



# 2024 Tax Toolkit





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## Jamie Golombek's tax tips

It's important to review your overall tax planning strategy with a tax professional to make the most of available opportunities, especially with new savings and investment vehicles, credits and tax policy changes that come into effect each year. Here's a list of common tax-saving opportunities for investors.



### 1. Apply now to pay less tax all year

You may reduce tax deductions at source by completing Canada Revenue Agency (CRA) Form T1213 (Quebec taxpayers must also complete Form TP-1016-V) to reduce taxes withheld throughout the entire year.

### 2. Contribute to an RESP to save for kids' post-secondary education

Registered Education Savings Plans (RESPs) offer an opportunity for tax-deferred (or, in many cases, potentially tax-free) education savings and the prospect of supplementing savings with government benefits. Most significantly, Canada Education Savings Grants from the government of Canada may provide up to \$500 annually, with a lifetime maximum of \$7,200 per child.

### 3. Contribute to an RDSP for family members with a disability

Canadians eligible for the Disability Tax Credit, their parents and other eligible contributors can contribute to a Registered Disability Savings Plan (RDSP). Depending on family income, it may be possible to receive up to \$70,000 in matching Canada Disability Savings Grants (CDSGs) and up to \$20,000 of Canada Disability Savings Bonds (CDSBs) from the government of Canada.

### 4. Contribute to an FHSA

If you're a qualifying first-time homebuyer, you may wish to save using the new First Home Savings Account (FHSA), which launched in 2023. You can contribute \$8,000 annually to your FHSA, up to a lifetime total limit of \$40,000. Your annual contribution is tax deductible. Alternatively, you could transfer up to \$8,000 annually from your RRSP, and any transfers will reduce the amount you can contribute and deduct. Investment income and gains in an FHSA are tax-free and you can withdraw the full balance from your FHSA tax-free within 15 years (or by age 71) to make a qualifying home purchase. More details are available in the CIBC report, "[Tax-free First Home Savings Accounts: An overview](#)".

### 5. Maximize TFSA contributions

The TFSA dollar limit for 2024 is \$7,000 and there's no deadline for making a TFSA contribution. If you haven't previously contributed to a TFSA and have been at least 18 years old and resident in Canada since 2009, you may contribute up to \$95,000 to a TFSA in 2024.

### 6. Make a donation

If you make a donation to a registered charity or foundation, you will be entitled to a donation tax credit based on the amount given. By gifting publicly-traded securities, including mutual funds, you not only receive a tax receipt for the fair market value of the securities being donated but capital gains taxes are eliminated. Pooling donations with your spouse or common-law partner, so that the total is over the \$200 threshold, may also yield a higher donation credit.

## 7. Convert your RRSP to a RRIF or buy an annuity, if you're turning 71

If you are turning 71 during the year, you only have until December 31 rather than the normal 60 days following the calendar year to make your final Registered Retirement Savings Plan (RRSP) contribution before converting your plan into a Registered Retirement Income Fund (RRIF) or purchasing an annuity.

## 8. Split your pension or RRIF income

You may split up to half of your pension income, as well as RRIF income once you're 65, with your spouse or common-law partner. Aside from the benefit of potentially reducing taxes, you may also be able to preserve some or all of the age credit and avoid or minimize the Old Age Security pension recovery (clawback).

## 9. Deduct investment expenses

Interest that you pay on money borrowed for investment purposes, as well as investment counselling fees, for non-registered accounts may be tax deductible as a carrying charge on your personal tax return.

## 10. Consider tax-loss selling

Tax-loss selling is the practice of selling investments that are in an accrued loss position in order to offset capital gains that you realized either in the current year or in the previous three years. For securities denominated in a foreign currency, be aware that currency fluctuations can affect the capital gain or loss that you report.

## More opportunities for tax savings

One of the most valuable things you can do is understand the taxes that may apply and how investment choices may affect after-tax income.

### Non-registered investments

One of the main factors that affects tax on your non-registered investments is asset allocation. For fixed income and foreign investments, any interest or foreign dividends are fully taxable at your marginal tax rates. By choosing investments that are more favourably taxed, you can improve after-tax returns. For example, with Canadian equities, only half of the capital gains are taxable, and the dividend tax credit cuts tax on dividends.

### Registered investments

Choosing to save in an RRSP or TFSA can yield even greater tax benefits. Some may believe that an RRSP is always preferable to a TFSA, since a tax refund is generated, however, the CIBC report, "[Just do it: The case for tax-free investing](#)" shows that you can earn the equivalent of a tax-free rate of return on investments in both an RRSP and TFSA, when your tax rates are constant. And TFSAs can offer a significant advantage if your tax rates are higher in retirement or if your benefits (such as Old Age Security) would otherwise be recovered (clawed back) when you take RRIF withdrawals.

The new FHSA combines some of the best features of an RRSP and TFSA, and you can claim a tax deduction for eligible contributions and take tax-free withdrawals to buy a qualifying home.

There are also 2 other tax-deferred plans for specialized needs: RESPs can be a valuable tool to help you save for children's post-secondary education and RDSPs can help you accumulate savings for certain family members with a severe and prolonged disability. Both RESPs and RDSPs can attract grants and bonds from the government of Canada that can help savings grow even faster.

### Jamie Golombek

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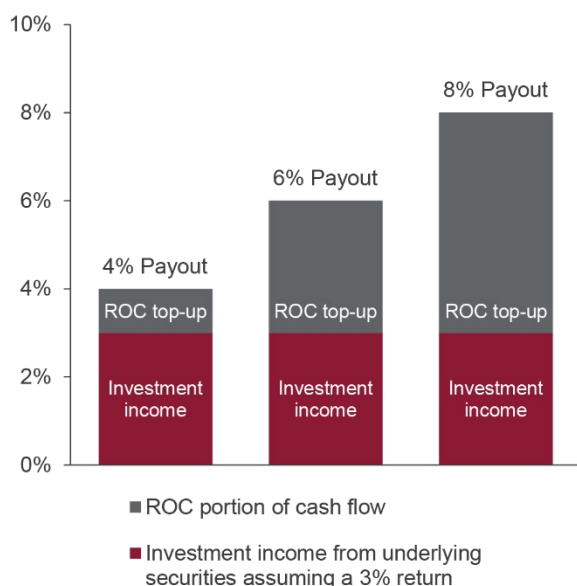
## Not all fund distributions are created equal

When it comes to non-registered investing, it's not what you earn but what you keep that matters. Here's a look at how \$10,000 of investment cash flow is taxed, depending on whether it is in the form of income, capital gains, dividends or return of capital.<sup>1</sup>

| Fund distribution                    | After tax                                     | Summary   |
|--------------------------------------|---|---|
| <b>Income</b>                        | <b>\$10,000 =</b><br><b>\$4,647 after tax</b> | Income – whether from employment, withdrawals from an RRSP or RRIF or interest-bearing investments (or distributions of income from a fund) – is taxed at your full marginal rate.  |
| <b>Capital gains</b>                 | <b>\$10,000 =</b><br><b>\$7,324 after tax</b> | Only half of a capital gain – realized when an investment is sold at a profit – is taxed at your full marginal rate. This includes distributions of capital gains from a mutual fund.   |
| <b>Eligible Canadian dividends</b>   | <b>\$10,000 =</b><br><b>\$6,066 after tax</b> | There is dividend tax credit for eligible dividends from a Canadian corporation, including distributions of these dividends from a mutual fund, which reduces the tax that you pay.   |
| <b>Return of capital<sup>2</sup></b> | <b>\$10,000</b>                               | Return of capital (ROC) from mutual funds generally allows taxes to be deferred. No tax is due when the ROC is received, but the adjusted cost base (ACB) of the investment is reduced by the amount of the ROC. Capital gains may be realized when the investment is sold or if the ACB goes below zero. |

## Understanding T-Class funds and return of capital (ROC)

### A solution for investors seeking steady cash flow



Key benefits:

**Steady cash flow:** With a T-Class investment, you can choose a fixed monthly payout based on an annual percentage of your assets.

