eligible %
Federal	10,320	15.00	7.50	(5.75) to 0	2.08	40,726	22.00	11.00	4.40	10.83	81,452	26.00	13.00	10.20	15.83	29.00	14.50	14.55	19.58
Alberta	16,775 10,320	25.00 15.00	12.50 7.50	(5.75) to 0 (5.75) to 0	10.21 2.08	40,726	32.00	16.00	4.40	18.96	81,452	36.00	18.00	10.20	23.96	39.00	19.50	14.55	27.71
British Columbia	35,716 10,320	22.70 20.06	11.35 10.03	(10.54) to 0 (14.36) to 0	6.46 3.16	71,433 40,726	32.50 29.70	16.25 14.85	3.68 to 4.40 (0.39) to 4.40	18.71 15.21	99,588 82,014 81,452	40.70 38.29 36.50	20.35 19.15 18.25	15.57 12.07 9.48 to 10.20	28.96 25.95 23.71	43.70	21.85	19.92	32.71
Manitoba	31,000 10,320	27.75 25.80	13.88 12.90	(3.21) to 2.54 (6.04) to 0	14.90 12.46	67,000 40,726	39.40 34.75	19.70 17.38	13.68 6.94	29.46 23.65	81,452	43.40	21.70	19.48	34.46	46.40	23.20	23.83	38.21
New Brunswick	35,707 10,320	29.50 24.65	14.75 12.33	(2.13) to 3.63 (9.16) to 0	13.58 7.52	71,415 40,726	38.00 36.50	19.00 18.25	10.20 8.03	24.21 22.33	116,105 81,452	43.00 42.00	21.50 21.00	17.45 16.00	30.46 29.21	46.00	23.00	21.80	34.21
Newfoundland and Labrador	31,061 10,320	27.80 22.70	13.90 11.35	(1.33) to 4.42 (8.72) to 0	11.83 5.46	62,121 40,726	37.50 34.80	18.75 17.40	12.74 8.82	23.96 20.58	81,452	41.50	20.75	18.54	28.96	44.50	22.25	22.89	32.71
Northwest Territories	36,885 12,664 10,320	23.60 20.90 15.00	11.80 10.45 7.50	(9.96) to 0 (13.87) to 0 (5.75) to 0	5.33 1.96 to 2.08 2.08	73,772 40,726	34.20 30.60	17.10 15.30	5.42 0.20 to 4.40	18.58 14.08	119,936 81,452	40.05 38.20	20.03 19.10	13.90 11.22	25.90 23.58	43.05	21.53	18.25	29.65
Nova Scotia	29,590 10,320	29.95 23.79	14.98 11.90	3.10 to 8.85 (5.84) to 0	11.15 3.45	81,237 59,180 40,726	40.34 38.67 36.95	20.17 19.34 18.48	16.87 15.74 13.25	23.17 22.05 19.90	93,000 81,452	45.25 44.34	22.63 22.17	24.00 22.67	29.31 28.17	48.25	24.13	28.35	33.06
Nunavut	38,832 11,644 10,320	22.00 19.00 15.00	11.00 9.50 7.50	(4.59) to 1.16 (8.94) to 0 (5.75) to 0	5.83 2.08 2.08	77,664 40,726	31.00 29.00	15.50 14.50	8.46 5.56	17.08 14.58	81,452	35.00	17.50	14.26	22.08	40.50	20.25	22.24	28.96
Ontario	36,848 10,320	24.15 21.05	12.08 10.53	(3.21) to 2.54 (7.71) to 0	7.11 3.23	76,442 73,698 64,881 40,726	39.41 35.39 32.98 31.15	19.70 17.70 16.49 15.58	12.91 10.94 7.45 6.94	22.59 19.88 16.86 15.86	81,452	43.41	21.70	18.71	27.59	46.41	23.20	23.06	31.34
Prince Edward Island	31,984 10,320	28.80 24.80	14.40 12.40	(0.97) to 4.79 (6.77) to 0	15.33 10.33	63,969 40,726	38.70 35.80	19.35 17.90	13.39 9.19	27.71 24.08	98,143 81,452	44.37 42.70	22.19 21.35	20.09 19.19	34.40 32.71	47.37	23.69	24.44	38.15
Quebec	38,385 13,069 10,320	32.53 28.53 12.53	16.26 14.26 6.26	6.94 to 11.75 1.14 to 5.95 (4.80) to 0	16.74 11.74 1.74	76,770 40,726	42.37 38.37	21.19 19.19	21.22 15.42	29.05 24.05	81,452	45.71	22.86	26.06	33.22	48.22	24.11	29.69	36.35
Saskatchewan	40,113 13,269 10,320	28.00 26.00 15.00	14.00 13.00 7.50	(2.85) to 2.90 (5.75) to 0 (5.75) to 0	10.83 8.33 2.08	40,726	35.00	17.50	7.30	19.58	114,610 81,452	41.00 39.00	20.50 19.50	16.00 13.10	27.08 24.58	44.00	22.00	20.35	30.83
Yukon	10,320	22.04	11.02	(11.49) to 0	5.32	80,596 40,726	32.16 31.68	16.08 15.84	2.39 to 4.40 2.49 to 4.40	17.70 17.37	81,452	38.01	19.01	10.87	25.01	42.40	21.20	17.23	30.49
Non-resident²	10,320	22.20	11.10	(8.51) to 0	3.08	40,726	32.56	16.28	6.51	16.03	81,452	38.48	19.24	15.10	23.43	42.92	21.46	21.53	28.98

1. Eligible dividends are designated as such by the payor. Most dividends paid by public corporations will be eligible dividends. When two dividend rates are indicated, the 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.

2. Non-residents will pay tax on taxable incomes below \$10,320 if the non-resident does not qualify for the federal personal basic tax credit (see [page 5](#)). Non-resident rates for interest and dividends apply only in limited cases; generally, interest (commencing 2008, other than most interest paid to arm's-length non-residents) and dividends are subject to Part XIII non-resident withholding tax.

How Much Tax? Individual Tax Table for 2009

This table shows the combined federal and provincial (or territorial) income taxes payable, assuming all income is interest or ordinary income (such as salary) and only the basic personal tax credit is claimed (except for non-residents).

Certain types of income and deductions may make alternative minimum tax (AMT) apply, affecting the results in this table.

This table assumes the non-resident will not qualify for the basic personal tax credit. Non-residents may 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.

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 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.

For the taxation of interest and dividends paid to non-residents, see footnote 2 on [page 4](#).

		Combined 2009 federal and provincial/territorial income tax															
		Federal income tax	Alberta	B.C.	Manitoba	N.B.	Nfld. & Lab.	N.W.T.	N.S.	Nunavut	Ontario	P.E.I.	Quebec	Sask.	Yukon	Non-resident	
Taxable income ↑	\$1,000,000	\$278,555	\$376,878	\$418,270	\$447,957	\$443,761	\$429,695	\$412,438	\$465,310	\$387,215	\$444,936	\$456,726	\$465,896	\$424,001	\$407,088	\$414,553	\$1,000,000
	500,000	133,555	181,878	199,770	215,957	213,761	207,195	197,188	224,060	184,715	212,888	219,876	224,821	204,001	195,098	199,953	500,000
	400,000	104,555	142,878	156,070	169,557	167,761	162,695	154,138	175,810	144,215	166,478	172,506	176,606	160,001	152,700	157,033	400,000
	300,000	75,555	103,878	112,370	123,157	121,761	118,195	111,088	127,560	103,715	120,068	125,136	128,391	116,001	110,302	114,113	300,000
	250,000	61,055	84,378	90,520	99,957	98,761	95,945	89,563	103,435	83,465	96,864	101,451	104,284	94,001	89,103	92,653	250,000
	200,000	46,555	64,878	68,670	76,757	75,761	73,695	68,038	79,310	63,215	73,659	77,766	80,176	72,001	67,904	71,193	200,000
	150,000	32,055	45,378	46,820	53,557	52,761	51,445	46,513	55,185	42,965	50,454	54,081	56,069	50,001	46,705	49,733	150,000
	100,000	18,343	26,666	25,758	31,145	30,710	29,983	26,144	31,848	24,159	28,037	31,184	32,619	29,081	26,658	29,439	100,000
	90,000	15,743	23,066	21,919	26,805	26,510	25,833	22,324	27,350	20,659	23,696	26,883	28,048	25,181	22,857	25,591	90,000
	80,000	13,201	19,524	18,184	22,523	22,368	21,741	18,562	22,995	17,217	19,413	22,671	23,526	21,339	19,143	21,829	80,000
	70,000	11,001	16,324	14,974	18,583	18,589	17,991	15,278	19,128	14,270	15,820	18,801	19,560	17,839	15,975	18,573	70,000
	60,000	8,801	13,124	12,004	14,968	14,939	14,298	12,218	15,261	11,370	12,612	15,046	15,723	14,339	12,807	15,317	60,000
	50,000	6,601	9,924	9,034	11,493	11,289	10,818	9,158	11,552	8,470	9,497	11,466	11,886	10,839	9,639	12,061	50,000
	40,000	4,452	6,775	6,115	8,069	7,690	7,389	6,149	7,908	5,621	6,432	7,937	8,091	7,392	6,541	8,880	40,000
	30,000	2,952	4,275	3,996	5,314	5,017	4,663	3,975	4,913	3,686	4,230	5,137	5,174	4,792	4,337	6,660	30,000
	20,000	1,452	1,775	1,990	2,734	2,552	2,393	1,885	2,508	1,786	2,125	2,657	2,321	2,192	2,133	4,440	20,000

For Quebec, the federal income tax amounts shown should be reduced by the 16.5% "Quebec abatement." See [page 17](#).

Personal Tax Credits for 2009

Key Non-Refundable Tax Credits

Non-refundable credits reduce or eliminate tax, but have no value unless the taxpayer has a tax liability. For more information on key federal credits, see [page 7](#).

For most tax credits:
General factor x federal (or provincial/territorial) amount
= federal (or provincial/territorial) credit.

Quebec has special rules that affect some credits (see [page 7](#)).

		Credits as percentage (%) of base amount or actual payment (subject to some limitations: see next page)													
		Federal	Alta.	B.C.	Man.	N.B.	Nfld. & Lab.	N.W.T.	N.S.	Nun.	Ont.	P.E.I.	Que.	Sask.	Yuk.
General factor	First \$200	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	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 (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

Provinces and territories generally use their own amounts to determine credits.

		Federal amounts	Maximum dollar (\$) value (before surtaxes) of credits that are based on prescribed amounts												
Basic				474		830	599		702		537	755	2,091		727
Spouse		10,320	1,548	1,678	878	705	489	747	596	466	456	642	n/a	1,460	727
Equivalent to spouse				406								617	n/a		
Age 65		6,408	961	468	213	403	405	281	366	343	349	262	369	450	477
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	923
Caregiver										405					
Pension income		2,000	300	129	51	108	97	77	59	97	80	74	98	400	110
Child		2,089	313						n/a						541
Adoption		10,909	1,636	1,147	552	1,080	n/a	808		n/a		656	n/a		147
Children's fitness		500	75	n/a	54				44			n/a			35
CPP/QPP		2,119	318	212	107	229	204	163	125	186	85	128	208	n/a	233
Employment Insurance (EI)		732	110	73	37	79	71	56	43	64	29	44	72	n/a	80
Canada Employment		1,044	157						n/a						52
Education (per month)	Full-time	400	60	65	10	43	39	15	24	18	16	29	39	386	44
	Part-time	120	18	20	3	13	12	5	7	5	5	9	12	n/a	13
Textbook (per month)	Full-time	65	10												5
	Part-time	20	3								3		n/a		1

In Quebec, the federal EI amount is \$584 (see [page 35](#)).

x 1.1

x 1.2 or
x 1.56

x 1.1

x 1.05

In Saskatchewan, a refundable tax credit provides up to \$150 per child aged six to fourteen, for cultural, recreational and sport activity fees.

In jurisdictions that levy a surtax, the surtax increases the value of the credits by the factors shown.

Key Federal Credits: Additional Information

The provinces and territories may have comparable thresholds and rules.

	Special rules	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 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) Qualifying medical expenses include up to \$10,000 paid for certain adult dependants	Either spouse may claim medical expense credit	
CPP/QPP and 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	5 years
Charitable donations	Eligible donations are limited to 75% of net income	Either spouse may claim	
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		
Children's fitness	Maximum credit = \$75 for children under 16; \$150 for children under 18 who qualify for the disability tax credit	Either parent may claim	
Disability	Basic	For individuals with severe and prolonged impairment	Spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, niece or nephew
	Under 18 supplement	Reduced if child care expenses and attendant care expenses (claimed as a medical expense for child) exceed \$2,459	

Quebec's Special Credits and Rules

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;
- 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); 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 below.

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

	Details
Adoption	50% of eligible adoption expenses (maximum credit of \$10,000)
Child care	26% to 75% of qualifying child care expenses (limits apply)
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
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

Income Tax Filing and Payment Deadlines for 2009 – Individuals and Trusts

Deadlines falling on holidays or weekends may be extended to the next business day. See [page 40](#) for other filing deadlines.

	Instalments		Filing deadline and balance due	Tax forms
	Required	Deadline		
Individuals	If tax payable in 2009 and either 2008 or 2007 exceeds tax withheld by more than \$3,000 (\$1,800 for Quebec residents)	15th of March, June, September, December	April 30 Extensions may be available	T1 (and TP-1-V for Quebec filers)
Trusts	<i>Inter vivos</i>		90 days after trust year end	T3 (and TP-646-V for Quebec filers)
	Testamentary	None		

For the 2009 taxation year of an *inter vivos* trust, the filing deadline is March 31, 2010.

Applies to unit trusts, including mutual fund trusts.

Mutual fund trusts can elect to have a taxation year that ends on December 15.

See [page 4](#).

	Trust created	Year end	Tax rate
Inter vivos trust	During lifetime	December 31	Top personal tax rate
Testamentary trust	On death	Any (year must be ≤ 12 months)	Personal marginal tax rates

Exceptions apply, for example, in Nova Scotia, Ontario, Prince Edward Island and Yukon, which are jurisdictions with surtaxes.

Year end may be changed with the Minister's approval.

This trust must maintain its status as a testamentary trust for tax purposes.

Non-residents are not subject to instalment or filing requirements on these (and certain other) receipts. Instead, 25% Part XIII withholding tax applies (and may be reduced by treaty).

	Extended deadlines for individuals	
	Filing	Balance due
Taxpayer (or spouse) carried on a business	June 15	April 30 (no extension)
Non-resident	If a non-resident receives: <ul style="list-style-type: none"> rental income on Canadian real property and elects to file under section 216, filing deadline is two years after end of year the income was paid or credited (June 30 if NR6 was filed); or certain Canadian pension, retirement and social assistance benefits and elects to file under section 217, filing deadline is June 30. 	
Taxpayer (or spouse) died	If a taxpayer (or his/her spouse) died: <ul style="list-style-type: none"> November 1 to December 15, filing deadline is 6 months after date of death (June 15 if individual or his/her spouse carried on a business); December 16 to December 31, filing deadline is 6 months after date of death; or after year end, but before the filing deadline for that year (i.e., April 30 or June 15), filing deadline for that previous year is later of 6 months after date of death and filing deadline that would otherwise apply. 	If taxpayer died in: <ul style="list-style-type: none"> November or December, balance due date is 6 months after date of death; or January, February, March or April, balance due for the previous year is 6 months after date of death.

Probate Fees (for estates over \$50,000)

Probate is an administrative procedure under which a court validates a deceased's will and confirms the appointment of the executor.

All provinces and territories impose probate fees or administrative charges for probating a will. Other fees may apply, in addition to those shown in the table below.

For some provinces and territories, different rates may apply for smaller estates (less than \$50,000).

	Fee schedule (estates over \$50,000)	Example fees		
		Value = \$500,000	Value = \$2,000,000	Value = \$5,000,000
Alberta	\$200 to \$400	\$400		
British Columbia	\$358 + 1.4% of portion > \$50,000	\$6,658	\$27,658	\$69,658
Manitoba	\$70 + 0.7% of portion > \$10,000	\$3,500	\$14,000	\$35,000
New Brunswick	0.5% of estate	\$2,500	\$10,000	\$25,000
Newfoundland and Labrador	\$90 + 0.5% of portion > \$1,000	\$2,585	\$10,085	\$25,085
Northwest Territories	\$200 to \$400	\$400		
Nova Scotia	\$876 + 1.479% of portion > \$100,000	\$6,792	\$28,977	\$73,347
Nunavut	\$200 to \$400	\$400		
Ontario	\$250 + 1.5% of portion > \$50,000	\$7,000	\$29,500	\$74,500
Prince Edward Island	\$400 + 0.4% of portion > \$100,000	\$2,000	\$8,000	\$20,000
Quebec	Nominal fee			
Saskatchewan	0.7% of estate	\$3,500	\$14,000	\$35,000
Yukon	\$140	\$140		

Although Quebec does not levy probate fees, wills (other than notarial wills) must be authenticated by the Superior Court of Quebec. A nominal fee applies.