**Growth potential:** The T-Class investment can continue to grow as you draw income.

**Income tax:** A portion of the cash flow from a T-Class investment may be in the form of return of capital, which generally does not trigger immediate tax consequences but will increase your capital gains (or decrease your capital losses) when you sell the investment.

T-Class investments allow you to choose a monthly distribution amount that includes regular investment income and a “top-up” in the form of ROC. The ROC portion is generally not taxable when you receive it. Instead, the adjusted cost base (ACB) of your units is reduced by the amount of the ROC, which will increase your capital gains (or decrease your capital losses) when you sell the investment. If the ACB reaches zero, any further distributions will trigger taxable capital gains.

<sup>1</sup> Assuming you pay tax the top marginal tax rate in Ontario.

<sup>2</sup> While a distribution of ROC is not currently taxable, it reduces the ACB and could result in a larger capital gain or smaller capital loss in the future.

## Personal federal tax rates and selected tax credits and deductions

### Personal federal tax brackets

| Taxable income above | Taxable income not above | Marginal tax rate on income within the tax bracket | Federal tax up to bottom end of bracket |
|----------------------|--------------------------|--|---|
| \$0                  | \$55,867                 | 15.0%  | Nil                                     |
| \$55,867             | \$111,733                | 20.5%  | \$8,380                                 |
| \$111,733            | \$173,205                | 26.0%  | \$19,833                                |
| \$173,205            | \$246,752                | 29.0%  | \$35,815                                |
| \$246,752            | Unlimited                | 33.0%  | \$57,144                                |

### Value of selected personal federal credits

| Description   | Maximum base amount | Maximum value at 15% |
|---|---------------------|----------------------|
| Age amount <sup>3</sup>   | \$8,790             | \$1,319              |
| Amount for a spouse or common-law partner, or eligible dependant <sup>4</sup> | \$15,705            | \$2,356              |
| Basic personal amount <sup>5</sup>  | \$15,705            | \$2,356              |
| Canada caregiver amount for children under age 18                             | \$2,616             | \$392                |
| Canada caregiver amount for infirm dependants age 18+ <sup>6</sup>            | \$8,375             | \$1,256              |
| Disability amount   | \$9,872             | \$1,481              |
| First-time home buyer's amount  | \$10,000            | \$1,500              |
| Pension income amount   | \$2,000             | \$300                |

### Selected personal federal tax deductions and credits that are based on income or expenses

| Description  | Amounts that can be claimed   |
|--|---|
| Adoption expenses  | 15% of expenses up to \$19,066 for a qualifying adoption  |
| Donations (charitable gifts), generally limited to 75% of net income | 15% credit for first \$200 of total donations, 29% credit for total donations over \$200 (that do not qualify for the 33% rate), and 33% credit for total donations over \$200 to the extent net income exceeds \$246,752 |
| Home accessibility expenses  | 15% credit for up to \$20,000 of expenses that make a home more accessible for qualifying individuals   |
| Lifetime capital gains exemption (LCGE)                              | 50% deduction for total capital gains up to \$1,016,836 during an individual's lifetime on qualified small business corporation shares and qualified farm or fishing property   |
| Medical expenses   | 15% credit for medical expenses that are over 3% of net income (or \$2,759, if lower)   |
| Multigenerational home renovation tax credit                         | 15% credit for up to \$50,000 of expenses to establish a secondary dwelling unit that enables a qualifying individual to live in a home with a qualifying relation  |

For more information, see the CRA list of [All deductions, credits, and expenses](#).

<sup>3</sup> The age amount is reduced at a rate of 15% with net income exceeding \$44,325 and is eliminated with net income exceeding \$102,925.

<sup>4</sup> The amount for a spouse or common-law partner, or dependant, is reduced with taxable income between \$173,205 and \$246,752, and is limited to \$14,156 with income above \$246,752. The amount is also reduced based on the net income of the spouse or common-law partner, or dependant.

<sup>5</sup> The basic personal amount is reduced with taxable income over \$173,205, and is limited to \$14,156 with taxable income above \$246,752.

<sup>6</sup> The Canada caregiver amount for infirm dependants age 18 or over is reduced with dependant income above \$19,666.

## Personal marginal tax rates

The following tables show the combined federal and provincial or territorial tax rates within each bracket, assuming that only the basic personal amount, dividend tax credit (for non-eligible and eligible dividends from Canadian corporations) and applicable low-income rate reductions are claimed.

### Alberta (AB)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$21,885                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$21,885             | \$55,867                 | 25.00%          | 12.50%        | 15.86%                 | 2.57%              |
| \$55,867             | \$111,733                | 30.50%          | 15.25%        | 22.18%                 | 10.16%             |
| \$111,733            | \$148,268                | 36.00%          | 18.00%        | 28.51%                 | 17.75%             |
| \$148,268            | \$173,205                | 38.00%          | 19.00%        | 30.81%                 | 20.51%             |
| \$173,205            | \$177,923                | 41.32%          | 20.66%        | 34.62%                 | 25.08%             |
| \$177,923            | \$237,230                | 42.32%          | 21.16%        | 35.77%                 | 26.46%             |
| \$237,230            | \$246,752                | 43.32%          | 21.66%        | 36.92%                 | 27.84%             |
| \$246,752            | \$355,845                | 47.00%          | 23.50%        | 41.16%                 | 32.93%             |
| \$355,845            | Unlimited                | 48.00%          | 24.00%        | 42.31%                 | 34.31%             |

### British Columbia (BC)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$23,391                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$23,391             | \$24,339                 | 20.06%          | 10.03%        | 10.43%                 | (9.60%)            |
| \$24,339             | \$39,705                 | 23.62%          | 11.81%        | 14.52%                 | (4.69%)            |
| \$39,705             | \$47,937                 | 20.06%          | 10.03%        | 10.43%                 | (9.60%)            |
| \$47,937             | \$55,867                 | 22.70%          | 11.35%        | 13.47%                 | (5.96%)            |
| \$55,867             | \$95,875                 | 28.20%          | 14.10%        | 19.79%                 | 1.63%              |
| \$95,875             | \$110,077                | 31.00%          | 15.50%        | 23.01%                 | 5.49%              |
| \$110,077            | \$111,733                | 32.79%          | 16.40%        | 25.07%                 | 7.96%              |
| \$111,733            | \$133,664                | 38.29%          | 19.15%        | 31.39%                 | 15.55%             |
| \$133,664            | \$173,205                | 40.70%          | 20.35%        | 34.17%                 | 18.88%             |
| \$173,205            | \$181,232                | 44.02%          | 22.01%        | 37.98%                 | 23.45%             |
| \$181,232            | \$246,752                | 46.12%          | 23.06%        | 40.39%                 | 26.35%             |
| \$246,752            | \$252,752                | 49.80%          | 24.90%        | 44.63%                 | 31.44%             |
| \$252,752            | Unlimited                | 53.50%          | 26.75%        | 48.89%                 | 36.54%             |

## Manitoba (MB)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$15,780                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$15,780             | \$16,372                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$16,372             | \$22,944                 | 26.77%          | 13.39%        | 19.50%                 | 5.18%              |
| \$22,944             | \$47,000                 | 25.80%          | 12.90%        | 18.38%                 | 3.84%              |
| \$47,000             | \$55,867                 | 27.75%          | 13.88%        | 20.63%                 | 6.53%              |
| \$55,867             | \$100,000                | 33.25%          | 16.63%        | 26.95%                 | 14.12%             |
| \$100,000            | \$111,733                | 37.90%          | 18.95%        | 32.30%                 | 20.53%             |
| \$111,733            | \$173,205                | 43.40%          | 21.70%        | 38.62%                 | 28.12%             |
| \$173,205            | \$246,752                | 46.72%          | 23.36%        | 42.44%                 | 32.70%             |
| \$246,752            | Unlimited                | 50.40%          | 25.20%        | 46.67%                 | 37.78%             |

## New Brunswick (NB)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$21,343                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$21,343             | \$47,378                 | 27.40%          | 13.70%        | 17.96%                 | (2.24%)            |
| \$47,378             | \$49,958                 | 24.40%          | 12.20%        | 14.51%                 | (6.38%)            |
| \$49,958             | \$55,867                 | 29.00%          | 14.50%        | 19.80%                 | (0.03%)            |
| \$55,867             | \$99,916                 | 34.50%          | 17.25%        | 26.13%                 | 7.56%              |
| \$99,916             | \$111,733                | 36.50%          | 18.25%        | 28.43%                 | 10.32%             |
| \$111,733            | \$173,205                | 42.00%          | 21.00%        | 34.75%                 | 17.91%             |
| \$173,205            | \$185,063                | 45.32%          | 22.66%        | 38.57%                 | 22.49%             |
| \$185,063            | \$246,752                | 48.82%          | 24.41%        | 42.59%                 | 27.32%             |
| \$246,752            | Unlimited                | 52.50%          | 26.25%        | 46.83%                 | 32.40%             |

## Newfoundland and Labrador (NL)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$22,029                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$22,029             | \$23,390                 | 23.70%          | 11.85%        | 13.19%                 | 3.28%              |
| \$23,390             | \$29,486                 | 39.70%          | 19.85%        | 31.59%                 | 25.36%             |
| \$29,486             | \$43,198                 | 23.70%          | 11.85%        | 13.19%                 | 3.28%              |
| \$43,198             | \$55,867                 | 29.50%          | 14.75%        | 19.86%                 | 11.29%             |
| \$55,867             | \$86,395                 | 35.00%          | 17.50%        | 26.19%                 | 18.88%             |
| \$86,395             | \$111,733                | 36.30%          | 18.15%        | 27.68%                 | 20.67%             |
| \$111,733            | \$154,244                | 41.80%          | 20.90%        | 34.01%                 | 28.26%             |
| \$154,244            | \$173,205                | 43.80%          | 21.90%        | 36.31%                 | 31.02%             |
| \$173,205            | \$215,943                | 47.12%          | 23.56%        | 40.12%                 | 35.60%             |
| \$215,943            | \$246,752                | 49.12%          | 24.56%        | 42.42%                 | 38.36%             |
| \$246,752            | \$275,870                | 52.80%          | 26.40%        | 46.66%                 | 43.44%             |
| \$275,870            | \$551,739                | 53.80%          | 26.90%        | 47.81%                 | 44.82%             |
| \$551,739            | \$1,103,478              | 54.30%          | 27.15%        | 48.38%                 | 45.51%             |
| \$1,103,478          | Unlimited                | 54.80%          | 27.40%        | 48.96%                 | 46.20%             |



## Nova Scotia (NS)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$14,894                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$14,894             | \$15,000                 | 8.79%           | 4.40%         | 6.67%                  | (0.08%)            |
| \$15,000             | \$15,705                 | 13.79%          | 6.90%         | 12.42%                 | 6.82%              |
| \$15,705             | \$21,000                 | 28.79%          | 14.40%        | 19.29%                 | 6.79%              |
| \$21,000             | \$25,000                 | 23.79%          | 11.90%        | 13.54%                 | (0.11%)            |
| \$25,000             | \$29,590                 | 24.32%          | 12.16%        | 14.14%                 | 0.62%              |
| \$29,590             | \$55,867                 | 30.48%          | 15.24%        | 21.23%                 | 9.12%              |
| \$55,867             | \$59,180                 | 35.98%          | 17.99%        | 27.55%                 | 16.71%             |
| \$59,180             | \$75,000                 | 37.70%          | 18.85%        | 29.53%                 | 19.08%             |
| \$75,000             | \$93,000                 | 37.17%          | 18.59%        | 28.92%                 | 18.35%             |
| \$93,000             | \$111,733                | 38.00%          | 19.00%        | 29.88%                 | 19.50%             |
| \$111,733            | \$150,000                | 43.50%          | 21.75%        | 36.20%                 | 27.09%             |
| \$150,000            | \$173,205                | 47.00%          | 23.50%        | 40.23%                 | 31.92%             |
| \$173,205            | \$246,752                | 50.32%          | 25.16%        | 44.04%                 | 36.50%             |
| \$246,752            | Unlimited                | 54.00%          | 27.00%        | 48.28%                 | 41.58%             |

## Northwest Territories (NT)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$17,373                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$17,373             | \$50,597                 | 20.90%          | 10.45%        | 6.75%                  | (7.76%)            |
| \$50,597             | \$55,867                 | 23.60%          | 11.80%        | 9.86%                  | (4.03%)            |
| \$55,867             | \$101,198                | 29.10%          | 14.55%        | 16.18%                 | 3.56%              |
| \$101,198            | \$111,733                | 32.70%          | 16.35%        | 20.32%                 | 8.53%              |
| \$111,733            | \$164,525                | 38.20%          | 19.10%        | 26.65%                 | 16.12%             |
| \$164,525            | \$173,205                | 40.05%          | 20.03%        | 28.77%                 | 18.67%             |
| \$173,205            | \$246,752                | 43.37%          | 21.68%        | 32.59%                 | 23.25%             |
| \$246,752            | Unlimited                | 47.05%          | 23.53%        | 36.82%                 | 28.33%             |

## Nunavut (NU)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$18,767                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$18,767             | \$53,268                 | 19.00%          | 9.50%         | 8.46%                  | (2.11%)            |
| \$53,268             | \$55,867                 | 22.00%          | 11.00%        | 11.91%                 | 2.03%              |
| \$55,867             | \$106,537                | 27.50%          | 13.75%        | 18.24%                 | 9.62%              |
| \$106,537            | \$111,733                | 29.50%          | 14.75%        | 20.54%                 | 12.38%             |
| \$111,733            | \$173,205                | 35.00%          | 17.50%        | 26.86%                 | 19.97%             |
| \$173,205            | \$246,752                | 40.82%          | 20.41%        | 33.55%                 | 27.99%             |
| \$246,752            | Unlimited                | 44.50%          | 22.25%        | 37.79%                 | 33.08%             |

## Ontario

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$18,069                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$18,069             | \$23,739                 | 25.10%          | 12.55%        | 11.61%                 | (13.69%)           |
| \$23,739             | \$51,446                 | 20.05%          | 10.03%        | 9.24%                  | (6.86%)            |
| \$51,446             | \$55,867                 | 24.15%          | 12.08%        | 13.95%                 | (1.20%)            |
| \$55,867             | \$90,598                 | 29.65%          | 14.83%        | 20.28%                 | 6.39%              |
| \$90,598             | \$102,894                | 31.48%          | 15.74%        | 22.38%                 | 8.92%              |
| \$102,894            | \$106,731                | 33.89%          | 16.95%        | 25.16%                 | 12.24%             |
| \$106,731            | \$111,733                | 37.91%          | 18.95%        | 29.78%                 | 17.79%             |
| \$111,733            | \$150,000                | 43.41%          | 21.70%        | 36.10%                 | 25.38%             |
| \$150,000            | \$173,205                | 44.97%          | 22.48%        | 37.90%                 | 27.53%             |
| \$173,205            | \$220,000                | 48.29%          | 24.14%        | 41.71%                 | 32.11%             |
| \$220,000            | \$246,752                | 49.85%          | 24.92%        | 43.50%                 | 34.26%             |
| \$246,752            | Unlimited                | 53.53%          | 26.76%        | 47.74%                 | 39.34%             |