Key Tax Changes

Federal

	Top federal rates				Federal rates				
	Ordinary income	Capital gains	Eligible	Non-eligible	2009 Bracket Rate	\$0	\$40,726	\$81,452	\$126,264
2008	29%	14.50%	14.55%	19.58%		15%	22%	26%	29%
2009	29%	14.50%	14.55%	19.58%					

Because the federal government is in a minority, it is uncertain whether federal tax changes that have not been enacted into law will proceed. At the publication date, some 2009 federal budget measures had not been enacted.

Personal tax system: The top federal tax bracket and most federal tax credits increased by 2.5% for 2009, as a result of indexing. The lowest and middle federal tax brackets and some personal amounts increased by more than 2.5%, as follows:

		2008	2009	
			Previous	Revised
Income tax thresholds	Middle	\$75,769	\$77,664	\$81,452
	Lowest	\$37,885	\$38,832	\$40,726
Personal amounts	Basic	\$9,600	\$10,100	\$10,320
	Spouse/equivalent to spouse	\$5,276	\$5,408	\$6,408
	Age	\$66,697	\$68,365	\$75,032

The income thresholds and personal amounts will be indexed after 2009.

Income threshold at which the age credit is fully phased out.

Dividends:

	Eligible dividends				
	2008	2009	2010	2011	2012
Dividend gross-up	45%	44%	41%	38%	
Dividend tax credit (on grossed-up dividend)	18.9655%	17.9739%	16.4354%	15.0198%	
Top federal rate	14.55%	15.88%	17.72%	19.29%	

Assumes top federal marginal income tax rate remains 29%.

Home buyers' incentives: First-time home buyers can:

- withdraw tax-free up to \$25,000, effective January 28, 2009, from their Registered Retirement Savings Plan under the Home Buyers' Plan to acquire a home; and
- claim the First-Time Home Buyers' Tax Credit (maximum credit is \$750) if they purchase a qualifying home after January 27, 2009, to be used as their principal place of residence.

Both incentives are also available to acquire a home that is more accessible or better suited to the needs and care of an individual who qualifies for the disability tax credit.

Home Renovation Tax Credit: Homeowners can claim a non-refundable tax credit on eligible home improvement expenditures exceeding \$1,000, made after January 27, 2009, and before February 1, 2010, under agreements entered into after January 27, 2009 (maximum credit is \$1,350). The credit is to be claimed on 2009 tax returns, even for January 2010 expenses.

Automobile deductions and benefits:

- 2009 prescribed rates – these will remain at their 2008 levels for purposes of determining automobile deduction limits and taxable benefits.
- Employee's automobile operating cost benefit – the Canada Revenue Agency will allow this benefit to be reduced by operating expenses paid by the employee to third parties.

Also, see *Car Expenses and Benefits – A Tax Guide* at www.pwc.com/ca/carexpenses.

Tax-Free Savings Account (TFSA): Starting 2009, Canadian residents age 18 or older can contribute up to \$5,000 annually (indexed after 2009) to a TFSA. Contributions will not be deductible. Withdrawals and income earned in the TFSA will not be taxed. See our *Tax Memo*, "Tax-Free Savings Account—A Good Way to Save" at www.pwc.com/ca/taxmemo.

Retirement savings plans and profit sharing plans: Contribution limits will increase. See [page 37](#).

Registered Retirement Savings Plan (RRSP)/Registered Retirement Income Fund (RRIF) losses after death: Enhanced rules apply to final distributions from a deceased annuitant's RRSP or RRIF that occur after 2008.

Defined benefit registered pension plans (RPPs): The maximum pension benefit that can be paid from these plans is increasing as shown:

	Pension benefit (per year of service)
2008	\$2,333
2009	\$2,444
2010	Indexed

Specified investment flow-throughs (SIFTs): New rules facilitate the conversion of SIFT trusts into corporations, generally for transactions that occur after July 13, 2008, and before 2013. See our *Tax Memos*, "Tax Planning for Income Trust Conversions and Acquisitions" and "Income Trust Conversion Rules Enacted" at www.pwc.com/ca/taxmemo.

Amateur athletic trusts: For qualifying revenues received in 2008 and subsequently, the income tax deferral rules for amateur athletes are enhanced.

Mineral exploration tax credit for flow-through shares: This credit is extended one year to flow-through share agreements entered into before April 1, 2010.

Revised tax forms: The Canada Revenue Agency revised:

- Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* – among other changes, a significant amount of additional information must be disclosed for each project; and
- Form T106, *Information Return of Non-Arm's Length Transactions with Non-Residents* – the disclosure of financing and derivative transactions is significantly expanded.

Provincial sales tax harmonization: The federal government has committed to harmonizing federal and provincial sales taxes.

Employment Insurance (EI): The employee EI premium rate for 2010 will be frozen at the 2009 rate of \$1.73 per \$100 of insurable earnings (see [page 35](#)). Rates after 2010 will be set on a break-even basis.

International tax system: The Advisory Panel on Canada's System of International Taxation issued its final report, which included recommendations to improve Canada's system of international tax. See our *Tax Memo*, "Enhancing Canada's International Tax Advantage – Final Report of the Advisory Panel on Canada's System of International Taxation" at www.pwc.com/ca/taxmemo.

Interests in foreign investment entities and non-resident trusts: The federal government will review draft rules relating to investments in these entities, in light of the report of the Advisory Panel on Canada's System of International Taxation.

Canada-U.S. tax treaty: The fifth Protocol to the Canada-U.S. tax treaty entered into force on December 15, 2008. The Protocol:

- eliminates withholding tax on most interest;
- makes the Limitation of Benefits article bilateral;
- extends treaty benefits to qualified owners of limited liability companies;
- modifies the rules dealing with residence and corporate continuances; and
- affects the treatment of various personal tax items (e.g., pension contributions).

See our *Tax Memo*, "Canada-U.S. Income Tax Treaty: Fifth Protocol Enters into Force" at www.pwc.com/ca/taxmemo.

Tax treaties and social security agreements: Recent developments are shown below.

See page 46 .	Ratified and entered into force	Signed but awaiting ratification	Under negotiation	Negotiation to commence
Tax treaties	Gabon United States	Columbia	Poland	None
Social security agreements	None			

Alberta

Top combined federal/provincial rates				Alberta rate		
	Ordinary income	Capital gains	Eligible	Non-eligible	2009 Bracket	Rate
2008			16%	26.46%	\$0	10%
2009	39.00%	19.50%	14.55%	27.71%		

Alberta is the only province or territory with a single rate.

Highlights of changes

Personal tax system: For 2009, Alberta's personal tax credits increased by 3.8%, as a result of indexing.

Dividends:

	Eligible dividends					Non-eligible dividends	
	2008	2009	2010	2011	2012	2008	2009
Dividend gross-up	45%		44%	41%	38%	25%	
Dividend tax credit (on grossed-up dividend)	9%	10%				4.5%	3.5%
Top combined rate	16%	14.55%	15.88%	17.72%	19.29%	26.46%	27.71%

Assumes top combined federal/Alberta marginal income tax rate remains 39%.

British Columbia

Top combined federal/provincial rates				British Columbia rates							
	Ordinary income	Capital gains	Eligible	Non-eligible	2009	Bracket	\$0	\$35,716	\$71,433	\$82,014	\$99,588
						Rate	5.06%	7.70%	10.5%	12.29%	14.7%
2008	43.70%	21.85%	18.47%	31.58%							
2009	43.70%	21.85%	19.92%	32.71%							Can be reduced for low incomes.

Highlights of changes

Personal tax system: British Columbia's tax brackets and tax credits increased by 2% for 2009, as a result of indexing. Reductions to British Columbia's two lowest tax rates from 5.24% to 5.06% and from 7.98% to 7.70% that were originally scheduled for January 1, 2009, were made retroactive to January 1, 2008.

Dividends:

	Eligible dividends					Non-eligible dividends		
	2008	2009	2010	2011	2012	2008	2009	2010
Dividend gross-up	45%		44%	41%	38%	25%		
Dividend tax credit (on grossed-up dividend)	12%	11%	10.83%	10.31%	9.76%	5.1%	4.2%	3.4%
Top combined rate	18.47%	19.92%	21.45%	23.91%	26.11%	31.58%	32.71%	33.71%

Assumes top combined federal/B.C. marginal income tax rate remains 43.70%.

Federal changes (see [page 10](#)) will revise the dividend tax credit and top marginal rate as shown.

Registered Disability Savings Plans (RDSPs): Effective January 1, 2009, income from a RDSP is excluded:

- from income for purposes of eligibility for the B.C. Sales Tax Credit; and
- for purposes of Medical Services Plan premium assistance eligibility.

B.C. Mining Flow-Through Share Tax Credit: This credit is extended one year to December 31, 2009.

Manitoba

Top combined federal/provincial rates				Manitoba rates					
	Ordinary income	Capital gains	Eligible	Non-eligible	2009	Bracket	\$0	\$31,000	\$67,000
						Rate	10.8%	12.75%	17.4%
2008	46.40%	23.20%	23.83%	37.40%					
2009	46.40%	23.20%	23.83%	38.21%					Can be reduced for low incomes.

Highlights of changes

Personal tax system: Changes to Manitoba's tax rates, brackets and personal amounts follow:

		2008	2009	2010	2011
Income tax thresholds	Highest	\$66,000	\$67,000	\$68,000	\$70,000
	Middle	30,544	\$31,000	\$32,000	\$35,000
Lowest income tax rate		10.9%	10.8%	10.7%	10.5%
Personal amounts	Basic	\$8,034	\$8,134	Not announced	
	Spouse/Equivalent to spouse				

Changes for 2010 and 2011 are subject to balanced budget requirements.

Commencing 2008, the spousal amount is reduced by any net income of the spouse or dependant (no threshold applies).

Dividends:

	Eligible dividends					Non-eligible dividends			
	2008	2009	2010	2011	2012	2008	2009	2010	2011
Dividend gross-up	45%		44%	41%	38%	25%			
Dividend tax credit (on grossed-up dividend)	11%					3.15%	2.5%	1.75%	
Top combined rate	23.83%	25.09%	26.74%	28.12%	28.12%	37.40%	38.21%	39.15%	

Assumes top combined federal/Manitoba marginal income tax rate remains 46.40%.

Community Enterprise Tax Credits: Starting 2009, enhancements to:

- the Development credit increase the maximum value of issuable shares that a business can apply for to \$1 million; and
- the Investment credit increase the maximum annual approval limit to \$33,000,000.

Registered Disability Savings Plans (RDSPs): Starting 2009, the taxable portion of RDSP withdrawals will be excluded from family net income for purposes of calculating three refundable tax credits – the Education Property Tax Credit, the School Tax Credit for Homeowners and the Personal Tax Credit.

Mineral Exploration Tax Credit: This credit will increase as follows:

		Credit rate
Flow-through share agreements entered into	Before April 1, 2009	10%
	After March 31, 2009 and before April 1, 2010	20%
	After March 31, 2010 and before April 1, 2012	30%

The credit is extended three years to flow-through share agreements entered into before April 1, 2012.

New Brunswick

	Top combined federal/provincial rates				2009	New Brunswick rates			
	Ordinary income	Capital gains	Eligible	Non-eligible		Bracket	\$0	\$35,707	\$71,415
2008	46.95%	23.48%	23.18%	35.40%	Rate	9.65%	14.5%	16%	17%
2009	46%	23%	21.80%	34.21%	Can be reduced for low incomes.				

Highlights of changes

Personal tax system: New Brunswick's tax brackets and most personal tax credits increased by 2.5% for 2009. Changes to its tax rates, brackets and personal amounts follow:

The thresholds and personal amounts for 2010 to 2012 are indexed using a 2% rate. If the indexation factor exceeds 2%, the thresholds and amounts will be based on that factor. The thresholds and amounts will continue to be indexed after 2012.

		2008	2009		2010	2011	2012
			Previous	Revised			
Income tax rates and thresholds	Highest	17.95%		17%	14.3%	12.7%	n/a
		\$113,273	\$116,105	\$118,427	\$120,796		
	16.8%	16%	13.3%	12.4%			
	\$69,673	\$71,415	\$72,843	\$74,300			
	15.48%	14.5%	12.5%	12.1%	12%		
Lowest	\$34,836	\$35,707	\$36,421	\$37,150	\$37,893		
	10.12%	9.65%	9.3%	9.1%	9%		
Personal amounts	Basic	\$8,395	\$8,605	\$8,777	\$8,953	\$9,132	
	Spouse/equivalent to spouse	\$7,129	\$7,307	\$7,453	\$7,602	\$7,754	

The highest two thresholds will be eliminated after 2011.

Dividends:

	Eligible dividends					Non-eligible dividends				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
Dividend gross-up	45%		44%	41%	38%	25%				
Dividend tax credit (on grossed-up dividend)	12%		11.81%	11.24%	10.65%	5.3%				
Top combined rate	23.18%	21.80%	19.46%	19.77%	21.16%	35.40%	34.21%	30.83%	28.83%	27.96%

Assumes top marginal income tax:
 • federally remains 29%; and
 • for New Brunswick, remains 14.3% in 2010, 12.7% in 2011 and 12% after 2011.

Federal changes (see [page 10](#)) will revise the dividend tax credit and top marginal rate as shown.

Tuition rebate: Commencing 2009, this program is enhanced by doubling:

- the maximum annual rebate from \$2,000 to \$4,000; and
- the maximum lifetime rebate from \$10,000 to \$20,000.

Low-Income Tax Reduction: This reduction is enhanced by decreasing the phase-out rate from 5% to 4% for 2009 and to 3% for 2010.

Low-Income Seniors' Benefit: The benefit will increase from \$200 to \$300 in 2009 and to \$400 in 2010.

Small Business Investor Tax Credit: For investments made after March 17, 2009:

- the size of the allowable investment will increase from \$80,000 to \$250,000 per year (increasing the maximum annual credit from \$24,000 to \$75,000); and
- the program will allow more investors to participate in an investment project.

Labour-Sponsored Venture Capital (LSVC) Tax Credit: Enhancements:

- will provide for timely and greater reinvestment of LSVC dollars into New Brunswick enterprises; and
- for shares purchased after March 17, 2009, follow:

	Previous	Revised
Tax credit rate	15%	20%
Maximum annual	Investment	\$5,000
	Credit	\$750
		\$10,000
		\$2,000

Medical expense tax credit: Commencing 2009, a taxpayer who pays medical or disability-related expenses for a dependent relative can claim up to \$10,000 (up from \$5,000) of those expenses as a medical expense tax credit.

Newfoundland and Labrador

Top combined federal/provincial rates					Newfoundland & Labrador rates				
	Ordinary income	Capital gains	Eligible	Non-eligible	2009	Bracket	\$0	\$31,061	\$62,121
						Rate	7.7%	12.8%	15.5%
2008	45.00%	22.50%	28.11%	33.33%					
2009	44.50%	22.25%	22.89%	32.71%					

Can be reduced for low incomes.

Highlights of changes

Personal tax system: Newfoundland and Labrador's tax brackets and most personal tax credits increased by 2.8% for 2009. Changes to its tax rates follow:

		2008	2009
Income tax rates	Highest	16%	15.5%
	Middle	13.3%	12.8%
	Lowest	8.2%	7.7%

Dividends:

	Eligible dividends					Non-eligible dividends	
	2008	2009	2010	2011	2012	2008	2009
Dividend gross-up	45%		44%	41%	38%	25%	
Dividend tax credit (on grossed-up dividend)	6.65%	9.75%	9.6%	9.14%	8.65%	5%	
Top combined rate	28.11%	22.89%	24.37%	26.68%	28.75%	33.33%	32.71%

Assumes top combined federal/Newfoundland and Labrador marginal income tax rate remains 44.5% after 2009.

Federal changes (see [page 10](#)) will revise the dividend tax credit and top marginal rate as shown.

Low-Income Tax Reduction: For 2009, the income threshold at which this reduction is eliminated will increase from:

- \$13,511 to \$15,911 for individuals; and
- \$21,825 to \$26,625 for families.