## Prince Edward Island (PE)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$17,130                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$17,130             | \$21,500                 | 24.65%          | 12.33%        | 16.47%                 | (1.20%)            |
| \$21,500             | \$28,500                 | 29.65%          | 14.83%        | 22.22%                 | 5.70%              |
| \$28,500             | \$32,656                 | 24.65%          | 12.33%        | 16.47%                 | (1.20%)            |
| \$32,656             | \$55,867                 | 28.63%          | 14.32%        | 21.04%                 | 4.29%              |
| \$55,867             | \$64,313                 | 34.13%          | 17.07%        | 27.37%                 | 11.88%             |
| \$64,313             | \$105,000                | 37.15%          | 18.58%        | 30.84%                 | 16.05%             |
| \$105,000            | \$111,733                | 38.50%          | 19.25%        | 32.40%                 | 17.91%             |
| \$111,733            | \$140,000                | 44.00%          | 22.00%        | 38.72%                 | 25.50%             |
| \$140,000            | \$173,205                | 44.75%          | 22.38%        | 39.58%                 | 26.54%             |
| \$173,205            | \$246,752                | 48.07%          | 24.03%        | 43.40%                 | 31.11%             |
| \$246,752            | Unlimited                | 51.75%          | 25.88%        | 47.63%                 | 36.20%             |

## Quebec

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$17,633                 | 12.53%          | 6.26%         | 5.73%                  | (0.02%)            |
| \$17,633             | \$18,056                 | 13.53%          | 6.76%         | 6.73%                  | 0.98%              |
| \$18,056             | \$32,633                 | 27.53%          | 13.76%        | 18.90%                 | 4.15%              |
| \$32,633             | \$51,778                 | 26.53%          | 13.26%        | 17.90%                 | 3.15%              |
| \$51,778             | \$55,867                 | 31.53%          | 15.76%        | 23.65%                 | 10.05%             |
| \$55,867             | \$61,315                 | 36.12%          | 18.06%        | 28.93%                 | 16.39%             |
| \$61,315             | \$103,546                | 37.12%          | 18.56%        | 29.93%                 | 17.39%             |
| \$103,546            | \$111,733                | 42.12%          | 21.06%        | 35.68%                 | 24.29%             |
| \$111,733            | \$126,001                | 46.71%          | 23.36%        | 40.96%                 | 30.63%             |
| \$126,001            | \$146,315                | 48.46%          | 24.23%        | 42.97%                 | 33.04%             |
| \$146,315            | \$173,205                | 47.46%          | 23.73%        | 41.97%                 | 32.04%             |
| \$173,205            | \$246,752                | 50.23%          | 25.11%        | 45.16%                 | 35.86%             |
| \$246,752            | Unlimited                | 53.31%          | 26.65%        | 48.70%                 | 40.11%             |

## Saskatchewan

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$18,492                 | 15.00%          | 7.50%         | 6.87%                  | (0.03%)            |
| \$18,492             | \$52,057                 | 25.50%          | 12.75%        | 15.56%                 | (0.72%)            |
| \$52,057             | \$55,867                 | 27.50%          | 13.75%        | 17.86%                 | 2.04%              |
| \$55,867             | \$111,733                | 33.00%          | 16.50%        | 24.19%                 | 9.63%              |
| \$111,733            | \$148,734                | 38.50%          | 19.25%        | 30.51%                 | 17.22%             |
| \$148,734            | \$173,205                | 40.50%          | 20.25%        | 32.81%                 | 19.98%             |
| \$173,205            | \$246,752                | 43.82%          | 21.91%        | 36.63%                 | 24.56%             |
| \$246,752            | Unlimited                | 47.50%          | 23.75%        | 40.86%                 | 29.64%             |

## Yukon Territory (YT)

| Taxable income above | Taxable income not above | Ordinary income | Capital gains | Non-eligible dividends | Eligible dividends |
|----------------------|--------------------------|-----------------|---------------|------------------------|--------------------|
| \$0                  | \$15,705                 | 0.00%           | 0.00%         | 0.00%                  | 0.00%              |
| \$15,705             | \$55,867                 | 21.40%          | 10.70%        | 13.45%                 | (7.78%)            |
| \$55,867             | \$111,733                | 29.50%          | 14.75%        | 22.77%                 | 3.40%              |
| \$111,733            | \$173,205                | 36.90%          | 18.45%        | 31.28%                 | 13.61%             |
| \$173,205            | \$246,752                | 42.25%          | 21.13%        | 37.43%                 | 20.99%             |
| \$246,752            | \$500,000                | 45.80%          | 22.90%        | 41.51%                 | 25.89%             |
| \$500,000            | Unlimited                | 48.00%          | 24.00%        | 44.04%                 | 28.93%             |

Source: [Tax Templates Inc.](#)

## Personal tax owing at various levels of taxable income

The following table shows the personal combined federal and provincial or territorial income taxes payable (in dollars) assuming ordinary income and that only the basic personal amount and applicable low-income rate reductions are claimed.

| Taxable income | AB      | BC      | MB <sup>7</sup> | NB      | NL      | NS      | NT      | NU      | ON <sup>8</sup> | PE      | QC      | SK      | YT      |
|----------------|---------|---------|-----------------|---------|---------|---------|---------|---------|-----------------|---------|---------|---------|---------|
| 20,000         | 644     | 644     | 1,071           | 644     | 644     | 1,343   | 799     | 694     | 839             | 922     | 834     | 803     | 919     |
| 30,000         | 2,956   | 2,680   | 3,680           | 3,217   | 3,813   | 3,824   | 2,889   | 2,594   | 3,333           | 3,736   | 3,586   | 3,353   | 3,059   |
| 40,000         | 5,456   | 5,032   | 6,260           | 5,957   | 6,183   | 6,871   | 4,979   | 4,494   | 5,488           | 6,493   | 6,265   | 5,903   | 5,199   |
| 50,000         | 7,956   | 7,093   | 8,899           | 8,620   | 8,947   | 9,919   | 7,069   | 6,394   | 7,643           | 9,356   | 8,918   | 8,453   | 7,339   |
| 60,000         | 10,683  | 9,590   | 11,901          | 11,747  | 12,125  | 13,209  | 9,640   | 8,723   | 10,226          | 12,447  | 12,171  | 11,389  | 9,813   |
| 70,000         | 13,733  | 12,410  | 15,226          | 15,197  | 15,625  | 16,978  | 12,550  | 11,473  | 13,191          | 16,032  | 15,870  | 14,689  | 12,763  |
| 80,000         | 16,783  | 15,230  | 18,551          | 18,647  | 19,125  | 20,722  | 15,460  | 14,223  | 16,306          | 19,747  | 19,581  | 17,989  | 15,713  |
| 90,000         | 19,833  | 18,050  | 21,876          | 22,097  | 22,672  | 24,439  | 18,370  | 16,973  | 19,271          | 23,462  | 23,293  | 21,289  | 18,663  |
| 100,000        | 22,883  | 20,985  | 25,201          | 25,549  | 26,302  | 28,213  | 21,280  | 19,723  | 22,408          | 27,177  | 27,005  | 24,589  | 21,613  |
| 120,000        | 29,438  | 27,818  | 33,236          | 33,304  | 34,017  | 36,268  | 28,233  | 25,948  | 30,106          | 35,265  | 35,631  | 31,644  | 28,126  |
| 140,000        | 36,638  | 35,629  | 41,916          | 41,704  | 42,377  | 44,968  | 35,873  | 32,948  | 38,788          | 44,065  | 45,218  | 39,344  | 35,506  |
| 160,000        | 44,073  | 43,769  | 50,596          | 50,104  | 50,852  | 54,018  | 43,513  | 39,948  | 47,625          | 53,015  | 54,773  | 47,270  | 42,886  |
| 180,000        | 51,918  | 52,133  | 59,501          | 58,729  | 59,837  | 63,643  | 51,663  | 47,342  | 56,844          | 62,190  | 64,453  | 55,594  | 50,629  |
| 200,000        | 60,381  | 61,330  | 68,844          | 68,315  | 69,260  | 73,706  | 60,337  | 55,505  | 66,501          | 71,803  | 74,498  | 64,357  | 59,079  |
| 250,000        | 81,787  | 84,508  | 92,322          | 92,843  | 93,619  | 98,984  | 82,140  | 76,033  | 91,382          | 95,956  | 99,713  | 86,385  | 80,320  |
| 300,000        | 105,287 | 111,157 | 117,522         | 119,093 | 120,260 | 125,984 | 105,665 | 98,283  | 118,147         | 121,831 | 126,365 | 110,135 | 103,220 |
| 350,000        | 128,787 | 137,907 | 142,722         | 145,343 | 147,160 | 152,984 | 129,190 | 120,533 | 144,911         | 147,706 | 153,018 | 133,885 | 126,120 |
| 400,000        | 152,728 | 164,657 | 167,922         | 171,593 | 174,060 | 179,984 | 152,715 | 142,783 | 171,676         | 173,581 | 179,670 | 157,635 | 149,020 |
| 450,000        | 176,728 | 191,407 | 193,122         | 197,843 | 200,960 | 206,984 | 176,240 | 165,033 | 198,441         | 199,456 | 206,323 | 181,385 | 171,920 |
| 500,000        | 200,728 | 218,157 | 218,322         | 224,093 | 227,860 | 233,984 | 199,765 | 187,283 | 225,206         | 225,331 | 232,975 | 205,135 | 194,820 |
| 750,000        | 320,728 | 351,907 | 344,322         | 355,343 | 363,352 | 368,984 | 317,390 | 298,533 | 359,030         | 354,706 | 366,238 | 323,885 | 314,820 |
| 1,000,000      | 440,728 | 485,657 | 470,322         | 486,593 | 499,102 | 503,984 | 435,015 | 409,783 | 492,854         | 484,081 | 499,500 | 442,635 | 434,820 |

Source: [Tax Templates Inc.](#)

<sup>7</sup> Manitoba amounts include the Family Tax Benefit.

<sup>8</sup> Ontario amounts include the Ontario Health Premium.

## Saving with registered plans

### Registered Retirement Savings Plan (RRSP)

RRSP contribution room in a year is calculated as 18% of your prior year's earned income, to a maximum of the RRSP dollar limit for the year, minus any pension adjustments, plus your unused RRSP contribution room from prior years and any pension adjustment reversal.

#### RRSP dollar limits

| Year | RRSP dollar limit | Income needed in prior year to reach RRSP dollar limit |
|------|-------------------|--|
| 2023 | \$30,780          | \$171,000  |
| 2024 | \$31,560          | \$175,333  |
| 2025 | \$32,490          | \$180,500  |

### Tax Free Savings Account (TFSA)

The TFSA came into effect in 2009 and is available to all Canadian residents age 18 or older. You can carry forward unused contribution amounts and claim them in future years. Use the following table to find out how much you might contribute.

| Age | Birth year  | Year age 18 was reached | Dollar limit when age 18 was reached | Cumulative dollar limit <sup>9</sup> |
|-----|-------------|-------------------------|--------------------------------------|--------------------------------------|
| 18  | 2006        | 2024                    | \$7,000                              | \$7,000                              |
| 19  | 2005        | 2023                    | \$6,500                              | \$13,500                             |
| 20  | 2004        | 2022                    | \$6,000                              | \$19,500                             |
| 21  | 2003        | 2021                    | \$6,000                              | \$25,500                             |
| 22  | 2002        | 2020                    | \$6,000                              | \$31,500                             |
| 23  | 2001        | 2019                    | \$6,000                              | \$37,500                             |
| 24  | 2000        | 2018                    | \$5,500                              | \$43,000                             |
| 25  | 1999        | 2017                    | \$5,500                              | \$48,500                             |
| 26  | 1998        | 2016                    | \$5,500                              | \$54,000                             |
| 27  | 1997        | 2015                    | \$10,000                             | \$64,000                             |
| 28  | 1996        | 2014                    | \$5,500                              | \$69,500                             |
| 29  | 1995        | 2013                    | \$5,500                              | \$75,000                             |
| 30  | 1994        | 2012                    | \$5,000                              | \$80,000                             |
| 31  | 1993        | 2011                    | \$5,000                              | \$85,000                             |
| 32  | 1992        | 2010                    | \$5,000                              | \$90,000                             |
| 33  | 1991        | 2009                    | \$5,000                              | \$95,000                             |
| 34+ | Before 1991 | Before 2009             | \$0                                  | \$95,000                             |

<sup>9</sup> This assumes that you have been a resident of Canada since the later of 2009 or the year you reached 18 years of age.

## TFSA vs. RRSP

Most people are familiar with using RRSPs for retirement savings, and TFSAs are one more tool you can use to help meet your savings goals. The assets within both TFSAs and RRSPs grow on a tax-free basis.

Both a TFSA and an RRSP can effectively give you a tax-free rate of return when the tax rate on your contributions is equal to the tax rate on your withdrawals. For additional information, see the CIBC report, "[Just do it: The case for tax-free investing](#)".

The following table is a comparison of the features of a TFSA and RRSP, provided the rules are followed.

| Features                              | TFSA   | RRSP   |
|---------------------------------------|--|--|
| Contributions                         | Contributions are not tax-deductible                             | Contributions are tax-deductible if you have enough RRSP contribution room                     |
| Withdrawals                           | Withdrawals are not included in your income, so they're tax-free | Withdrawals are included in your income, so they're fully taxable in the year you receive them |
| Minimum age requirement <sup>10</sup> | You must be at least 18 to open a TFSA                           | None.  |
| Maximum age restriction               | None   | RRSP accounts must be closed by December 31 of the year when you turn 71                       |

## Registered Retirement Income Funds

If you turned 71 this year, you have until December 31 to make any final contributions to your RRSP before converting it into a RRIF or registered annuity.

### Minimum RRIF withdrawal factors for ages 65 and over

Starting in the year after you establish a RRIF, you have to withdraw a yearly minimum amount, which is calculated as a percentage of your RRIF assets (as of January 1 of the year). The percentage is based on your age (or may be based on the age of your younger spouse or common-law partner) at the beginning of the year.

The following table shows minimum withdrawal percentages for RRIFs.

| Age | Factor (%) | Age | Factor (%) | Age | Factor (%) |
|-----|------------|-----|------------|-----|------------|
| 65  | 4.00       | 76  | 5.98       | 87  | 9.55       |
| 66  | 4.17       | 77  | 6.17       | 88  | 10.21      |
| 67  | 4.35       | 78  | 6.36       | 89  | 10.99      |
| 68  | 4.55       | 79  | 6.58       | 90  | 11.92      |
| 69  | 4.76       | 80  | 6.82       | 91  | 13.06      |
| 70  | 5.00       | 81  | 7.08       | 92  | 14.49      |
| 71  | 5.28       | 82  | 7.38       | 93  | 16.34      |
| 72  | 5.40       | 83  | 7.71       | 94  | 18.79      |
| 73  | 5.53       | 84  | 8.08       | 95+ | 20.00      |
| 74  | 5.67       | 85  | 8.51       |     |            |
| 75  | 5.82       | 86  | 8.99       |     |            |

<sup>10</sup> In some provinces, an RRSP or TFSA issuer may require the annuitant or holder to be the age of majority, which is either 18 or 19 depending on the province, before opening an RRSP or TFSA.