Labour-sponsored Venture Capital (LSVC) Tax Credit: Enhancements to this credit follow:

	Previous	Revised	
Tax credit rate	15%	20%	Applies to investments made after March 31, 2009.
Maximum annual investment	\$5,000	\$10,000	Applies for the 2009 taxation year.
Maximum annual credit	\$750	\$2,000	

The maximum is \$2,000 only if \$10,000 of investments are made after March 31, 2009.

Northwest Territories

Top combined federal/territorial rates					Northwest Territories rates					
	Ordinary income	Capital gains	Eligible	Non-eligible	2009	Bracket	\$0	\$36,885	\$73,772	\$119,936
						Rate	5.9%	8.6%	12.2%	14.05%
2008										
2009	43.05%	21.53%	18.25%	29.65%						

Highlights of changes

Personal tax credits: Northwest Territories' personal income tax brackets and tax credits increased by 2.5% for 2009 as a result of indexing.

Dividends:

	Eligible dividends				
	2008	2009	2010	2011	2012
Dividend gross-up	45%		44%	41%	38%
Dividend tax credit (on grossed-up dividend)	11.5%		11.32%	10.78%	10.20%
Top combined rate	18.25%		19.81%	22.33%	24.61%

Assumes top combined federal/Northwest Territories marginal income tax rate remains 43.05%.

Federal changes (see [page 10](#)) will revise the dividend tax credit and top marginal rate as shown.

Nova Scotia

Top combined federal/provincial rates					Nova Scotia rates					
	Ordinary income	Capital gains	Eligible	Non-eligible	2009	Bracket	\$0	\$29,590	\$59,180	\$93,000
2008	48.25%	24.13%	28.35%	33.06%		Rate	8.79%	14.95%	16.67%	17.5%
2009	48.25%	24.13%	28.35%	33.06%	Can be reduced for low incomes.		Surtax: 10% of basic provincial tax in excess of \$10,000.			

Highlights of changes

Personal tax system:

	2008	2009	2010	After 2010
Basic personal credit	\$7,731	\$7,981	\$8,231	Indexed
Other credits	Proportionate increase; total increase of 13.83% from 2006			

Includes spouse or common-law partner, dependant, pension income, disability, caregiver, age and infirm dependants age 18 or older.

Dividends:

	Eligible dividends				
	2008	2009	2010	2011	2012
Dividend gross-up	45%	44%	41%	41%	38%
Dividend tax credit (on grossed-up dividend)	8.85%	8.71%	8.29%	8.29%	7.85%
Top combined rate	28.35%	29.8%	32%	32%	33.94%

Assumes top combined federal/Nova Scotia marginal income tax rate remains 48.25%.

Federal changes (see [page 10](#)) will revise the dividend tax credit and top marginal rate as shown.

Because the government was defeated in the June 9, 2009 election, a new budget is expected. Important post-publication changes will be on www.pwc.com/ca/taxmemo.

Nunavut

Top combined federal/territorial rates					Nunavut rates					
	Ordinary income	Capital gains	Eligible	Non-eligible	2009	Bracket	\$0	\$38,832	\$77,664	\$126,264
2008	40.50%	20.25%	22.24%	28.96%		Rate	4%	7%	9%	11.5%
2009	40.50%	20.25%	22.24%	28.96%						

Highlights of changes

Personal tax system: Nunavut's personal tax brackets and most personal tax credits increased by 2.5% for 2009, as a result of indexing.

Dividends:

	Eligible dividends				
	2008	2009	2010	2011	2012
Dividend gross-up	45%	44%	41%	41%	38%
Dividend tax credit (on grossed-up dividend)	6.2%	6.11%	6.11%	5.82%	5.51%
Top combined rate	22.24%	23.64%	23.64%	25.72%	27.56%

Assumes top combined federal/Nunavut marginal income tax rate remains 40.5%.

Federal changes (see [page 10](#)) will revise the dividend tax credit and top marginal rate as shown.

Ontario

Top combined federal/provincial rates					Ontario rates				
	Ordinary income	Capital gains	Eligible	Non-eligible	2009	Bracket	\$0	\$36,848	\$73,698
2008	46.41%	23.20%	23.96%	31.34%	Can be reduced for low incomes.	Rate	6.05%	9.15%	11.16%
2009			23.06%				Surtax: 20% of basic provincial tax in excess of \$4,257 + 36% of basic provincial tax in excess of \$5,370		

Highlights of changes

Personal tax system: Ontario's tax brackets and most personal tax credits increased by 2.3% for 2009. Changes to its tax rates and surtax thresholds follow:

	2008	2009	2010
Lowest income tax rate	6.05%		
Surtax thresholds	20% surtax \$4,162	\$4,257	\$3,978
	36% surtax \$5,249	\$5,370	\$5,091

The 2010 thresholds will be indexed for inflation.

Dividends:

	Eligible dividends					Non-eligible dividends		
	2008	2009	2010	2011	2012	2008	2009	2010
Dividend gross-up	45%		44%	41%	38%	25%		
Dividend tax credit (on grossed-up dividend)	7%	7.4%	6.4%			5.13%		4.5%
Top combined rate	23.96%	23.06%	26.57%	28.19%	29.54%	31.34%		32.57%

Assumes top combined federal/Ontario marginal income tax rate remains 46.41%.

Sales tax harmonization: On July 1, 2010, Ontario's 8% Retail Sales Tax and the 5% federal Goods and Services Tax will be replaced with a 13% blended sales tax. Under transitional measures:

- adults with incomes below a threshold will receive payments in 2010 and 2011 (maximum total payments of \$300 for single individuals and \$1,000 for families); and
- commencing 2010, the Ontario Property and Sales Tax Credits will be replaced with an:
 - Ontario Sales Tax Credit – this refundable credit will be a maximum of \$260 annually per person; and
 - Ontario Property Tax Credit – capped at \$900 for non-seniors and \$1,025 for seniors.

Seniors: The \$24,300 threshold (at which the Ontario property and sales tax credits are clawed back for senior couples) will increase in 2009.

Locked-in accounts: To increase access to locked-in accounts:

- commencing January 1, 2010, unlocking permitted on purchase from new Life Income Funds (LIFs) will increase from 25% to 50% (remaining old LIFs and Locked-in Retirement Income Funds (LRIFs) will be harmonized with these rules); and
- financial-hardship application withdrawal fees for Ontario locked-in accounts will be waived for two years for applications approved after March 31, 2009.

Prince Edward Island

Top combined federal/provincial rates					Prince Edward Island rates				
	Ordinary income	Capital gains	Eligible	Non-eligible	2009	Bracket	\$0	\$31,984	\$63,969
2008	47.37%	23.69%	24.44%	36.63%	Can be reduced for low incomes.	Rate	9.8%	13.8%	16.7%
2009			38.15%				Surtax: 10% of basic provincial tax in excess of \$12,500.		

Highlights of changes

Dividends:

	Eligible dividends					Non-eligible dividends			
	2008	2009	2010	2011	2012	2008	2009	2010	2011
Dividend gross-up	45%	44%	41%	38%	35%	25%			
Dividend tax credit (on grossed-up dividend)	10.5%	10.34%	9.84%	9.32%	8.8%	4.3%	3.2%	2.1%	1%
Top combined rate	24.44%	25.95%	28.36%	30.50%	32.65%	36.63%	38.15%	39.66%	41.17%

Assumes top combined federal/Prince Edward Island marginal income tax rate remains 47.37%.

Federal changes (see page 10) will revise the dividend tax credit and top marginal rate as shown.

Quebec

Top combined federal/provincial rates					Quebec rates				
	Ordinary income	Capital gains	Eligible	Non-eligible		2009 Bracket Rate	\$0	\$38,385	\$76,770
2008	48.22%	24.11%	29.69%	36.35%	Federal	2009 Bracket Rate	\$0	\$40,726	\$81,452
2009	48.22%	24.11%	29.69%	36.35%			12.53%	18.37%	21.71%

Quebec is the only jurisdiction that does not use the federal definition of taxable income.

Federal rates that apply in Quebec have been reduced by the 16.5% "Quebec abatement."

Highlights of changes

Personal tax system: Quebec's tax brackets and most personal tax credits increased by 2.36% for 2009, as a result of indexing.

Dividends:

	Eligible dividends				
	2008	2009	2010	2011	2012
Dividend gross-up	45%		44%	41%	38%
Dividend tax credit (on grossed-up dividend)	11.9%				
Top combined rate	29.69%		30.68%	31.85%	32.81%

Assumes top combined federal/Quebec marginal income tax rate remains 48.22%.

Home Renovation Tax Credit: Homeowners can claim a refundable 20% tax credit on eligible expenditures exceeding \$7,500 paid no later than June 30, 2010 to qualifying contractors, under home construction and renovation contracts entered into during 2009. The maximum credit is \$2,500 per eligible dwelling.

Child care expenses tax credit: Commencing 2009:

- the limit on child care expenses paid for a child under seven years at the end of the year (other than a child who qualifies for the disability tax credit) will increase from \$7,000 to \$9,000; and
- families with incomes between \$84,040 and \$140,450 will benefit from higher credit rates.

Pension income credit: This tax credit will increase from \$1,500 to \$2,000 (instead of to \$1,750) for 2009 and will be indexed after 2009.

Green Vehicle Tax Credit: A refundable tax credit of up to \$8,000 is available for recognized green vehicles acquired or leased (minimum one year) after 2008 and before 2016.

Quebec Education Savings Incentive (QESI): Changes to this Registered Education Savings Plan (RESP) incentive simplify the rules for obtaining the QESI for RESP beneficiaries age 16 or 17.

SME Growth Stock Plan: This plan is renamed the Stock Savings Plan II, effective March 20, 2009. Enhancements:

- extend the plan for five years to December 31, 2014;
- increase the deduction from 100% to 150% of the cost of qualifying shares acquired after March 19, 2009, and before January 1, 2011;
- increase the asset limit for corporations whose shares are eligible for the plan, from \$100 million to \$200 million, generally for public offerings in which the final prospectus, or filing exemption, is granted after March 19, 2009;
- reduce the minimum holding period by one year, effective the 2009 calendar year; and
- simplify the procedures to register a qualifying share, for applications submitted after June 30, 2009.

Tax credit for shares issued by Fondation: This tax credit will increase from 15% to 25%, for shares acquired after May 31, 2009, and no later than the end of the fiscal year in which the Fondation is at least \$1.25 billion capitalized.

Canada-U.S. tax treaty: Quebec will consider whether its tax legislation requires amendments for the fifth Protocol to the Canada-U.S. tax treaty.

Aggressive tax planning schemes: A consultative document sets out proposed measures to counter aggressive tax planning. See our *Tax Memo*, "Quebec Proposals on Aggressive Tax Planning" at www.pwc.com/ca/taxmemo and podcast at www.pwc.com/ca/taxtracks.

Quebec Sales Tax (QST): The QST rate will increase from 7.5% to 8.5% on January 1, 2011. As a result, for 2011, the basic and spousal QST tax credits will increase by \$75 and the amount for a person living alone will increase by \$50.

Federal harmonization: Quebec will harmonize with many federal tax changes (with modifications, in some cases), including those relating to (see [page 10](#)):

- Registered Retirement Savings Plan (RRSP) withdrawals under the Home Buyers' Plan; and
- RRSP/Registered Retirement Income Fund (RRIF) losses after death.

Saskatchewan

	Top combined federal/provincial rates				Saskatchewan rates			
	Ordinary income	Capital gains	Eligible	Non-eligible	2009 Bracket Rate	\$0	\$40,113	\$114,610
2008	44%	22%	20.35%	30.83%	11%			15%
2009	44%	22%	20.35%	30.83%				

Highlights of changes

Personal tax system: Saskatchewan's income tax brackets and personal tax credits increased by 2.5% for 2009, as a result of indexing. Retroactive to January 1, 2008:

- the basic personal and spouse/equivalent to spouse amounts increased from \$8,945 to \$12,945; and
- the child amount increased from \$2,795 to \$4,795.

Dividends:

Assumes top combined federal/Saskatchewan marginal income tax rate remains 44%.

	Eligible dividends				
	2008	2009	2010	2011	2012
Dividend gross-up	45%		44%	41%	38%
Dividend tax credit (on grossed-up dividend)			11%		
Top combined rate	20.35%		21.64%	23.36%	24.81%

Low-Income Tax Credit: This enhanced credit replaces the Saskatchewan Sales Tax Credit.

Labour-sponsored Venture Capital Corporation (LSVCC) credit: Enhancements for investments in federal LSVCCs follow:

	2008	2009
Tax credit rate	15%	20%
Maximum annual Investment Credit	\$3,500	\$5,000
	\$525	\$1,000

Yukon

	Top combined federal/territorial rates				Yukon rates				
	Ordinary income	Capital gains	Eligible	Non-eligible	2009 Bracket Rate	\$0	\$40,726	\$81,452	\$126,264
2008	42.40%	21.20%	17.23%	30.49%	7.04%				12.76%
2009	42.40%	21.20%	17.23%	30.49%					

Can be reduced for low incomes. Surtax: 5% of basic territorial tax in excess of \$6,000.

Highlights of changes

Personal tax system: For 2009, to correspond to federal brackets and tax credits:

- the top Yukon tax bracket and most Yukon tax credits increased by 2.5%, as a result of indexing; and
- the lowest and middle Yukon tax brackets and some personal amounts increased by more than 2.5%, as follows:

		2008	2009		The income thresholds and personal amounts will be indexed after 2009.
			Previous	Revised	
Income tax thresholds	Middle	\$75,769	\$77,664	\$81,452	
	Lowest	\$37,885	\$38,832	\$40,726	
Personal amounts	Basic	\$9,600	\$10,100	\$10,320	
	Spouse/Equivalent to spouse				
	Age	\$5,276	\$5,408	\$6,408	

Dividends:

Assumes top combined federal/Yukon marginal income tax rate remains 42.40%.

	Eligible dividends				
	2008	2009	2010	2011	2012
Dividend gross-up	45%		44%	41%	38%
Dividend tax credit (on grossed-up dividend)	11%		10.83%	10.31%	9.76%
Top combined rate	17.23%		18.80%	21.34%	23.64%

Federal changes (see [page 10](#)) will revise the dividend tax credit and top marginal rate as shown.

Corporate Income Tax Rates – General and M&P

To compute rates for off-calendar year ends, refer to [pages 24 to 34](#).
For income not earned in a province or territory, see [pages 20 and 24](#).

For non-resident corporations, the general and M&P rates in the table apply to business income attributable to a permanent establishment in Canada. Different rates may apply to non-residents in other circumstances. Non-resident corporations may also be subject to branch tax (see [page 20](#)).

The general rate reduction does not apply to certain types of income. See **Federal corporate income tax rate changes** on [page 24](#) for details.

		Twelve-month taxation year ended December 31, 2009		
		General and Manufacturing and Processing (M&P) (%)	Canadian-Controlled Private Corporations (%)	
			Active business income earned in Canada	Investment income
			to \$400,000	\$400,000 to \$500,000
Basic federal rate			38	
Provincial abatement			-10	
Less:	General rate reduction or M&P deduction	-9	n/a	
	Small business deduction		-17	
Plus:	Refundable investment tax	n/a	n/a	
Federal rate		19	11	34.67

\$400,000 or \$500,000 threshold: The \$400,000 or \$500,000 is shared by associated CCPCs. It is reduced on a straight-line basis for CCPCs that, in the preceding year, had taxable capital employed in Canada (on an associated basis) between \$10 million and \$15 million. This clawback applies to all provincial and territorial small business deductions except Ontario's, which is described on [page 31](#).

Income above \$500,000: A CCPC's active business income above \$500,000 (or the lower thresholds that apply in Alberta, British Columbia, Manitoba, Nova Scotia, Quebec and Yukon) is subject to the general or M&P rates.

Investment income: See **Refundable Investment Tax** on [page 20](#) for more details.

		Provincial/Territorial	Combined	Provincial/Territorial	Combined	Provincial/Territorial	Combined	Provincial/Territorial	Combined
Alberta		10	29	3	14	3 ³ or 4.73 ³	14³ or 15.73³	10	44.67
British Columbia		11	30	2.5	13.5	11	22	11	45.67
Manitoba		12.5	31.5	1	12	12.5	23.5	12.5	47.16⁴
New Brunswick		12.5	31.5	5	16	5	16	12.5	47.16⁴
Newfoundland and Labrador	General	14 H	33	5 H	16	5 H	16	14 H	48.67
	M&P	5 H	24					n/a	
Northwest Territories		11.5	30.5	4	15	4	15	11.5	46.17
Nova Scotia		16	35	5 H	16	16 H	27	16	50.67
Nunavut		12	31	4	15	4	15	12	46.67
Ontario¹	General	14 H	33	5.5 H	16.5	5.5 H	16.5	14 H	48.67
	M&P	12 H ²	31					n/a	
Prince Edward Island		16 H	35	2.37 H	13.37	2.37 H	13.37	16 H	50.67
Quebec		11.9 H	30.9	8 H	19	8.83 H	19.83	11.9 H	46.57
Saskatchewan	General	12	31	4.5	15.5	4.5	15.5	12	46.67
	M&P	10 ²	29					n/a	
Yukon	General	15	34	4	15	15	26	15	49.67
	M&P	2.5	21.5	2.5	13.5	2.5	13.5	n/a	

H Tax holidays are available to certain corporations. See the table on [page 21](#).

1. Corporations subject to Ontario income tax may also be liable for Ontario corporate minimum tax. See [page 31](#).

2. Special rules apply to manufacturing and processing income in Ontario (see [page 31](#)) and Saskatchewan (see [page 34](#)).

3. For Alberta, the rate depends on the level of income (see [page 26](#)).

4. Combined rates differ slightly, due to rounding in Manitoba (see [page 27](#)) and New Brunswick (see [page 28](#)).

Other Federal Corporate Tax Rates for 2009

See **Federal corporate income tax rate changes** on [page 24](#).

	Rate	Corporations affected	Description	Special rules						
Income not earned in a province or territory	29%	All corporations	Income tax is calculated as follows: <table style="margin-left: 20px; border-collapse: collapse;"> <tr> <td style="padding-right: 10px;">Basic federal rate</td> <td style="text-align: right;">38%</td> </tr> <tr> <td style="padding-right: 10px;">Less: General rate reduction</td> <td style="text-align: right;">- 9%</td> </tr> <tr> <td style="padding-right: 10px;">Federal rate</td> <td style="text-align: right;">29%</td> </tr> </table> <p>Therefore, the federal rate is 29%, instead of 19% (see page 19).</p>	Basic federal rate	38%	Less: General rate reduction	- 9%	Federal rate	29%	Corporate income that is not earned in a province or territory is neither: <ul style="list-style-type: none"> • eligible for the provincial abatement; nor • subject to provincial or territorial tax (exceptions apply).
Basic federal rate	38%									
Less: General rate reduction	- 9%									
Federal rate	29%									
Branch Tax	25%	Non-resident corporations, except: <ul style="list-style-type: none"> • transportation, communications and iron-ore mining companies; and • insurers (other than 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: <ul style="list-style-type: none"> • 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	33-1/3%	Private corporations Certain public corporations	Payable on taxable dividends received from certain taxable Canadian corporations.	Refundable to the corporation through the refundable dividend tax on hand (RDTOH) mechanism at a rate of \$1 for every \$3 of taxable dividends paid.						
Refundable Investment Tax	6-2/3%	Canadian-controlled private corporations (CCPCs)	Increases the total federal rate that applies to investment income of a CCPC to 34.67% (see page 19). Generally, 26-2/3% of a CCPC's aggregate investment income is added to its RDTOH.							
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 thresholds are shared among 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. 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).						
Large Corporations Tax (LCT)	Nil	All corporations	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 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.						

Provincial Income Tax Holidays and M&P Investment Tax Credits

Income Tax Holidays

	Eligible corporations		Holiday	Income not taxed each year	
Newfoundland and Labrador	Companies meeting job creation and other conditions	Designated after December 31, 2001	Outside Northeast Avalon region	Full holiday for 15 years, phased out over next 5 years: Additional 50% federal tax rebate	Income attributable to new or expanded business
			In Northeast Avalon region		
		Designated before January 1, 2002	Outside Northeast Avalon region	For 5 years	
			In Northeast Avalon region	For 3 years	
Nova Scotia	CCPCs incorporated after April 24, 1992				\$500,000 of active business income
Ontario	Companies incorporated in Canada after March 24, 2008, and before March 25, 2012, that commercialize intellectual property developed by Canadian universities, colleges or research institutions		For 10 years		No limit
Prince Edward Island	Aviation- and aerospace-related firms in Slemon Park		Up to December 31, 2012		Income attributable to P.E.I. operations
	Bioscience companies with more than 10 employees and \$750,000 annual payroll		For 10 years		
Quebec	CCPCs with first tax year beginning after March 25, 1997, and before March 30, 2004		For 5 years		\$150,000 of eligible business income
	Corporations accredited to carry on business in an Information Technology Development Centre				No limit
	Businesses that undertake major investment projects		For 10 years		
	Companies incorporated in Canada after March 19, 2009 and before April 1, 2014, that commercialize intellectual property developed in Quebec universities or public research centres				
	Small and medium-sized corporations that carry on manufacturing and processing in a remote resource region		March 30, 2001 to December 31, 2010	75% of eligible business income	Reduced or eliminated when paid-up capital exceeds \$20 million

The provincial small business rate applies to the threshold, which is equal to the federal small business limit. (See [page 19](#).)

No new applications have been accepted since June 12, 2003.

Applies only to corporations that were eligible before March 31, 2004.

M&P Investment Tax Credits

Manitoba, Prince Edward Island, Quebec and Saskatchewan provide investment tax credits based on the cost of qualifying manufacturing and processing (M&P) property acquired during 2009 for use in the particular jurisdiction.

For federal tax purposes, the credits are considered government assistance and reduce the capital cost of the M&P asset.

	Rate	For M&P property acquired		Carry-back	Carry-forward	Refundable
		After	Before			
British Columbia	3%	March 31, 2000	July 31, 2001	3 years	10 years	No
Manitoba	10%	March 11, 1992	January 1, 2012			70%
Nova Scotia	15%	December 31, 2000	January 1, 2003		7 years	No
Prince Edward Island	10%	December 31, 1992	No cut-off		20 years	Sometimes
Quebec	5% to 40%	March 13, 2008	January 1, 2016		10 years	100%
	7%	March 20, 1997	March 27, 1999			
	6%	March 26, 1999	April 1, 2004			
	7%	March 31, 2004	October 28, 2006			
Saskatchewan	5%	October 27, 2006	No cut-off	n/a		

Depends on level of consolidated paid-up capital.

An additional 25% credit may be claimed in P.E.I. by export-focused corporations.

Capital Tax Rates

Only jurisdictions with a capital tax are noted. The tax base may vary by jurisdiction (and for financial institutions, by the type of institution).

To compute rates for off calendar year ends, refer to [pages 26 to 34](#).

General capital tax was eliminated in New Brunswick on January 1, 2009, and in Saskatchewan on July 1, 2008.

Twelve-month taxation year ended December 31, 2009

Associated or related corporations may be required to share the exemption.

Capital tax is eliminated in Manitoba for certain M&P companies (see [page 27](#)). It is reduced or eliminated in Ontario for certain manufacturing or resource companies (see [page 31](#)) and in Quebec for certain manufacturing companies (see [page 33](#)).

For British Columbia, if net paid-up capital < \$10 million, no capital tax applies.

See *Insurance Industry: Key Dates and Other Essentials* at www.pwc.com/ca for information on capital tax rates for insurance companies.

Ontario's \$400 million taxable capital threshold is net of the \$15 million capital tax deduction.

The 0.73% Quebec rate includes a base capital tax rate of 0.48% and a 0.25% compensatory tax on paid-up capital. A 2% compensatory tax on payroll also applies.

			Rate	Exemption	
Corporations in general	Manitoba	On first \$20 million taxable capital	0.2%	\$10 million	
		On taxable capital between \$20 million and \$21 million	2.4%	Nil	
		On taxable capital > \$21 million	0.4%		
	Nova Scotia	If taxable capital < \$10 million	0.35%	\$5 million	
		If taxable capital ≥ \$10 million	0.175%	Nil	
	Ontario		0.225%	\$15 million	
Quebec		0.24%	Up to \$1 million		
	Federal (Part VI Financial Institutions Capital Tax)		1.25%	\$1 billion	
Financial institutions (except insurance)	British Columbia	If net paid-up capital ≤ \$1 billion	B.C. paid-up capital < \$10.25 million	Reduced rates	
			B.C. paid-up capital ≥ \$10.25 million		
		If net paid-up capital > \$1 billion	Based in and has head office in B.C.	0.416%	Nil
		Other	1.247%		
	Manitoba				
	New Brunswick		3%	\$10 million	
	Newfoundland and Labrador	If paid-up capital ≤ \$10 million			\$5 million
		If paid-up capital > \$10 million			Nil
	Nova Scotia	Trust and loan corporations	Head office in N.S.	4%	\$30 million
			Other		\$500,000
Ontario	Banks	On first \$400 million of taxable capital	0.45%	\$15 million	
		On taxable capital > \$400 million	Deposit-taking financial institutions	0.675%	Nil
			Other	0.54%	
Prince Edward Island			5%	\$2 million	
Quebec			0.73%	Nil	
Saskatchewan		If taxable paid-up capital ≤ \$1.5 billion	0.7%	Up to \$20 million	
		If taxable paid-up capital > \$1.5 billion	3.25%		

Tax Payment Deadlines – Income and Capital Tax

Federal income tax payments include tax payments for:

- Financial Institutions Capital Tax;
- Tax on Corporations Paying Dividends on Taxable Preferred Shares;
- Additional Tax on Authorized Foreign Banks; and
- New Brunswick and Nova Scotia general capital tax.

CCPCs can pay federal and Quebec instalments on the last day of months 3, 6, 9 and 12 of the taxation year, if certain conditions are met.

Separate \$3,000 thresholds apply for federal purposes and for these provincial/territorial jurisdictions (i.e., there are two \$3,000 thresholds).

Federal balance due deadlines also apply to Part IV tax (page 20). However, no Part IV tax instalments are required.

For taxation years ending after 2008, the federal rules apply to Ontario (see page 32).

Capital tax was eliminated in New Brunswick on January 1, 2009, and in Saskatchewan on July 1, 2008. For New Brunswick's capital tax deadlines, see its income tax deadlines (above). For Saskatchewan's, see its financial institutions capital tax deadlines (below).

	Jurisdiction	Instalments		Filing deadline		
		Deadline	Waiver conditions			
Income tax	Federal	Last day of each month	Total tax ¹ is ≤ \$3,000	6 months after year end		
	All jurisdictions except: <ul style="list-style-type: none"> • Alberta • Quebec 					
	Alberta					
	Quebec		Quebec income and capital tax ¹ ≤ \$3,000			
Capital tax	Corporations in general	Federal	No general capital tax			
		Manitoba	15th day of months 3, 6, 9 and 12 of the year	Capital tax for current year ≤ \$5,000	6 months after year end	
		Nova Scotia	Same as provincial income tax (above)			
		Ontario	(The federal government administers and collects general capital taxes payable to Nova Scotia and Ontario.)			
		Quebec				
		Other provinces and territories	No general capital tax			
		Financial institutions	Federal	Same as federal income tax (above)		
			British Columbia	15th day of months 4, 7, 10 and 13 after the previous year end	Capital tax for current year ≤ \$3,000	184 days after year end
			Manitoba	Same as Manitoba general capital tax (above)		
			New Brunswick			
		Newfoundland and Labrador	20th day of each month	None	6 months after year end	
		Nova Scotia				
		Prince Edward Island				
		Ontario	Same as provincial income tax (above)			
		Quebec				
		Saskatchewan	Last day of each month	Capital tax for current year ≤ \$4,800	Last day of 6th month after year end	
		Other provinces and territories	No financial institutions capital tax			

In Manitoba, corporations that qualify for the waiver must nevertheless make one instalment three months after year end.

For example, in Saskatchewan the balance payable would be June 30 for a December 15 year end.

1. In current or previous year.

Key Tax Changes

Federal

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
19	11	34.67

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: 1.25%	None	5%
See	Page 22	n/a	Page 39

For Canada Pension Plan and Employment Insurance premiums, see [page 35](#).

Because the federal government is in a minority, it is uncertain whether federal tax changes that have not been enacted into law will proceed. At the publication date, some 2009 federal budget measures had not been enacted.

The following key tax changes related to individuals (see [pages 10](#) and [11](#)) also apply to corporations:

- Automobile deductions and benefits
- Retirement savings plans and profit sharing plans
- Defined benefit registered pension plans (RPPs)
- Specified investment flow-throughs (SIFTs)
- Revised tax forms
- Provincial sales tax harmonization
- Employment Insurance (EI)
- International tax system
- Interests in foreign investment entities and non-resident trusts
- Canada-U.S. tax treaty
- Tax treaties and social security agreements

Federal corporate income tax rate changes:

The general and M&P rates do not apply to the first \$500,000 (\$400,000 before 2009) of a CCPC's active business income earned in Canada, investment income of CCPCs, income of credit unions, most deposit insurance corporations, mutual fund corporations, mortgage investment corporations and investment corporations, which may qualify for special tax treatment.

Effective date		General and M&P rates	Income not earned in a province or territory	Threshold up to which CCPC rate applies	Commencing 2009 taxation years, CCPCs that claim the small business deduction and have taxable income of \$500,000 or less may qualify to pay quarterly income tax instalments.
		Before January 1, 2009	19.5%	29.5%	
January 1, 2009		19%	29%	\$500,000	
January 1, 2010		18%	28%		
January 1, 2011		16.5%	26.5%		
January 1, 2012		15%	25%		

The federal government's goal is to achieve combined 25% federal/provincial and federal/territorial rates.

After 2008, CCPCs with taxable income of \$500,000 or less may qualify to pay their balance of corporate income tax owing three months after the end of their taxation year. See [page 23](#).

Capital cost allowance (CCA): Enhancements:

- increase the CCA rate from 55% declining balance to 100% (no half-year rule) for eligible computers and systems software acquired after January 27, 2009, and before February 2011; and
- extend the accelerated CCA deduction for investments in eligible manufacturing and processing (M&P) machinery and equipment as follows:

All subject to half-year rule.

Date of acquisition	CCA Class	Previous		Revised	
		CCA Class	CCA rate and method	CCA Class	CCA rate and method
Before Mar. 19, 2007 and after 2011	43	43	30% declining balance (D.B.)	43	30% D.B.
	29	29	50% straight-line	29	50% straight-line
Mar. 19, 2007 to Dec. 31, 2009	Separate class 43	43	First year 50% D.B. Second year 40% D.B.		
	43	43	Thereafter 30% D.B.		
Calendar 2010	Separate class 43	43	First year 40% D.B. Thereafter 30% D.B.		
	43	43	Thereafter 30% D.B.		

The federal government also intends to accelerate CCA for specific assets used in carbon capture and storage.

Scientific research and experimental development (SR&ED): The taxable income phase-out range for the \$3 million limit on SR&ED expenditures will be \$500,000 to \$800,000, when a CCPC's previous taxation year ends after 2008 (up from \$400,00 to \$700,000).

Acquisition of control: Relief will be provided on the acquisition of control of a CCPC to preserve its status as a CCPC at the time of acquisition for purposes of the capital gains exemption rules, generally for acquisitions of control that occur after 2005.

Anti-Tax-Haven Initiative: A new rule, which would have restricted the deductibility of certain interest payable after 2011 on investments in debt or equity of foreign affiliates, was repealed. The rule would have prevented multinational corporations from using tax havens and other tax avoidance structures to generate two expense deductions (one in Canada and another in a foreign subsidiary) for only one borrowing, so-called "double dipping."

Functional currency: New provisions that are generally effective for taxation years commencing after December 13, 2007:

- clarify that taxpayers must use the Canadian dollar in calculating their Canadian tax results; and
- allow taxpayers to file a revocable functional currency election that permits electing taxpayers to calculate their Canadian tax results using a currency other than the Canadian dollar.

See our *Tax Memo*, "Functional Currency Tax Reporting: Proposed Amendments and Extended Deadline" at www.pwc.com/ca/taxmemo.

Foreign affiliate elections: The deadline for filing the foreign affiliate elections to move the retroactive effective date of various amendments to the foreign affiliate rules back to 1995 was extended by 18 months. See our *Tax Memo*, "Foreign Affiliate Elections: Deadlines Extended" at www.pwc.com/ca/taxmemo.

Foreign affiliate amendments: In light of recommendations made by the Advisory Panel on Canada's System of International Taxation, the government will reconsider the remaining outstanding foreign affiliate measures that were released in February 2004.

International Financial Reporting Standards (IFRS): The move to IFRS from current Canadian Generally Accepting Accounting Principles (GAAP) could affect:

- the measurement and reporting of income taxes for financial statement purposes; and
- the calculation of Canadian taxes payable.