## Withholding tax on RRSP or RRIF withdrawals

For RRIFs, no tax is withheld on withdrawals of up to the required minimum amount. The following table shows withholding rates for RRSP withdrawals, and for RRIF withdrawals that exceed the required minimum amount for the year.

| Withdrawal amount            | All provinces<br>(Excl. Quebec) | Quebec |
|------------------------------|---------------------------------|--------|
| Up to \$5,000                | 10%                             | 19%    |
| Over \$5,000, up to \$15,000 | 20%                             | 24%    |
| Over \$15,000                | 30%                             | 29%    |

## First Home Savings Account (FHSA)

This brand new registered plan allows qualifying first-time home buyers to contribute up to \$40,000 and save on a tax-free basis towards the purchase of a first home in Canada. More information is available in the CIBC report, [“Tax-free First Home Savings Accounts: An overview”](#).

### Contributions and deductions

Starting in the year that you open an FHSA, \$8,000 is added to your FHSA deduction limit annually. If you contribute less than the FHSA deduction limit for a year, the unused portion is your FHSA carryforward, which is added to your FHSA deduction limit for the following year. You will be able to claim a deduction for FHSA contributions that you make within a year that are not more than your FHSA deduction limit for the year, or the lifetime maximum of \$40,000.

### Withdrawals and transfers

If you're a first-time homebuyer, you may withdraw the entire balance from your FHSA on a non-taxable basis to buy a qualifying home.

If you ultimately don't end up buying a qualifying home, funds in your FHSA can be transferred to an RRSP or a RRIF on a tax-free basis, and the funds will be taxed upon ultimate withdrawal. Such transfers won't affect your RRSP contribution room or the FHSA deduction limit.

## Registered Education Savings Plan (RESP)

### RESP contributions

There's no annual contribution limit for an RESP but there's a \$50,000 lifetime contribution limit for each beneficiary. Generally, RESP contributions can be made for 31 years and plans can remain open for up to 36 years.

### Assistance from the government of Canada

#### *Canada Education Savings Grant (CESG)*

CESGs are equal to 20% of the first \$2,500 contributed for each beneficiary for each year, which may amount to an extra \$500 per year, up to a maximum lifetime grant of \$7,200 per beneficiary. Additional limitations may apply for RESP beneficiaries who are ages 16 and 17.

#### *Additional Canada Education Savings Grant (Additional CESG)*

For 2023<sup>11</sup>, families with income equal to or less than \$53,359 may be entitled to an additional 20% grant on the first \$500 of RESP contributions for a year. Families earning more than \$53,359 but not more than

<sup>11</sup> 2023 income levels for Additional CESGs are shown, as 2024 amounts were not available at the time of publication.

\$106,717 may be entitled to an additional 10% grant on the first \$500 of RESP contributions for a year. Additional limitations may apply for RESP beneficiaries who are ages 16 and 17.

### *Canada Learning Bond (CLB)*

Available for beneficiaries who are age 15 or under throughout the year, CLBs may provide a lifetime maximum of \$2,000 per beneficiary. For each RESP beneficiary, the CLB may provide an initial \$500 and annual CLB amounts of \$100 for each of the next 15 years. No contributions are necessary to get the CLB.

### Provincial Incentives

Additional incentives are available in some provinces.

## Registered Disability Savings Plan (RDSP)

### RDSP contributions

An RDSP can be opened, and contributions can be made, until the end of the year when the RDSP beneficiary reaches age 59. The lifetime contribution limit per beneficiary is \$200,000 with no annual limit on contributions. In some circumstances, the beneficiary's parent or legal guardian may be the holder. An RDSP may be opened for Canadian residents eligible for the Disability Tax Credit.

### Assistance from the government of Canada

#### *Canada Disability Savings Grant*

The Canada Disability Savings Grant (CDSG) will provide a Government of Canada contribution that is paid directly into the RDSP and is dependent on family income.

The CDSG can be received up to a maximum of \$3,500 per year until the end of the year when the beneficiary turns 49, to a lifetime maximum limit of \$70,000.

| Income level <sup>12</sup>                                       | CDSG  | Maximum CDSG |
|--|---|--------------|
| Less than or equal to \$106,717                                  | \$3 for every \$1 contributed (300%) on the first \$500 of RDSP contributions                 | \$1,500      |
| Less than or equal to \$106,717                                  | \$2 for every \$1 contributed (200%) on total RDSP contributions over \$500 and up to \$1,500 | \$2,000      |
| Greater than \$106,717, or if no income information is available | \$1 for every \$1 contributed (100%) on the first \$1,000 of RDSP contributions               | \$1,000      |

#### *Canada Disability Savings Bond*

The Canada Disability Savings Bond (CDSB) was introduced to make the RDSP accessible to those who do not have the resources to make contributions. The CDSB will provide a Government of Canada contribution paid directly into the RDSP and is independent of any private contributions.

The CDSB can be received up to a maximum of \$1,000 per year until the year the beneficiary turns 49, to a lifetime maximum limit of \$20,000.

| Income level <sup>13</sup>     | CDSB amount                                     |
|--------------------------------|---|
| Less than or equal to \$34,863 | \$1,000   |
| Between \$34,863 and \$53,359  | Pro-rated portion of the max. amount of \$1,000 |

<sup>12</sup> 2023 income levels for CDSGs are shown, as 2024 amounts were not available at the time of publication.

<sup>13</sup> 2023 income levels for CDSBs are shown, as 2024 amounts were not available at the time of publication.



## Life income fund (LIF): Minimum and maximum payments

The minimum percentages are the same for all regions, and are determined by the *Income Tax Act*. Maximum percentages are determined under the law (federal, provincial or territorial) that governs the LIF. Percentages are applied to the LIF balance at the beginning of the year, to determine the minimum and maximum payments from a LIF for the year. Withholding tax applies on the amount of payments that exceed the minimum amount for the year. Amounts withdrawn are included in taxable income for the year.

Some provinces have a minimum age requirement before payments from a LIF can be received. The maximum percentages for each jurisdiction are subject to change on an annual basis. British Columbia, Alberta, Manitoba and Ontario have an additional component to their calculations, which takes into consideration the investment earnings of the LIF from the previous year.

The following table shows minimum and maximum percentages, according to the laws that govern LIFs.