Canada's adoption of IFRS is effective for fiscal years beginning after December 31, 2010, with earlier adoption permitted in certain circumstances. IFRS will be mandatory for "publicly accountable enterprises" and elective for other enterprises. See our *Tax Memo*, "The Move to IFRS: Tax Implications" at www.pwc.com/ca/taxmemo.

Taxation of Financial Institutions: New rules that are generally effective for taxation years beginning after September 30, 2006, are intended to simplify the taxation of "financial institutions" by aligning the tax rules with the financial instruments accounting standard that came into effect on October 1, 2006. These rules also apply to unregulated entities that have captive banking or insurance arrangements. See our *Tax Memo*, "Draft Legislation Affects Insurers and Other Financial Institutions" at www.pwc.com/ca/taxmemo.

Corporate income tax return filings: For taxation years ending after 2009:

- corporations with gross revenues exceeding \$1 million for a taxation year generally will be required to file their income tax returns in electronic format; and
- corporate income tax returns filed in an incorrect format will be subject to penalties ranging from nil, for taxation years ending in 2010, to \$1,000, for taxation years ending after 2012.

Information return filings: For information returns required to be filed after 2009:

- the quantity threshold at which a taxpayer is required to file income tax information returns electronically is reduced to 50 from 500; and
- penalties are reduced from a maximum of \$2,500 per return to:
 - up to \$2,500 if more than 2,500 returns are filed in an incorrect format; and
 - up to \$7,500 if more than 10,000 returns are filed late.

Alberta

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC		
	Active business income to \$460,000	\$460,000 to \$500,000	Investment income
10	3	4.73	10
29	14	15.73	44.67

Figures in **bold** are combined federal/provincial rates.

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: None	None	None
See	n/a	n/a	n/a

Corporate income tax rate changes

Effective date	Threshold up to which CCPC rate applies
Before April 1, 2008	\$430,000
April 1, 2008	\$460,000
April 1, 2009	\$500,000

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

Additional highlights

Over-integration tax payable: Commencing January 1, 2009, an “over-integration tax payable” effectively increases Alberta’s tax rate from 3% to 9.7% on income that is eligible for Alberta’s small business deduction (SBD), but exceeds the federal SBD threshold. In general, this tax applies only when this income is distributed as eligible dividends. However, because the federal SBD threshold increased from \$400,000 to \$500,000 retroactive to January 1, 2009, this tax in effect no longer applies.

Capital cost allowance (CCA): Alberta will parallel federal CCA enhancements. See [page 24](#).

Functional currency: Alberta will adopt the federal functional currency reporting rules (see [page 25](#)), possibly with modifications, effective for taxation years beginning after December 13, 2007.

British Columbia

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC		
	Active business income to \$400,000	\$400,000 to \$500,000	Investment income
11	2.5	11	11
30	13.5	22	45.67

Figures in **bold** are combined federal/provincial rates.

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: 1.247%, 0.416%, reduced rates or nil	None	7%; no PST on GST
See	Page 22	n/a	Page 39

For B.C. health premiums, see [page 35](#).

Corporate income tax rate changes

Effective date	General and M&P rates	CCPC rates	Threshold up to which CCPC rate applies
Before July 1, 2008	12%	4.5%	\$400,000
July 1, 2008	11%	3.5%	
December 1, 2008		2.5%	\$500,000
January 1, 2010			
January 1, 2011			

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

British Columbia’s goal is to have the lowest small business rate in Canada by April 1, 2012.

Additional highlights

Financial institutions with either a head office in British Columbia or net paid-up capital of \$1 billion or less.

Effective date	Financial institutions	
	Small	Large
Before April 1, 2008	1%	3%
April 1, 2008	0.667%	2%
April 1, 2009	0.333%	1%
April 1, 2010	0%	

Effective April 1, 2010, financial institutions with paid-up capital of \$1 billion or more will be subject to a minimum tax, calculated as 1% of B.C. paid-up capital. The tax will be reduced for B.C. corporate income taxes paid.

Capital tax: Retroactive to taxation years ending after September 30, 2006, the capital tax base will include accumulated other comprehensive income. This income results from accounting changes relating to fiscal years beginning after September 30, 2006.

Logging tax: Commencing taxation years ending after December 31, 2008, a partial remission of the logging tax is provided to corporations that cannot use the full amount of the logging tax credit under the *Income Tax Act*.

International financial activity: Refinements:

- give the commissioner discretion to accept late notifications of an amalgamation of a registered and a non-registered corporation;
- expand the list of eligible patents to include patents relating to wastewater treatment and fuel cell technology, effective April 1, 2009; and
- clarify that a “non-resident person” excludes a business carried on in Canada by that non-resident person, retroactive to September 1, 2004.

Film tax credits: Enhancements eliminate:

- the March 31, 2013, Film Incentive B.C. Tax Credit expiry date, make its 35% enhanced rate permanent and extend the credit to all Canadian-controlled corporations for productions with principal photography beginning after December 31, 2008; and
- the May 31, 2013, B.C. Production Services Tax Credit expiry date and make its 25% enhanced rate permanent.

Training tax credits: The program will be enhanced for employers, effective July 1, 2009.

Mining Exploration Tax Credit: Effective December 1, 2008, the prescribed area in which eligible mining exploration expenses qualify for an enhanced 30% tax credit has been expanded.

Manitoba

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC		
	Active business income to \$400,000	\$400,000 to \$500,000	Investment income
12.5	1	12.5	12.5
31.5	12	23.5	47.16

Figures in **bold** are combined federal/provincial rates.

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

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: 0.2%, 2.4% and 0.4% Financial institutions: 3%	Nil to 4.3%	7%; no PST on GST
See	Page 22	Page 36	Page 39

Corporate income tax rate changes

Effective date		General and M&P rates	CCPC rate
		Before July 1, 2008	14%
July 1, 2008	13%		
January 1, 2009		12%	1%
July 1, 2009			
December 1, 2010		11%	0%
To be determined			n/a

Applies to active business income up to \$400,000.

A discussion paper will address the concern that corporations that benefit from the 0% rate may be unable to claim Manitoba's non-refundable income tax credits.

Subject to balanced budget requirements.

Additional highlights

Capital tax rates:

Capital tax was eliminated on July 1, 2008, for corporations that use more than 50% of their labour and capital in Manitoba in M&P activities.

Before Manitoba's \$10 million capital tax deduction.

Taxation year commencing after	Taxable capital employed in Manitoba	First \$10 million	> \$10 million and ≤ \$20 million	> \$20 million and ≤ \$21 million	> \$21 million
		January 1, 2008	Nil	0.2%	2.4%
January 1, 2009	0.1%	2.3%		0.3%	
January 1, 2010	Nil	2.2%		0.2%	
After 2010	Nil				

These changes do not apply to Crown corporations.

Green Energy Equipment Tax Credit: Starting 2009, this 10% refundable tax credit is extended to specified solar thermal heating equipment purchased for use primarily to heat liquid or gas.

Odour-control Tax Credit: This credit is extended two years to December 31, 2011.

Research and Development (R&D) Tax Credit: This 20% credit will be fully refundable for eligible expenditures incurred in Manitoba after 2009 under a contract with a qualifying research institute for new technologies and biotechnologies. For claims submitted after March 31, 2009, the deadline for renouncing the credit (six months after a corporation's year end) will be strictly enforced.

Community Enterprise Investment Tax Credit: Starting 2009, the maximum annual approval limit will increase from \$16,667,000 to \$33,000,000.

Co-op Education and Apprenticeship Tax Credits: Enhancements:

- extend all components of these credits to December 31, 2011; and
- introduce the Advanced-Level Apprentices Hiring Incentive, which equals 5% of wages paid to higher level apprentices after 2008 and before 2012 (maximum \$2,500 per completed level).

Mining tax: The tax rate is revised from a flat rate of 18% to the following:

	Taxation years ending after June 30, 2009	
Operator profits	< \$50 million	10%
	\$50 million to \$55 million	65%
	\$55 million to \$100 million	15%
	\$100 million to \$105 million	57%
	> \$105 million	17%

New Brunswick

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
12.5	5	12.5
31.5	16	47.16

Figures in **bold** are combined federal/provincial rates.

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

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: 3%	None	Harmonized PST and GST (13%)
See	Page 22	n/a	Page 39

Corporate income tax rate changes

Effective date		General and M&P rates	Threshold up to which CCPC rate applies
	Before January 1, 2009	13%	\$400,000
	January 1, 2009		\$500,000
	July 1, 2009		
	July 1, 2010		
	July 1, 2011		
	July 1, 2012	8%	

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

Additional highlights

Capital tax: New Brunswick's general capital tax was eliminated on January 1, 2009.

Film Tax Credit: The credit is extended one year to December 31, 2009.

Forestry Industry Investment Tax Credit: M&P equipment purchased by eligible forestry companies in 2009 will qualify for a 50% rebate, to a maximum of 50% of New Brunswick property tax paid for that year.

High Energy Use Tax Rebate: This property tax rebate, which is available to pulp and paper mills, is extended one year to March 31, 2010.

Newfoundland and Labrador

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General (non M&P)	M&P	CCPC	
		Active business income to \$500,000	Investment income
14 H 33	5 H 24	5 H 16	14 H 48.67

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see [page 21](#))

The M&P credit can be claimed only by companies that manufacture or process at a permanent establishment in the province.

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: 4%	Nil or 2%	Harmonized PST and GST (13%)
See	Page 22	Page 36	Page 39

Corporate income tax rate changes

Effective date	Threshold up to which CCPC rate applies
Before January 1, 2009	\$400,000
January 1, 2009	\$500,000

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

Additional highlights

No additional significant corporate tax changes were announced.

Northwest Territories

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
11.5 30.5	4 15	11.5 46.17

Figures in **bold** are combined federal/territorial rates.

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: None	2%	None
See	n/a	Page 36	n/a

Payroll tax is paid by employees.

Corporate income tax rate changes

Effective date	Threshold up to which CCPC rate applies
Before January 1, 2009	\$400,000
January 1, 2009	\$500,000

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

Additional highlights

No additional significant corporate tax changes were announced.

Nova Scotia

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC		
	Active business income to \$400,000	\$400,000 to \$500,000	Investment income
16	5 H	16 H	16
35	16	27	50.67

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see [page 21](#))

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: 0.175% or 0.35% Financial institutions: 4%	None	Harmonized PST and GST (13%)
See	Page 22	n/a	Page 39

Additional highlights

General capital tax rates:

Effective date		Taxable capital < \$10 million	Taxable capital > \$10 million
		Before July 1, 2008	0.45%
	July 1, 2008	0.4%	0.2%
	July 1, 2009	0.3%	0.15%
	July 1, 2010	0.2%	0.1%
	July 1, 2011	0.1%	0.05%
	July 1, 2012	Nil	

Because the government was defeated in the June 9, 2009 election, a new budget is expected. Important post-publication changes will be on www.pwc.com/ca/taxmemo.

Nunavut

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
12	4	12
31	15	46.67

Figures in **bold** are combined federal/territorial rates.

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: None	2%	None
See	n/a	Page 36	n/a

Payroll tax is paid by employees.

Corporate income tax rate changes

Effective date		Threshold up to which CCPC rate applies
		Before January 1, 2009
	January 1, 2009	\$500,000

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

Additional highlights

No additional significant corporate tax changes were announced.

Ontario

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General (non M&P)	M&P	CCPC			
		Active business income		Investment income	
		to \$500,000	\$500,000 to \$1,500,000		
14 H 33	12 H 31	5.5 H 16.5	18.25 H 37.25	15.25 H 34.25	14 H 48.67

See **Corporate Minimum Tax** below.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see [page 21](#))

In Ontario, the manufacturing rate applies to profits from manufacturing and processing, farming, mining, logging and fishing operations carried on in Canada and allocated to Ontario.

The benefit of Ontario's small business deduction is clawed back when taxable income of associated corporations exceeds \$500,000 and eliminated when taxable income, on an associated basis, reaches \$1,500,000. Rates include the clawback: 18.25% = 14% + 4.25% clawback, and 15.25% = 12% + 3.25% clawback.

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: 0.225% Financial institutions: 0.45% and 0.54% or 0.675%	Nil or 1.95%	8%; no PST on GST
See	Page 22	Page 36	Page 39

Corporate income tax rate changes

Applies to active business income up to \$500,000.

Effective date	General rate	M&P rate	CCPC rate	Small business clawback rate	
				General	M&P
Before July 1, 2010	14%	12%	5.5%	4.25%	3.25%
July 1, 2010	12%	10%	4.5%	0%	
July 1, 2011	11.5%				
July 1, 2012	11%				
July 1, 2013	10%				

The \$1,500,000 upper small business threshold will no longer apply commencing July 1, 2010, because of the elimination of the clawback. See above, under **Corporate income tax rates for 2009**.

Corporate Minimum Tax

Corporations subject to Ontario income tax may have a CMT liability based on adjusted book income. CMT is payable only to the extent that it exceeds the regular Ontario income tax liability. Thresholds apply on an associated basis.

Corporate Minimum Tax (CMT) rate	Taxation years ending	
	before July 1, 2010	after June 30, 2010
	4%	2.7%
Thresholds for CMT to apply	Total assets	> \$5 million or ≥ \$50 million
	Annual gross revenues	> \$10 million or ≥ \$100 million

Additional highlights

Capital tax rates:

Capital tax is eliminated or reduced as follows:

% of salaries and wages related to M&P and resource activities		
≥ 50%	Eliminated.	
> 20% and < 50%	Reduced proportionately (straight-line).	

Effective date	General rate	Financial institutions		
		Taxable capital employed in Ontario		
		≤ \$400 million	> \$400 million	
			Deposit taking	Other
Before January 1, 2010	0.225%	0.45%	0.675%	0.54%
January 1, 2010	0.15%	0.3%	0.45%	0.36%
July 1, 2010		Nil		

After Ontario's \$15 million capital tax deduction.

Film and media incentives: The 35% Ontario Film and Television Tax Credit and the 25% Ontario Productions Services Tax Credit rates have been made permanent. These rates were to drop to 20% and 11%, respectively, for labour expenditures incurred after December 31, 2009.

Interactive Digital Media Tax Credit: For qualifying expenditures incurred after March 26, 2009, the credit rate will increase to:

- 40% for all qualifying corporations that develop and market their own eligible products, up from 30% for small corporations and 25% for large corporations; and
- 35% for corporations that develop eligible products under a fee-for-service arrangement, up from 25%.

Computer Animation and Special Effects Tax Credit: Enhancements to this 20% refundable credit that apply to qualifying expenditures incurred after March 26, 2009:

- increase and expand the eligible labour expenditures that qualify for the credit; and
- relax the requirement that an eligible animation or visual effect must be created primarily with digital technologies.

Ontario Innovation Tax Credit (OITC): The taxable income phase-out range for the \$3 million OITC limit on scientific research and experimental development expenditures will be \$500,000 and \$800,000, when a CCPC's previous taxation year ends after 2008 (up from \$400,000 and \$700,000).

Book Publishing Tax Credit: For qualifying expenditures incurred after March 26, 2009, the following will qualify for this credit:

- an unlimited number of books by a Canadian author in an eligible category of writing; and
- direct expenses that reasonably relate to publishing an electronic version of an eligible book.

Employee training credits:

The credit has been made permanent (previously, it applied only for apprentices who begin their apprenticeship program before January 1, 2012, and salaries and wages paid before January 1, 2015). In addition, salary and wages paid during the first 48 months (up from the first 36 months) of an apprenticeship program will qualify for the credit.

		Co-operative Education Tax Credit		Apprenticeship Training Tax Credit	
		Before Mar. 27, 2009	After Mar. 26, 2009	Before Mar. 27, 2009	After Mar. 26, 2009
Credit rate	Small business	15%	30%	30%	45%
	Other	10%	25%	25%	35%
Maximum credit per placement		\$1,000	\$3,000	\$5,000	\$10,000

Corporate tax harmonization: Commencing taxation years ending after December 31, 2008, the Canada Revenue Agency will administer Ontario's corporate income tax, capital tax, CMT and Special Additional Tax on life insurers. As a result, the Ontario corporate income tax base will be harmonized with the federal base (transitional rules will apply) and the Ontario capital tax base will mirror the federal Large Corporations Tax rules. In addition, on harmonization:

- the Ontario Current Cost Adjustment and the Ontario New Technology Tax Incentive were eliminated; and
- the tax deduction for political contributions will be converted into a non-refundable tax credit.

Sales tax harmonization: On July 1, 2010, Ontario's 8% Retail Sales Tax and the 5% federal Goods and Services Tax will be replaced with a 13% blended sales tax. Transitional measures will apply. See our *Tax Memo*, "Ontario Sales Tax Harmonization" at www.pwc.com/ca/taxmemo.

Prince Edward Island

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
16 H	2.37 H	16 H
35	13.37	50.67

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see [page 21](#))

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: 5%	None	10%; PST levied on GST
See	Page 22	n/a	Page 39

Corporate income tax rate changes

Effective date	CCPC rate	Threshold up to which CCPC rate applies
	Before April 1, 2008	4.3%
April 1, 2008	3.2%	
January 1, 2009	2.1%	\$500,000
April 1, 2009	2.1%	
April 1, 2010	1%	

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

Additional highlights

No additional significant corporate tax changes were announced.

Quebec

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General and M&P	CCPC		
	Active business income to \$400,000	\$400,000 to \$500,000	Investment income
11.9 H 30.9	8 H 19	8.83 H 19.83	11.9 H 46.57

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see [page 21](#))

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: 0.24% Financial institutions: 0.73% (including compensatory tax on paid-up capital)	4.26%, 2.7% or reduced rates	7.5%; PST levied on GST
See	Page 22	Page 36	Page 39

Corporate income tax rate changes

The 11.4% rate does not apply to financial institutions (excluding insurance companies) and oil refining companies, which were already subject to a rate of 11.9%.

Effective date	General and M&P rate	Threshold up to which CCPC rate applies
Before January 1, 2009	11.4%	\$400,000
January 1, 2009	11.9%	\$500,000
March 20, 2009		

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

Additional highlights

Capital tax rates:

For taxation years ending after March 13, 2008, capital tax is:

% of activities attributable to M&P (based on M&P assets and labour)		
≥ 50%	Eliminated.	
> 20% and < 50%	Reduced proportionately (straight line).	

Effective date	General rate	Financial institutions
Before January 1, 2009	0.36%	0.72%
January 1, 2009	0.24%	0.48%
January 1, 2010	0.12%	0.24%
January 1, 2011	Nil	

Commercialization of intellectual property: A 10-year income tax exemption is introduced for corporations that:

- are incorporated in Canada after March 19, 2009, and before April 1, 2014;
- commercialize intellectual property developed in Quebec universities or Quebec public research centres; and
- earn all or almost all of their income from active businesses that are eligible commercialization businesses.

Media incentives: Enhancements:

- increase the maximum tax credit available for all combined Quebec Film and Television Production tax credits from 48.5625% to 65% for qualified labour expenditures incurred after December 31, 2008;
- eliminate the per film or series cap that applies to the Film and Television Production Tax Credit for qualified labour expenditures incurred after 2008; and
- increase tax credit rates, as follows:

	Before March 20, 2009	After March 19, 2009
Book publishing	26.25%	27%
Film dubbing	29.1667%	30%
Sound recording		35%
Shows		

The tax credit caps have been eliminated.

The cap on labour expenditures as a percentage of production costs increased from 45% to 50%.

Forestry and mining incentives: Enhancements that generally apply after March 19, 2009:

- introduce a five-year royalty holiday of up to \$800,000 per natural gas well;
- extend the 30% refundable manpower training credit for the M&P sector to the forestry and mining sector; and
- amend the *Mining Duties Act*, to allow profit or loss to be reported in a functional currency.

E-business tax credit: This 30% refundable tax credit is extended to additional activities in the information technology sector.

Design tax credit: Changes that apply to design work done after March 31, 2009, eliminate the requirement that a certain percentage of goods must be produced in Quebec.

Green Vehicle Tax Credit: A refundable tax credit of up to \$8,000 is available for recognized green vehicles acquired or leased (minimum one year) after 2008 and before 2016.

Canada-U.S. tax treaty: Quebec will consider whether its tax legislation requires amendments for the fifth Protocol to the Canada-U.S. tax treaty.

Aggressive tax planning schemes: A consultative document sets out proposed measures to counter aggressive tax planning. See our *Tax Memo*, "Quebec Proposals on Aggressive Tax Planning" at www.pwc.com/ca/taxmemo and podcast at www.pwc.com/ca/taxtracks.

Quebec Sales Tax (QST): The QST rate will increase from 7.5% to 8.5% on January 1, 2011. Transitional rules will apply.

Federal harmonization: Quebec will harmonize with many federal tax changes (with modifications, in some cases), including those relating to (see [pages 24](#) and [25](#)) capital cost allowance, the repeal of the anti-tax haven initiative and functional currency.

Saskatchewan

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General (non M&P)	M&P	CCPC	
		Active business income to \$500,000	Investment income
12	10	4.5	12
31	29	15.5	46.67%

Figures in **bold** are combined federal/provincial rates.

For 2009, 12% is the maximum Saskatchewan rate. A rebate of up to 2% of manufacturing profits allocated to Saskatchewan is available, which can reduce the rate to as low as 10%.

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: 3.25% or 0.7%	None	5%; no PST on GST
See	Page 22	n/a	Page 39

Corporate income tax rate changes

Effective date	General rate	Threshold up to which CCPC rate applies
Before July 1, 2008	13%	\$450,000
July 1, 2008	12%	\$500,000

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

Additional highlights

Capital tax rates:

The rate changes do not apply to:

- new capital (i.e., additions of depreciable property) acquired after June 30, 2006, for which the rate is nil, by applying a non-refundable tax credit against a corporation's capital tax liability; or
- Saskatchewan Crown corporations, for which the rate remains 0.6%. An additional 0.9% applies to telecommunications Crown corporations.

Effective date	General rate	Resource surcharge	
		Tier 4 oil and gas wells	Other
Before July 1, 2008	0.15%	1.75%	3.1%
July 1, 2008	Nil	1.7%	3.0%

Rates apply for production occurring on or after the effective date.

Research and Development tax credit: This credit is fully refundable for qualifying expenditures made after March 18, 2009.

Financial institutions capital tax: The Saskatchewan taxable paid-up capital base will exclude Saskatchewan taxable paid-up capital of general corporations acquired by financial institutions after June 30, 2008.

Film Employment Tax Credit: The deeming provision that treats certain out-of-province professionals as Saskatchewan workers for the purposes of this credit, is extended three years to December 31, 2011.

Yukon

Corporate income tax rates for 2009 (pro-rated for December 31, 2009 year end)

General (non M&P)	M&P	CCPC				Investment income
		Active business income				
		to \$400,000		\$400,000 to \$500,000		
		Non-M&P	M&P	Non-M&P	M&P	
15	2.5	4	2.5	15	2.5	15
34	21.5	15	13.5	26	13.5	49.67

Figures in **bold** are combined federal/territorial rates.

Other 2009 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: None	None	None
See	n/a	n/a	n/a

Additional highlights

Film location incentive: Changes that apply to applications filed after March 12, 2009:

- revise the maximum Yukon Spend Rebate to 25% of total Yukon below-the-line expenditures (from 35% of Yukon labour expenses); and
- increase the minimum Yukon labour requirement to claim the rebate to 50% (up from 25%) of total person days on the Yukon portion of production.

CPP/QPP, EI, QPIP and Health Care Premiums

CPP/QPP, EI and QPIP Premiums

Self-employed individuals are permitted to deduct half of CPP/QPP premiums paid for their own coverage. The non-deductible half qualifies for a tax credit. Self-employed individuals do not pay EI premiums.

Quebec EI premiums are lower due to the QPIP.

Employees with insurable earnings for the year below \$2,000 can claim a refund of premiums.

		2008	2009	
CPP/QPP premiums (all contributors)	Maximum pensionable earnings	\$44,900	\$46,300	
	- Basic exemption		\$3,500	
	= Maximum contributory earnings	\$41,400	\$42,800	
	Employer/employee rate	4.95%		
	Maximum employer/employee contribution	\$2,049	\$2,119	
	Self-employed contribution rate	9.9%		
	Maximum self-employed contribution	\$4,099	\$4,237	
EI premiums	All contributors (other than those in Quebec)	Maximum annual insurable earnings	\$41,100	\$42,300
		Premium per \$100 insurable earnings	Employee \$1.73	Employer \$2.422
	Quebec contributors	Annual maximum contribution	Employee \$711	Employer \$732
			Employee \$995	Employer \$1,025
		Maximum annual insurable earnings	\$41,100	\$42,300
		Premium per \$100 insurable earnings	Employee \$1.39	Employer \$1.38
		Employee \$1.946	Employer \$1.932	
	Annual maximum contribution	Employee \$571	Employer \$584	
		Employee \$800	Employer \$817	
QPIP premiums (Quebec only)	Maximum annual insurable earnings	\$60,500	\$62,000	
	Premium per \$100 insurable earnings	Employee \$0.450	Employer \$0.484	
		Employee \$0.630	Employer \$0.677	
	Annual maximum contribution	Employee \$272	Employer \$300	
		Employee \$381	Employer \$420	
		Premium per \$100 insurable earnings	Self-employed \$0.800	\$0.860
	Annual maximum contribution	Self-employed \$484	\$533	

For information on rates after 2009, see [page 11](#).

Health Care Premiums

Only British Columbia and Ontario have health care premiums that are payable by individuals. (Alberta eliminated its health care premiums on January 1, 2009.) Some employers pay these premiums on behalf of their employees.

Assistance is available to low-income earners.

British Columbia Medical Services Plan premiums	Monthly premiums	
	Single	Couple
	\$54	\$96
	Family \$108	

	Taxable income	Annual premiums (per individual)
Ontario	Up to \$20,000	Nil
	\$20,000 to \$25,000	6% of income > \$20,000
	\$25,000 to \$36,000	\$300
	\$36,000 to \$38,500	\$300 + 6% of income > \$36,000
	\$38,500 to \$48,000	\$450
	\$48,000 to \$48,600	\$450 + 25% of income > \$48,000
	\$48,600 to \$72,000	\$600
	\$72,000 to \$72,600	\$600 + 25% of income > \$72,000
	\$72,600 to \$200,000	\$750
	\$200,000 to \$200,600	\$750 + 25% of income > \$200,000
\$200,600 and over	\$900	

Individuals and Corporations

Payroll Tax Rates for 2009

Only those provinces and territories listed in the table below have payroll taxes (by various names).

Associated employers must aggregate their payroll costs to apply the thresholds.

In the Northwest Territories and Nunavut, payroll tax is paid by employees through payroll withholdings.

		Rate	Total payroll	Payroll tax
Manitoba	Health and Post-Secondary Education Tax	2.15%	Over \$2,500,000	Payroll x 2.15%
		4.3%	\$1,250,000 to \$2,500,000	(Payroll – \$1,250,000) x 4.3%
		0%	\$0 to \$1,250,000	\$0
Newfoundland and Labrador		2%	Over \$1,000,000	(Payroll – \$1,000,000) x 2%
		0%	\$0 to \$1,000,000	\$0
Northwest Territories	Payroll tax	2%	Over \$0	Payroll x 2%
Nunavut				
Ontario	Employer Health Tax	1.95%	Over \$400,000	(Payroll - \$400,000) x 1.95%
		0%	\$0 to \$400,000	\$0
Quebec	Health Services Fund	4.26%	Over \$5,000,000	Payroll x rate
		Reduced rates	\$1,000,000 to \$5,000,000	
		2.7%	\$0 to \$1,000,000	

Reduced rates for employers with annual payrolls between \$1 million and \$5 million depend on both the calendar year and the employer's total payroll.

Every Quebec employer with a payroll of \$1,000,000 or more must allot at least 1% of payroll to training, or contribute to a provincial fund the difference between that amount and the amount actually spent on training. In limited cases, corporations may be exempt from the Health Services Tax, and in some cases refunds may be made. Investment holding corporations may also be subject to a 1% compensatory tax on payroll.

Employees, employers and the self-employed must contribute to the Quebec parental insurance plan (QPIP). See [page 35](#).

Individuals whose income from certain sources, excluding remuneration, exceeds \$13,075 must contribute to the Health Services Fund (annual maximum contribution is \$1,000). The contribution gives rise to a tax credit.

Retirement Savings and Profit Sharing Plans

For registered retirement savings plans (RRSPs), money purchase registered pension plans (RPPs) and deferred profit sharing plans (DPSPs), the amount that can be contributed in a year is the lesser of:

- 18% of earned income for the previous year (for RRSPs) or of pensionable earnings for the current year (for RPPs and DPSPs); and
- fixed dollar limits.

The table below outlines these limits. For example, for RRSPs, the \$22,000 fixed dollar limit applies in 2010 if earned income in 2009 (i.e., the previous year) exceeds \$122,223 (because 18% of \$122,223 is \$22,000).

Also known as defined contribution plans. For defined benefit plans, different rules apply.

Other factors, such as past service pension adjustments, may affect these limits and are not shown, nor are special rules that may apply to transfers and deceased taxpayers.

The PA reflects the value of benefits accruing to the individual for the year in a DPSP and/or an RPP, whether defined benefit or money purchase.

A PAR may restore RRSP contribution room when a member withdraws from a defined benefit RPP and the amount received is less than the total PAs.

The fixed-dollar DPSP contribution limit is half of the fixed-dollar money purchase RPP contribution limit for the year.

Employee contributions to DPSPs are not permitted.

		Registered retirement savings plan (RRSP)		Money purchase registered pension plan (RPP)		Deferred profit sharing plan (DPSP)	
% of earnings		18% of earned income for the previous year		18% of pensionable earnings for the year			
		Maximum contribution	Earned income (previous year)	Maximum contribution	Pensionable earnings (current year)	Maximum contribution	Pensionable earnings (current year)
Dollar limits	2008	\$20,000	≥ \$111,112	\$21,000	≥ \$116,667	\$10,500	≥ \$58,334
	2009	\$21,000	≥ \$116,667	\$22,000	≥ \$122,223	\$11,000	≥ \$61,112
	2010	\$22,000	≥ \$122,223	Indexed			
	2011						
Contribution limits	Limits apply to:	All contributions		Combined employer/employee contributions		Employer contributions	
	Reduced by:	Pension Adjustment (PA) for the previous year		DPSP contributions for the year (Terms of plan may impose lower limits)		Money purchase RPP contributions for the year (Terms of plan and employer's profits may impose lower limits)	
	Increased by:	Unused contribution limits of previous years and pension adjustment reversals (PARs)		n/a			
	Stated in:	Previous year's Notice of Assessment		Documents provided by the employer or plan administrator			
Deadlines	Employer's contribution	n/a		120 days after employer's year end			
	Individual's contributions	60 days after the calendar year end (i.e., March 1, but February 29 for leap years; adjusted for deadlines that fall on weekends)		December 31		n/a	

Individuals and Corporations

Investment Tax Credits and R&D Tax Credits

Federal Investment Tax Credit Rates

The federal investment tax credit (ITC) and refund rates shown apply to expenditures incurred in 2009 for qualified property in certain regions and for qualified scientific research and experimental development (SR&ED).

Unused federal ITCs may reduce federal taxes payable for the previous three and the next 20 years.

Generally includes new buildings and/or machinery and equipment to be used primarily in Canada in manufacturing or processing, mining, oil and gas, logging, farming or fishing.

In respect of unused ITCs on scientific research and experimental development expenditures.

Generally, a CCPC's \$3 million expenditure limit in respect of the 35% credit is reduced by:

- \$10 for every \$1 by which its previous year's taxable income exceeded \$400,000, up to \$700,000 (\$500,000, up to \$800,000 if the previous taxation year ends after 2008); and
- \$0.075 for every \$1 of its previous year's taxable capital employed in Canada above \$10 million, up to \$50 million.

Thresholds are on an associated basis.

	Investment tax credit (ITC) rate	Refund rate
Qualified property in Atlantic provinces, Gaspé region and Atlantic offshore region	10%	n/a
Qualified SR&ED in Canada Qualifying Canadian-Controlled Private Corporations (CCPCs)	35% of annual expenditures up to threshold (\$3 million or less) + 20% of qualified expenditures not eligible for the 35% rate	100% of ITCs on current expenditures computed at the 35% rate + 40% of ITCs on capital expenditures computed at the 35% rate and of ITCs computed at the 20% rate
Other corporations Individuals	20%	n/a 40% of ITCs

The ITC is extended to certain salary or wages incurred in respect of SR&ED carried on outside Canada after February 25, 2008.

Provincial and Territorial R&D Tax Credits

Only those provinces and territories listed in the table offer R&D tax credits, and in most jurisdictions only corporations are eligible.¹

In Ontario, corporations that have taxable income under \$400,000 and taxable capital under \$25 million can claim the innovation tax credit on up to \$3 million of expenditures. Those with taxable income between \$400,000 and \$700,000 or taxable capital between \$25 million and \$50 million are eligible for a partial credit.² 100% of current expenditures and 40% of capital expenditures are eligible. (The taxable income thresholds are \$500,000 and \$800,000 if the previous taxation year ends after 2008).