| Age <sup>14</sup> | Minimum | Maximum (Federal) | Maximum (AB, BC, NB <sup>15</sup> , NL, ON <sup>16</sup> , SK <sup>17</sup> ) | Maximum (MB, QC) |
|-------------------|---------|-------------------|---|------------------|
| 50                | 2.50%   | 4.33%             | 6.27%   | 6.10%            |
| 51                | 2.56%   | 4.36%             | 6.31%   | 6.10%            |
| 52                | 2.63%   | 4.40%             | 6.35%   | 6.10%            |
| 53                | 2.70%   | 4.44%             | 6.40%   | 6.10%            |
| 54                | 2.78%   | 4.48%             | 6.45%   | 6.10%            |
| 55                | 2.86%   | 4.53%             | 6.51%   | 6.40%            |
| 56                | 2.94%   | 4.58%             | 6.57%   | 6.50%            |
| 57                | 3.03%   | 4.64%             | 6.63%   | 6.50%            |
| 58                | 3.13%   | 4.70%             | 6.70%   | 6.60%            |
| 59                | 3.23%   | 4.76%             | 6.77%   | 6.70%            |
| 60                | 3.33%   | 4.83%             | 6.85%   | 6.70%            |
| 61                | 3.45%   | 4.91%             | 6.94%   | 6.80%            |
| 62                | 3.57%   | 4.99%             | 7.04%   | 6.90%            |
| 63                | 3.70%   | 5.09%             | 7.14%   | 7.00%            |
| 64                | 3.85%   | 5.19%             | 7.26%   | 7.10%            |
| 65                | 4.00%   | 5.31%             | 7.38%   | 7.20%            |
| 66                | 4.17%   | 5.43%             | 7.52%   | 7.30%            |
| 67                | 4.35%   | 5.57%             | 7.67%   | 7.40%            |
| 68                | 4.55%   | 5.73%             | 7.83%   | 7.60%            |
| 69                | 4.76%   | 5.90%             | 8.02%   | 7.70%            |
| 70                | 5.00%   | 6.10%             | 8.22%   | 7.90%            |
| 71                | 5.28%   | 6.33%             | 8.45%   | 8.10%            |
| 72                | 5.40%   | 6.59%             | 8.71%   | 8.30%            |
| 73                | 5.53%   | 6.89%             | 9.00%   | 8.50%            |
| 74                | 5.67%   | 7.24%             | 9.34%   | 8.80%            |
| 75                | 5.82%   | 7.65%             | 9.71%   | 9.10%            |
| 76                | 5.98%   | 8.11%             | 10.15%  | 9.40%            |
| 77                | 6.17%   | 8.65%             | 10.66%  | 9.80%            |
| 78                | 6.36%   | 9.29%             | 11.25%  | 10.30%           |
| 79                | 6.58%   | 10.03%            | 11.96%  | 10.80%           |
| 80                | 6.82%   | 10.93%            | 12.82%  | 11.50%           |
| 81                | 7.08%   | 12.03%            | 13.87%  | 12.10%           |
| 82                | 7.38%   | 13.40%            | 15.19%  | 12.90%           |
| 83                | 7.71%   | 15.16%            | 16.90%  | 13.80%           |
| 84                | 8.08%   | 17.52%            | 19.19%  | 14.80%           |
| 85                | 8.51%   | 20.81%            | 22.40%  | 16.00%           |
| 86                | 8.99%   | 25.76%            | 27.23%  | 17.30%           |
| 87                | 9.55%   | 34.01%            | 35.29%  | 18.90%           |
| 88                | 10.21%  | 50.50%            | 51.46%  | 20.00%           |
| 89                | 10.99%  | 100.00%           | 100.00%   | 20.00%           |
| 90                | 11.92%  | 100.00%           | 100.00%   | 20.00%           |
| 91                | 13.06%  | 100.00%           | 100.00%   | 20.00%           |
| 92                | 14.49%  | 100.00%           | 100.00%   | 20.00%           |
| 93                | 16.34%  | 100.00%           | 100.00%   | 20.00%           |
| 94                | 18.79%  | 100.00%           | 100.00%   | 20.00%           |
| 95+               | 20.00%  | 100.00%           | 100.00%   | 20.00%           |

<sup>14</sup> At Dec. 31 of previous year. If the individual's birthday is January 1st use the factor for the following year to calculate the LIF minimum payment.

<sup>15</sup> Effective January 1st, 2018, there is no maximum age for the owner of a LIF. The previous requirement for the LIF annuitant to purchase an annuity by the end of the calendar year in which they reach age 80 has been removed.

<sup>16</sup> In January 2008, Ontario introduced "New LIFs" and no original LIFs ("Old LIFs") can be opened although some Old LIFs may still exist.

<sup>17</sup> Saskatchewan LIFs must be converted to a life annuity at age 80. LIFs are no longer available for purchase in Saskatchewan (they were replaced by Prescribed RRIFs (PRIFs) in 2002) although some Saskatchewan LIFs may still exist. There's no maximum limit for withdrawals from Saskatchewan PRIFs.

## Payroll taxes

Employers must withhold payroll taxes, including income taxes, Employment Insurance premiums and Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions, from amounts paid to employees.

Employers must remit amounts withheld to the government on behalf of the employees, and may also need to pay employer premiums and contributions under these, and other, programs.

### Employment Insurance premiums

| Description                         | Amount or rate outside Quebec | Amount or rate in Quebec |
|-------------------------------------|-------------------------------|--------------------------|
| Maximum insurable earnings          | \$63,200                      | \$63,200                 |
| Employee premium rate               | 1.660%                        | 1.320%                   |
| Employer premium rate <sup>18</sup> | 2.324%                        | 1.848%                   |
| Employee maximum premium            | \$1,049.12                    | \$834.24                 |
| Employer maximum premium            | \$1,468.77                    | \$1,167.94               |

### CPP or QPP contributions

Both employees and employers make contributions to the CPP or QPP. If you are self-employed, you must pay both the employee and employer amounts.

Contributions are calculated by applying the contribution rate to employee earnings that are between the basic exemption and the Year's Maximum Pensionable Earnings (YMPE). Second additional contributions, which started on January 1, 2024, are calculated by applying the second additional contribution rate to employee earnings that are between the YMPE and the Year's Additional Maximum Pensionable Earnings (YAMPE).

| Description   | CPP amount or rate | QPP amount or rate |
|---|--------------------|--------------------|
| Basic exemption   | \$3,500            | \$3,500            |
| Year's Maximum Pensionable Earnings (YMPE)                            | \$68,500           | \$68,500           |
| Contribution rate for each of the employee and employer <sup>19</sup> | 5.95%              | 6.40%              |
| Maximum contributions for employee and employer                       | \$3,867.50         | \$4,160.00         |
| Maximum contributions for self-employed individuals                   | \$7,735.00         | \$8,320.00         |
| Year's additional maximum pensionable earnings (YAMPE)                | \$73,200           | \$73,200           |
| Second additional contribution rate for employee and employer         | 4.00%              | 4.00%              |
| Second additional maximum contributions for employee and employer     | \$188.00           | \$188.00           |
| Second additional maximum contributions for self-employed individuals | \$376.00           | \$376.00           |

As an employee, you can generally claim a federal tax credit for your contributions<sup>20</sup>. You can also claim a federal tax deduction your second additional contributions. An employer (including a self-employed individual or corporate employer) can claim a federal tax deduction for employer contributions.

<sup>18</sup> The employer premium rate is 1.4 times the employee premium rate.

<sup>19</sup> CPP contribution rate includes a base contribution rate of 4.95% and first additional contribution rate of 1%. QPP contribution rate includes a base contribution rate of 5.4% and first additional contribution rate of 1%.

<sup>20</sup> You can claim a tax deduction for first additional contributions, up to \$650, which is calculated as the YMPE minus the basic exemption, times 1%.

## CPP or QPP benefits

If you have contributed to the CPP or QPP, you may be able to receive benefits from the plans, depending on the amount of your contributions. The following table shows maximum CPP and QPP benefits if the retirement pension begins at age 65. The average CPP retirement pension was \$758.32 in October 2023.

| Benefit  | CPP maximum monthly benefit | CPP maximum annual benefits | QPP maximum monthly benefit | QPP maximum annual benefits |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Retirement pension                                     | \$1,364.60                  | \$16,375.20                 | \$1,364.60                  | \$16,375.20                 |
| Disability pension                                     | \$1,606.78                  | \$19,281.36                 | \$1,606.75                  | \$19,281.00                 |
| Survivor's pension – under 65 <sup>21</sup>            | \$739.31                    | \$8,871.72                  | \$1,102.80                  | \$13,233.60                 |
| Survivor's pension – 65 & over <sup>22</sup>           | \$818.76                    | \$9,825.12                  | \$822.14                    | \$9,865.68                  |
| Children of disabled contributor benefit <sup>23</sup> | \$294.12                    | \$3,529.44                  | \$93.39                     | \$1,120.68                  |
| Children of deceased contributor benefit <sup>24</sup> | \$294.12                    | \$3,529.44                  | \$294.12                    | \$3,529.44                  |
| Death benefit (lump sum)                               | n/a                         | \$2,500.00                  | n/a                         | \$2,500.00                  |

Your CPP or QPP retirement pension can start as early as age 60, although your pension will be permanently reduced by 0.6% for each month between the start of payments and your 65th birthday. Alternatively, you can delay the start of your CPP or QPP retirement pension beyond age 65, and the amount of your pension will be permanently increased by 0.7% for each month following your 65th birthday, until the date when payments begin (up until you reach age 70).