20% of qualifying payments (up to \$20 million annually on an associated basis) to an Ontario eligible research institute.

Quebec Canadian-controlled corporations with less than \$50 million in assets can claim the 37.5% rate on up to \$3 million of R&D wages. For those with assets between \$50 million and \$75 million, the rate is gradually reduced to 17.5%. The rate is 17.5% for all other taxpayers. 50% of payments to unrelated subcontractors are eligible for the credit.²

In some cases, Quebec's 35% credit is available on 80% of payments to certain eligible entities (e.g., universities and public research centres).

	Rate	Credit against	Refundable?	Carry-back	Carry-forward
Alberta					
British Columbia	10%	Qualifying CCPCs	Yes	n/a	
Manitoba		Other corporations	No	3 years	10 years
New Brunswick	15%				
Newfoundland and Labrador¹					
Nova Scotia					
	10%	Innovation tax credit	Yes		n/a
Ontario	20%	Business research institute tax credit			
	4.5%	R&D tax credit	No	3 years	20 years
	17.5% to 37.5%	R&D wage tax credit			
Quebec¹	35%	University, public research centre, research consortium and private partnership tax credits	Yes		n/a
Saskatchewan	15%		Yes/No	3 years	10 years
Yukon¹			Yes		n/a

Manitoba's credit is fully refundable for certain eligible expenditures incurred after 2009. See [page 28](#).

Can be carried back to taxation years ending after 2008.

Applies to R&D expenditures incurred before March 19, 2009.

Yukon's rate is 20% on R&D expenditures made to the Yukon College.

Saskatchewan's credit is fully refundable for qualifying expenditures made after March 18, 2009.

- In Newfoundland and Labrador, Quebec and Yukon, the credits can be claimed by individuals as well as corporations.
- Ontario and Quebec thresholds are in respect of the previous year, on a worldwide associated basis.

Sales Tax Rates and Land Transfer Taxes

Sales and Commodity Tax Rates for 2009

A 5% First Nation GST applies instead in certain First Nations.

	Sales tax rate	PST on GST?	PST+GST, or HST
Federal	5% GST		n/a
Alberta	No sales tax		5% federal GST
British Columbia	7%	No PST on GST	12%
Manitoba			
New Brunswick	HST (Harmonized PST and GST)		13%
Newfoundland and Labrador			
Northwest Territories	No sales tax		5% federal GST
Nova Scotia	HST (Harmonized PST and GST)		13%
Nunavut	No sales tax		5% federal GST
Ontario	8%	No PST on GST	13%
Prince Edward Island	10%	PST on GST	12.875%
Quebec	7.5%		
Saskatchewan	5%	No PST on GST	10%
Yukon	No sales tax		5% federal GST

PST = Provincial sales tax
 GST = Goods and services tax
 HST = Harmonized sales tax

Ontario's 8% sales tax and the 5% federal GST will be replaced with a 13% blended sales tax on July 1, 2010. See [pages 16 and 32](#).

Minimum of \$60 in Nunavut and \$100 in Northwest Territories.

Only Toronto, Ontario imposes additional land transfer taxes.

The Quebec sales tax rate will increase to 8.5% on January 1, 2011.

Land Transfer Tax and Registration Fees

This table summarizes land transfer taxes and registration fees that provinces and territories charge on the purchase of real property within their boundaries.

Some exemptions (or refunds) are available. Higher rates may apply to non-residents. Some jurisdictions charge additional fees (e.g., on the registration of the deed or mortgage).

	Calculation	Value used
Alberta	\$35 + 0.02% of value	Value of property
British Columbia	1% of portion ≤ \$200,000 + 2% of portion > \$200,000	Fair market value of property
Manitoba	\$70 + 0.5% of portion between \$30,000 and \$90,000 + 1% of portion between \$90,000 and \$150,000 + 1.5% of portion between \$150,000 and \$200,000 + 2% of portion > \$200,000	
New Brunswick	\$65 + 0.25% of value	Greater of assessed value and consideration for the transfer
Newfoundland and Labrador	\$100 + 0.4% of portion > \$500	Value of property
Northwest Territories	0.15% of portion ≤ \$1,000,000 + 0.1% of portion > \$1,000,000	
Nunavut		
Nova Scotia	\$83.51 + Up to 1.5% (determined by municipality)	Value of consideration
Ontario	General 0.5% of portion ≤ \$55,000 + 1% of portion between \$55,000 and \$250,000 + 1.5% of portion > \$250,000	
	Family dwelling with ≤ two units ¹ As above + 0.5% of portion > \$400,000	
Addition for Toronto	General 0.5% of portion ≤ \$55,000 + 1% of portion between \$55,000 and \$400,000 + 1.5% of portion between \$400,000 and \$40 million + 1% of portion > \$40 million	
	Family dwelling with ≤ two units ¹ As above + 0.5% of portion between \$400,000 and \$40 million + 1% of portion > \$40 million	
Prince Edward Island	General 1% of value, if value > \$30,000	Greater of assessed value and consideration for the transfer
	Non-residents & corporations As above + 1% of value (\$500 minimum) (Depends on land size and corporate ownership)	Purchase price
Quebec	0.5% of portion ≤ \$50,000 + 1% of portion between \$50,000 and \$250,000 + 1.5% of portion > \$250,000	Greatest of: • consideration furnished; • consideration stipulated; and • fair market value of property.
Saskatchewan	0.3% (\$25 minimum)	Value of property
Yukon	0.2% of portion ≤ \$5,000 + 0.25% of portion between \$5,000 and \$10,000 + 0.175% of portion between \$10,000 and \$25,000 + 0.125% of portion > \$25,000	

1. Must have at least one unit.

Individuals and Corporations

Filing Deadlines

Deadlines falling on holidays or weekends may be extended to the next business day.

In addition to income tax returns, individuals, trusts, corporations and partnerships may be subject to other filing requirements. Several are noted below. See [page 8](#) for individual and trust income tax filing and payment deadlines and [page 23](#) for corporate and capital tax filing and payment deadlines.

Earlier deadlines apply to publicly traded trusts and publicly traded partnerships for posting information relating to T3s and T5013s to the CDS Innovations Inc. website.

Expanded T106 disclosure requirements are described on [page 11](#).

		Jurisdiction or form	Filing deadline	Details and exceptions
Income reporting	Trusts	Federal, Quebec (T3 slip/relevé 16)	90 days after trust year end	n/a
	Other	Federal, Quebec (T4/relevé 1, T5/relevé 3, etc.)	Last day of February	If filer's business activity is discontinued, deadline is 30 days after discontinuance. March 31 deadline for partnership information returns applies to partnerships with only individual members. Otherwise: <ul style="list-style-type: none"> • for partnerships with only corporate members: five months after end of fiscal period; • for partnerships with both individual and corporate members: earlier of last day of March and five months after end of fiscal period; • in all cases, if partnership discontinues, earlier of normal filing deadline and 90 days after discontinuance.
	Partnership	Federal, Quebec (T5013/relevé 15)	Last day of March	
Information returns	Tax shelter	Federal, Quebec		
	Transactions with non-residents	Federal: NR4	Individuals: April 30 Corporations: 6 months after year end Trusts: 90 days after year end	For trusts, form NR4 is due 90 days after the trust's year end.
	Foreign property/trust	Federal: T1135, T1141, T1142	Partnerships: (T106, T1135 and T1142 only); same as for partnership information return	For individuals, forms T106, T1135, T1141 and T1142 are due June 15 if the taxpayer or the taxpayer's spouse carried on a business in the year.
		Federal: T1134-A, T1134-B	Individuals, corporations, trusts and partnerships: 15 months after year end	n/a
Notice of objection		Federal, all provinces	90 days after mailing date of assessment or reassessment	For taxation years ending before 2009: filing deadline is 180 days after mailing date of assessment or reassessment for Ontario corporate tax. In all jurisdictions, for an individual or a testamentary trust: the later of one year after the filing due date and 90 days after mailing date of the assessment or reassessment.

Prescribed Interest Rates – Income, Capital and Payroll Taxes

In most jurisdictions, interest is charged on underpayments of income, capital and payroll taxes at a fixed percentage above the interest governments pay on overpayments.

Rates left blank were not available when *Tax Facts and Figures* was published.

Compounding schedule		2008				2009					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
		Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.		
Daily	Federal: Income tax, financial institutions capital tax, source deductions, CPP and EI	Underpayments	8%		7%		6%		5%		
		Overpayments	6%		5%		4%		3%		
		Taxable benefits	4%		3%		2%		1%		
	Alberta: Corporate income tax	Underpayments	7.5%		6.5%		5.5%		4.5%		
		Overpayments	4%		3%		2%		1%		
	Monthly	British Columbia: Financial institutions capital tax	Underpayments	9%	8.25%	7.75%		6.5%		5.5%	
Overpayments			4%		3.25%		2.75%		1.5%		
Manitoba: Capital tax and Health and Post-Secondary Education Tax		Underpayments	10%		8.75%		7.5%				
		Some overpayments									
New Brunswick: Financial institutions capital tax		Underpayments	13.5% (1.06% per month)								
		Overpayments	New Brunswick does not pay interest on overpayments								
Newfoundland and Labrador: Financial institutions capital tax and Health and Post-Secondary Education Tax		Underpayments	15.39% (1.2% per month)								
		Overpayments	8.73% (0.7% per month)								
Daily		Nova Scotia: Financial institutions capital tax	Underpayments	8%		7%		6%		5%	
			Overpayments	6%		5%		4%		3%	
	Ontario: Corporate income and capital tax and Employer Health Tax	Underpayments	9%		8%		7%				
		Overpayments	3%		2%		1%				
		Refunds from objection or appeal	6%		5%		4%				
	Monthly	Prince Edward Island: Financial institutions capital tax	Underpayments	19.56% (1.5% per month)							
Overpayments											
Daily	Quebec: Corporate and personal income tax, capital tax and Health Services Fund contributions	Underpayments	9%		8%		7%		6%		
		Overpayments	3.75%		2.75%		2.75%				
		Taxable benefits	4%		3%		2%		1%		
Not compounded	Saskatchewan: Capital tax	Underpayments	9%		7.75%		6.5%				
		Overpayments	6%		4.75%		3.5%				

Federal rates apply to:
 • general capital taxes collected by the Canada Revenue Agency (CRA) on behalf of New Brunswick and Nova Scotia; and
 • Ontario corporate income and capital tax payments made to the CRA (commencing for taxation years ending in 2009).

Quebec charges an additional 10% per year on underpaid instalments if less than 75% of the required amount is paid.

Recent Tax Cases

Tax cases provide insight into the types of issues the Canada Revenue Agency (CRA) pursues, trends in judicial attitudes, and tax principles advanced by the courts.

General anti-avoidance rule (GAAR): In **Jordan B. Lipson and Earl Lipson v. The Queen**, the Supreme Court of Canada (SCC) ruled, in a split decision, that GAAR applied to a series of transactions that had the result of allowing a taxpayer to deduct interest on a loan that was used, indirectly, to fund the purchase of a home. See our *Tax Memo*, “Important Supreme Court Ruling on GAAR – Highlights” at www.pwc.com/ca/taxmemo.

The SCC dismissed the taxpayers’ application for leave to appeal the Federal Court of Appeal’s (FCA’s) decision in **The Queen v. John MacKay et al.** The FCA held that GAAR applied to deny non-capital losses that had been transferred between unrelated parties through a series of transactions involving a partnership.

In **The Queen v. Gary Landrus**, the FCA ruled that the taxpayer, a limited partner in a partnership, could deduct his share of the partnership’s terminal loss on the disposition by the partnership of its real estate to another partnership in which the taxpayer had a partnership interest. The FCA held that GAAR did not apply. The Minister will not request leave to appeal this decision to the Supreme Court of Canada.

In **Copthorne Holdings Ltd. v. The Queen**, the FCA ruled that GAAR applied to transactions undertaken by the taxpayer that had the effect of double counting the paid-up capital attributable to shares of the taxpayer’s subsidiary. The FCA found that a purported return of capital should be taxed as a deemed dividend subject to Canadian withholding tax.

In **Lehigh Cement Limited v. The Queen**, a series of transactions was undertaken to enable the taxpayer to avoid Part XIII withholding tax on interest payments made on a loan from a related Belgian company by having an arm’s length Belgian bank purchase the right to receive all interest payments on the loan. The Tax Court of Canada (TCC) held that GAAR applied and that the exemption from withholding on interest payments to an arm’s length party did not apply. The taxpayer is appealing this decision.

Treaty interpretation: In **The Queen v. Prévost Car Inc.**, a Netherlands company, created by a British and a Swedish company (which were at arm’s length), wholly owned a Canadian company. A shareholder agreement provided that 80% of the profits of the jointly held companies would be paid out as dividends. The FCA confirmed a TCC decision that held that the dividends paid by the Canadian company were beneficially owned by the Netherlands company, and therefore were subject to a reduced withholding tax rate under the Canada-Netherlands Income Tax Convention 1986. See our *Tax Memo*, “The FCA Decision in Prévost Car Inc. – Beneficial Ownership for Tax Treaty Purposes” at www.pwc.com/ca/taxmemo.

Consultant’s work-in-progress: In **CDSL Canada Limited et al. v. The Queen**, the FCA ruled that a consultant’s work-in-progress could be valued at the lower of cost and fair market value (FMV) for income tax purposes, although FMV was used for accounting purposes.

Write-down of advances to subsidiary: In **Valiant Cleaning Technology Inc. v. The Queen**, the TCC held that cash advances made by a Canadian parent to its foreign subsidiary to fund the subsidiary’s operating expenses were deductible as current expenditures because they were made to protect the taxpayer’s reputation and Canadian revenue stream.

Amalgamations: In **Husky Oil Limited v. The Queen**, the TCC ruled that a taxpayer that indirectly received worthless shares of an amalgamated corporation for valuable shares it held in a predecessor corporation, was taxable on the share disposition because specific amalgamation and shareholder appropriation rules applied. As a result, the taxpayer did not benefit from a rollover on the amalgamation. The taxpayer is appealing this decision.

Stop-loss rules: As part of a restructuring plan, the taxpayer in **The Queen v. Cascades Inc.**, sold its shares in a company (PIL) to its wholly owned subsidiary, triggering a capital loss. Within 30 days of the sale, the subsidiary and PIL were amalgamated. The FCA overturned the TCC decision and ruled that the stop-loss rules applied to deny the capital loss.

Unnamed persons: In **eBay Canada Limited and eBay CS Vancouver Inc. v. The Minister of National Revenue**, the FCA upheld a court order that required a Canadian resident to provide information on unnamed persons that was stored in data facilities owned by a related third party outside Canada.

In **Redeemer Foundation v. The Minister of National Revenue**, the SCC ruled that the CRA was not required to obtain court authorization to obtain a donor list from a charity and that the CRA could use the donor list to disallow donation claims made by the charity’s donors.

Transfer pricing: In **GlaxoSmithKline Inc. v. The Queen**, the TCC found that the taxpayer purchased a medication ingredient from its Swiss affiliate for almost five times the arm’s length price. The TCC ruled that, in the circumstances, the comparable uncontrolled price (CUP) method was the preferred method and that the purchase price paid by the generic pharmaceuticals was an appropriate CUP. The taxpayer is appealing this decision.

Treaty limitations: The SCC dismissed the taxpayer’s application for leave to appeal the FCA’s decision in **The Queen v. Canwest Mediaworks Inc.** The FCA ruled that the Minister’s reassessment to include foreign accrual property income in the taxpayer’s income was not statute-barred although it was issued after the five-year limit imposed by the Canada-Barbados Income Tax Convention 1980.

Conversion premium on convertible debt: The SCC dismissed the taxpayers’ application for leave to appeal the FCA’s decision in **Provigo Inc., Tembec Inc. and Cascades Inc. v. The Queen**. The FCA ruled that no deduction could be claimed for the excess of the FMV of shares issued on conversion of a convertible debt over the issue price of the debt.

U.S. Top Individual Income Tax Rates – Federal and State Combined (2009)

Combined state and federal rates generally apply to employment income, interest and non-qualified dividends, among other things. These rates are shown for the federal brackets set out below. State rates can be calculated by subtracting the applicable federal marginal tax rate (i.e., 28%, 33% or 35%); see below.

The tables do not take into account:

- deductibility of state taxes for federal tax purposes, which will reduce the tax rates shown;
- full or partial deductibility of federal taxes for state tax purposes, which may reduce the tax rates shown for Alabama, Iowa, Louisiana, Missouri, Montana and Oregon;
- other taxes that may apply (e.g., alternative minimum taxes);
- special rates that may apply to certain types of income (e.g., long-term capital gains, qualified dividends) or in certain circumstances (e.g., to non-residents of a state who have income from that state);
- city or county income taxes; and
- marginal rates that apply under the status “married filing separately” or “head of household.”

Top three federal taxable income ranges (\$US)

	Third	Second	Top
Single	\$82,250 to \$171,550	\$171,550 to \$372,950	Above \$372,950
Married filing jointly	\$137,050 to \$208,850	\$208,850 to \$372,950	
Federal marginal rate	28%	33%	35%

Combined Federal and State Rates (%)

	Third	Second	Top
Alabama	33	38	40
Alaska	28	33	35
Arizona	32.54 or 32.24	37.54	39.54
Arkansas	35	40	42
California	37.55	42.55	44.55
Colorado	32.63	37.63	39.63
Connecticut	33	38	40
Delaware	33.95	38.95	40.95
Florida	28	33	35
Georgia	34	39	41
Hawaii	37 or 36.25	44 or 43	46
Idaho	35.8	40.8	42.8
Illinois	31	36	38
Indiana	31.4	36.4	38.4
Iowa	36.98	41.98	43.98
Kansas	34.45	39.45	41.45
Kentucky	34	39	41
Louisiana	34	39	41
Maine	36.5	41.5	43.5
Maryland	33	38.25	40.5
Massachusetts	33.3	38.3	40.3
Michigan	32.35	37.35	39.35
Minnesota	35.85	40.85	42.85
Mississippi	33	38	40
Missouri	34	39	41
Montana	34.9	39.9	41.9
Nebraska	34.84	39.84	41.84
Nevada	28	33	35
New Hampshire	28	33	35
New Jersey	34.37	39.37	43.97
New Mexico	32.9	37.9	39.9
New York	34.85	40.85	43.97
North Carolina	35.75	40.75	42.75
North Dakota	31.81	37.42	39.86
Ohio	33.45 or 33.93	38.93	40.93
Oklahoma	33.25	38.25	40.25
Oregon	37	42	44
Pennsylvania	31.07	36.07	38.07
Rhode Island	35.75	42	44.9
South Carolina	35	40	42
South Dakota	28	33	35
Tennessee	28	33	35
Texas	28	33	35
Utah	33	38	40
Vermont	36.5	42	44.5
Virginia	33.75	38.75	40.75
Washington	28	33	35
Washington D.C.	36.5	41.5	43.5
West Virginia	34.5	39.5	41.5
Wisconsin	34.75	39.75	41.75
Wyoming	28	33	35

In Arizona, 32.54% applies to single filers, 32.24% applies to married joint filers.

In Hawaii, 37% and 44% apply to single filers, 36.25% and 43% apply to married joint filers.

In Massachusetts, the rates are 6.7% higher on short-term capital gains.

In New Hampshire, the rates are 5% higher on interest and dividends.

In Ohio, 33.45% applies to single filers, 33.93% applies to married joint filers.

In Rhode Island, the rates are 34.5%, 39.5% and 41.5%, respectively, for taxpayers using the optional method.

In Tennessee, the rates are 6% higher on interest and dividends.

In California, the rate is 45.55% on incomes over US\$1 million.

In Maryland, the rate is 41.25% on incomes over US\$1 million.

U.S. Unified Transfer Tax Rates

The U.S. unified transfer tax system may result in a U.S. tax liability for U.S. citizens and Canadian residents, as follows:

Various deductions and adjustments are allowed in deriving the tax base for estate tax purposes.

	Circumstances	Type of unified transfer tax	Estate tax imposed on:
U.S. citizens (residing in Canada or elsewhere)	Transfers: • on death; or • of property during lifetime.	Estate tax Gift tax or generation-skipping tax	Fair market value (FMV) of taxpayer's worldwide assets at death.
Canadian residents (who are not U.S. citizens)	Individual: • dies owning U.S. situs assets (e.g., shares of U.S. corporations, U.S. real estate, U.S. business assets); or • transfers real or tangible U.S. situs assets during lifetime.		Taxpayer's U.S. situs assets at death. (If FMV of worldwide assets < US\$1.2 million, estate tax is imposed only on U.S. real estate and U.S. business assets.)

Estate Taxes

The rates in the table on the right apply from the thresholds shown to the next threshold (or to the entire taxable amount above the threshold if there is no higher threshold).

Gift Taxes

Gift taxes are computed by applying the rates in the table on the right to cumulative taxable lifetime transfers and subtracting the gift taxes previously payable. In general, the fair market value of the transferred property is the starting point for the gift tax calculation.

Canadian residents (who are not U.S. citizens) can reduce their estate tax liability by claiming a unified credit equal to the greater of:

- US\$13,000; and
- the amount of the unified credit (i.e., US\$1,455,800 in 2009) given to a U.S. citizen, pro-rated by the value of the individual's U.S. assets divided by his or her worldwide assets.

The gift tax unified credit is a lifetime exclusion. An annual exclusion of US\$13,000 (US\$133,000 to a non-U.S. citizen spouse) per donee also applies.

Generation-Skipping Transfer Tax

A transfer that is:

- subject to either gift or estate tax; and
- made to a person who is two or more generations below the donor (e.g., a grandchild), is a generation-skipping transfer and is subject to the U.S. generation-skipping transfer tax.

Therefore, generation-skipping transfer tax may apply in addition to estate or gift tax. It is computed at the same rates as estate tax. Every donor is allowed a lifetime exemption, which is indexed annually for inflation. For 2009, the exemption is US\$3,500,000.

The estate tax will be repealed entirely in 2010. Without further legislative action it will be re-established in 2011, using the 2001 rate regime. However, new legislation may be enacted before 2010 that will extend the 2009 rates and exemptions. The gift tax will continue in 2010, with the top gift tax rate being 35%, applicable to transfers over US\$1,000,000. However, starting in 2011, it again follows estate tax rates.

		2008	2009	2010	2011
Threshold	\$0		18%	Estate tax repealed	18%
	\$10,000		20%		20%
	\$20,000		22%		22%
	\$40,000		24%		24%
	\$60,000		26%		26%
	\$80,000		28%		28%
	\$100,000		30%		30%
	\$150,000		32%		32%
	\$250,000		34%		34%
	\$500,000		37%		37%
	\$750,000		39%		39%
	\$1,000,000		41%		41%
	\$1,250,000		43%		43%
\$1,500,000		45%	45%		
\$2,000,000			49%		
\$2,500,000			53%		
\$3,000,000			55%		
Estate tax (US\$)	Exemption	\$2,000,000	\$3,500,000		\$1,000,000
	Unified credit	\$780,800	\$1,455,800		\$345,800
Gift tax (US\$)	Exemption			\$1,000,000	
	Unified credit			\$345,800	

The unified credit is equal to the value of the exemption.

U.S. Corporate Income Tax Rates – Federal and State (2009)

Rates apply to income from the thresholds shown to the next threshold (or to all higher income if there is no higher threshold). The threshold refers to taxable income for federal purposes, and to taxable or net income, depending on the state.

The tables do not take into account:

- lower rates (federally and in some states) that apply only to income below \$100,000;
- other taxes that may be imposed (e.g., minimum taxes, franchise taxes, capital taxes);
- special rates that may apply to certain types of corporations (e.g., S-Corporations, banks, insurance corporations) or on certain types of income (e.g., capital gains, income from domestic production activities, see below);
- city or county income taxes;
- the deductibility of state taxes for federal tax purposes; and
- the deductibility of federal taxes for state tax purposes in Alabama, Iowa, Louisiana and Missouri.

Federal rates and brackets (\$US)

	Threshold	Rate (%)	
General	\$100,000	39	
	\$335,000	34	
	\$10,000,000	35	
	\$15,000,000	38	
	\$18,333,333	35	
Personal service		35	
Personal holding	\$0	15	
Accumulated earnings	Personal service	\$150,000	15
	Other	\$250,000	

A deduction for domestic production activities reduces the effective tax rate on this income in stages from 35% to 31.85% by 2010. The effective 2009 rate is 32.90%.

Additional tax applies to undistributed income.

May apply in addition to regular tax.

State rates and brackets (\$US)

	Threshold	Rate (%)	
Alabama	\$0	6.5	
Alaska	\$90,000	9.4	
Arizona	\$0	6.968	
Arkansas	\$100,000	6.5	
California	\$0	8.84	
Colorado	\$0	4.63	
Connecticut	\$0	7.5	
Delaware	\$0	8.7	
Florida	\$5,000	5.5	
Georgia	\$0	6	
Hawaii	\$100,000	6.4	
Idaho	\$0	7.6	
	Personal property	\$0	2.5
Illinois	General	\$0	4.8
		\$0	8.5
Indiana	\$100,000	10	
Iowa		\$250,000	12
		\$50,000	7.05
Kansas	\$100,000	6	
Kentucky	\$100,000	7	
Louisiana		\$200,000	8
		\$75,000	8.33
Maine	\$250,000	8.93	
Maryland	\$0	8.25	
Massachusetts	\$0	9.5	
Michigan Business Income Tax	\$0	4.95	
Minnesota	\$0	9.8	
Mississippi	\$10,000	5	
Missouri	\$0	6.25	
Montana	\$0	6.75	
Nebraska	\$100,000	7.81	
Nevada		No income tax	
New Hampshire	\$0	8.5	
New Jersey	\$0	9	
New Mexico	\$0	4.8	
	\$500,000	6.4	
	\$1,000,000	7.6	
	\$0	6.5	
	Small business	\$290,000	7.1
New York		\$350,000	11.45
	Manufacturers	\$390,000	n/a
	Other	\$0	6.5
North Carolina	\$0	7.1	
North Dakota	\$0	6.9	
North Dakota	\$50,000	6.4	
	\$50,000	1.92	
Ohio	\$2,297,727	1.7	
Oklahoma	\$0	6	
Oregon	\$0	6.6	
Pennsylvania	\$0	9.99	
Rhode Island	\$0	9	
South Carolina	\$0	5	
South Dakota		No income tax	
Tennessee	\$0	6.5	
Texas		No income tax	
Utah	\$0	5	
Vermont	\$25,000	8.5	
Virginia	\$0	6	
Washington		No income tax	
Washington D.C.	\$0	9.975	
West Virginia	\$0	8.5	
Wisconsin	\$0	7.9	
Wyoming		No income tax	

Taxpayers subject to the Michigan Business Tax (MBT) pay a surcharge equal to 21.99% of MBT (maximum surcharge is \$6 million). MBT includes the Business Income Tax.

Businesses with at least \$4 million in annual receipts pay a surcharge equal to 3% of Wisconsin tax (maximum surcharge is \$9,800).

Canada's Treaty Withholding Tax Rates

This table summarizes treaty withholding tax rates (%) on payments arising in Canada. Rates in square brackets after an arrow are set out in a protocol, replacement treaty or new treaty that is signed, but not in force. To the left of the arrow are the rates that are being replaced, i.e., the rate or rates in the existing treaty or protocol or, if no treaty is in force, the 25% rate

	Dividends	Related-party interest ²	Royalties ⁴
Algeria	15	15	0 or 15
Argentina	10 or 15	12.5	3, 5, 10 or 15
Armenia	5 or 15	10	10
Australia	5 or 15	10	10
Austria	5 or 15	10	0 or 10
Azerbaijan	10 or 15	10	5 or 10
Bangladesh	15	15	10
Barbados	N	15	0 or 10
Belgium	5 or 15	10	0 or 10
Bolivia	N	25% imposed by Canada	
Brazil	15 or 25	15	15 or 25
Bulgaria	10 or 15 ¹	10	0 or 10 ¹
Cameroon	15	15	15
Chile ¹	10 or 15	15	15
China P.R. (not Hong Kong)	10 or 15	10	10
Colombia, Rep. of	25 → [5 or 15]	25 → [10]	25 → [10] ¹
Costa Rica	N	25% imposed by Canada	
Croatia	5 or 15	10	10
Cuba	N	25% imposed by Canada	
Cyprus	15	15	0 or 10
Czech Rep.	5 or 15	10	10
Denmark	5 or 15	10	0 or 10
Dominican Rep.	18	18	0 or 18
Ecuador	5 or 15	15	10 or 15 ¹
Egypt	N	15	15
Estonia	5 or 15	10	10 ¹
Finland	5 or 15	10	0 or 10
France	5 or 15	10	0 or 10
Gabon	15	10	10
Germany	5 or 15	10	0 or 10
Greece	N	25% imposed by Canada	
Guyana	15	15	10
Hungary	5 or 15	10	0 or 10

	Dividends	Related-party interest ²	Royalties ⁴
Iceland	5 or 15	10	0 or 10
India	15 or 25	15	10, 15 or 20
Indonesia	10 or 15	10	10
Ireland	5 or 15	10	0 or 10
Israel	15	15	0 or 15
Italy	15 → [5 or 15]	15 → [10]	→ [0, 5 or 10]
Ivory Coast	15	15	10
Jamaica	15	15	10
Japan	5 or 15	10	10
Jordan	10 or 15	10	10
Kazakhstan	5 or 15	10	10 ¹
Kenya	15 or 25 ¹	15	15
Korea, Rep. of	5 or 15	10	10
Kuwait	5 or 15	10	10
Kyrgyzstan	15 ¹	15 ¹	0 or 10
Latvia	5 or 15	10	10 ¹
Lebanon	25 → [5 or 15]	25 → [10]	25 → [5 or 10]
Lithuania	5 or 15	10	10 ¹
Luxembourg	5 or 15	10	0 or 10
Madagascar	N	25% imposed by Canada	
Malaysia	N	15	15
Malta	15	15	0 or 10
Mexico	5 or 15	10	0 or 10
Moldova	5 or 15	10	10
Mongolia	5 or 15	10	5 or 10
Morocco	15	15	5 or 10
Namibia	N	25% imposed by Canada	
Netherlands	5 or 15	10	0 or 10
New Zealand	15	15	15
Nigeria	12.5 or 15	12.5	12.5
Norway	5 or 15	10	0 or 10
Oman	5 or 15	10 ¹	0 or 10
Pakistan	15	15	0 or 15

imposed by Canada. If two or more dividend rates are provided, the lower (lowest two for Vietnam) applies if the recipient is a company that owns or controls a specified interest of the payor.

	Dividends	Related-party interest ²	Royalties ⁴
Papua New Guinea	15	10	10
Peru ¹	10 or 15	15	15
Philippines	15	15	10
Poland	N	15	0 or 10
Portugal	10 or 15	10	10
Romania	5 or 15	10	5 or 10
Russia	10 or 15	10	0 or 10
Senegal	15	15	15
Serbia and Montenegro	N	25% imposed by Canada	
Singapore	N	15	15
Slovak Republic	5 or 15	10	0 or 10
Slovenia	5 or 15	10	10
South Africa	5 or 15	10	6 or 10
Spain	N	15	0 or 10
Sri Lanka	15	15	0 or 10
Sweden	5 or 15	10	0 or 10
Switzerland	5 or 15	10	0 or 10
Tanzania	20 or 25	15	20
Thailand	15	15	5 or 15
Trinidad and Tobago	5 or 15	10	0 or 10
Tunisia	15	15	0, 15 or 20
Turkey	N	25% imposed by Canada	
Ukraine	5 or 15	10	0 or 10
United Arab Emirates	5 or 15	10	0 or 10
United Kingdom	5 or 15	10	0 or 10
United States	5 or 15	0 ²	0 or 10
Uzbekistan	5 or 15	10	5 or 10
Venezuela	10 or 15 ¹	10	5 or 10
Vietnam	5, 10 or 15	10	7.5 or 10
Zambia	15	15	15
Zimbabwe	10 or 15	15	10

N Negotiation or renegotiation of tax treaty or protocol underway.

1. If the other state (Canada for treaty with Oman) concludes a treaty with another country providing for a lower rate (higher for Kenya), the lower rate (higher for Kenya) will apply in respect of specific payments or with limits, in some cases.
2. For the United States, the nil rate applies between related persons, after 2009. The rate is 4% for 2009. (The 4% and nil rates are subject to the Limitation of Benefits article.)

3. On January 1, 2008, Canadian withholding tax was eliminated on interest (except for "participating debt interest") paid to arm's-length non-residents.
4. A nil royalty rate generally applies to:
 - copyright royalties and payments for a literary, dramatic, musical or other artistic work (but not royalties for motion picture films or works on film or videotape or other means of reproduction for use in television); and/or
 - royalties for computer software or a patent, or for information concerning industrial, commercial or scientific experience (but not royalties for a rental or franchise agreement).

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