## OAS benefits

If you meet certain Canadian residency requirements, you may start receiving OAS benefits at age 65. The following table shows OAS pension and GIS amounts if the OAS pension started at age 65. Benefits are indexed quarterly.

| Months            | Maximum monthly OAS pension before age 75 | Maximum monthly OAS pension if age 75 or over | Maximum monthly GIS |
|-------------------|---|---|---------------------|
| January to March  | \$713.34                                  | \$784.67                                      | \$1,065.47          |
| April to December | To be announced                           | To be announced                               | To be announced     |

You may delay the start of your OAS pension and your payments will be permanently increased by 0.6% for each month following your 65th birthday, until the date when payments begin (up until you reach age 70). Your OAS pension may be reduced by the OAS recovery tax (clawback), at a rate of 15% of your net income over \$90,997 for the year. As of January 2024, the maximum OAS pension (at age 65) is completely eliminated when your net income is over an estimated amount of \$148,065 (\$153,771 if you are age 75 or over). You may receive the GIS if you are receiving an OAS pension. The GIS is reduced if you have taxable income and is eliminated for a single individual when taxable income is over \$21,624.

<sup>21</sup> For QPP, this is the pension for a surviving spouse who is between ages 45 and 64, or who has a disability and is under age 45. The amount is lower for a surviving spouse who is under age 45 and does not have a disability.

<sup>22</sup> For QPP, this is the pension for a surviving spouse who is age 65 or over.

<sup>23</sup> For QPP, this is the pension for a disabled contributor's child.

<sup>24</sup> For QPP, this is the orphan's pension.

## Estate administration fees (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 estate representative. This table shows the estate administration fees (commonly called probate fees) for estates over \$50,000. Other fees may apply.

| Province or Territory     | Amount or rate for estates over \$50,000 <sup>25</sup> | Example of fees with \$500,000 estate value | Example of fees with \$2,000,000 estate value | Example of fees with \$5,000,000 estate value |
|---------------------------|--|---|---|---|
| Alberta                   | \$275 to \$525   | \$525                                       | \$525   | \$525   |
| British Columbia          | \$350 plus 1.4% of portion over \$50,000               | \$6,650                                     | \$27,650                                      | \$69,650                                      |
| Manitoba <sup>26</sup>    | No probate fee   | N/A   | N/A   | N/A   |
| New Brunswick             | 0.5% of estate   | \$2,500                                     | \$10,000                                      | \$25,000                                      |
| Newfoundland and Labrador | \$60 plus 0.6% of portion over \$1,000                 | \$3,054                                     | \$12,054                                      | \$30,054                                      |
| Northwest Territories     | \$215 to \$435   | \$435                                       | \$435   | \$435   |
| Nova Scotia               | \$1,003 plus 1.695% of portion over \$100,000          | \$7,783                                     | \$33,208                                      | \$84,058                                      |
| Nunavut                   | \$200 to \$400   | \$400                                       | \$400   | \$400   |
| Ontario                   | 1.5% of portion over \$50,000                          | \$6,750                                     | \$29,250                                      | \$74,250                                      |
| Prince Edward Island      | \$400 plus 0.4% of portion over \$100,000              | \$2,000                                     | \$8,000                                       | \$20,000                                      |
| Quebec <sup>27</sup>      | Nominal fee  | Nominal fee                                 | Nominal fee                                   | Nominal fee                                   |
| Saskatchewan              | 0.7% of estate   | \$3,500                                     | \$14,000                                      | \$35,000                                      |
| Yukon                     | \$140  | \$140                                       | \$140   | \$140   |

<sup>25</sup> For some provinces and territories, different rates may apply to smaller estates (less than \$50,000).

<sup>26</sup> While there are no probate fees for applications for probate or administration made on or after November 6, 2020, certain court fees may continue to apply.

<sup>27</sup> 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.

## Tax for a Canadian Controlled Private Corporation (CCPC)

If you're the owner-manager of an incorporated business, you own shares of the corporation and are also employed by the corporation. Your corporation may pay tax on its income and can then distribute its after-tax income to you as dividends, so you'll need to know about corporate tax as well as personal tax on distributions.

### Some types of corporate income and distributions to shareholders

**SBD Income** is active business income up to the SBD Limit, which is the threshold for the small business deduction (SBD). The SBD Limit is \$500,000 federally and in most provinces and territories. SBD Income is eligible for the small business deduction (SBD), so it's taxed at lower rates in your corporation. After-tax SBD Income may be distributed to you as non-eligible dividends.

The federal SBD Limit is reduced with taxable capital over \$10 million and is \$0 with taxable capital over \$50 million.

The federal SBD Limit is also reduced based on adjusted aggregate investment income (sometimes called "passive income") in the prior year. The federal SBD Limit is reduced from \$500,000 when passive income is under \$50,000 to \$0 when passive income is over \$150,000. All provinces (other than Ontario and New Brunswick) and territories follow this federal measure. Further information on passive income in a CCPC is available in the CIBC report, "[CCPC Tax Planning for Passive Income](#)".

**General Income** includes active business income that is not eligible for the SBD, so it's taxed at higher rates in your corporation. After-tax General Income may generally be distributed to you as eligible dividends, which are eligible for an enhanced dividend tax credit for individuals so they are taxed at a lower rate in your hands than non-eligible dividends.

**Investment income** includes interest, rents and royalties, as well as foreign income with no foreign withholding tax. It is initially taxed in your corporation at a high rate, which is meant to approximate the highest personal tax rate on investment income. After-tax Investment Income, including the portion of the corporate tax that is refunded to your corporation when it distributes dividends, may be distributed to you as non-eligible dividends.

**Foreign income** is taxed in the same way as Investment Income; however, when a foreign tax credit is claimed, a lower portion of corporate tax may be refunded to your corporation when dividends are paid. After-tax Investment Income, including the portion of the corporate tax that is refunded to your corporation when it distributes dividends, may be distributed to you as non-eligible dividends. Dividends from US corporations are an example of foreign income with 15% withholding tax for Canadian residents.

**Capital gains** are taxed at favourable rates. Only 50% of capital gains is taxed, in the same way as investment income. The remaining 50% of capital gains is not taxed in your corporation and may be distributed to you as capital dividends, and you'll generally pay no personal tax on the dividends.

**Eligible dividends** are paid by Canadian corporations from income that was taxed at a relatively high rate in the corporation, such as General Income. You'll pay personal tax on the dividends you receive but can claim an enhanced (higher) dividend tax credit that reduces your personal tax. This helps compensate for the higher corporate tax.

**Non-eligible dividends** are generally paid by Canadian corporations from income that is taxed at low rates in a corporation, such as SBD Income, as well as Investment Income and capital gains (which include a portion of taxes that are refunded with dividend payments to reduce the initially-high corporate tax rate.) You'll pay personal tax on the dividends you receive, which are not eligible for the enhanced dividend tax credit.

Canadian corporations generally pay no tax on dividends that they receive from connected Canadian corporations, unless the payor corporation received a refund of refundable taxes. Canadian corporations pay a refundable tax on eligible and non-eligible dividends that they receive from non-connected corporations; this corporate tax is refunded when the corporation distributes dividends.

CCPCs generally cannot obtain refunds of taxes paid on investment income while distributing dividends from income taxed at the general corporate rate. Refunds will continue to be available when "non-eligible dividends" are paid out.

## Tax rates for CCPCs

The following table shows combined federal and provincial or territorial tax rates for a CCPC with a tax year of Jan 1 to Dec 31.

| Province or territory | SBD Limit | Tax rate on SBD Income | Tax rate on General Income | Tax rate on Investment Income |
|-----------------------|-----------|------------------------|----------------------------|-------------------------------|
| AB                    | \$500,000 | 11.00%                 | 23.00%                     | 46.67%                        |
| BC                    | \$500,000 | 11.00%                 | 27.00%                     | 50.67%                        |
| MB                    | \$500,000 | 9.00%                  | 27.00%                     | 50.67%                        |
| NB                    | \$500,000 | 11.50%                 | 29.00%                     | 52.67%                        |
| NL                    | \$500,000 | 12.00%                 | 30.00%                     | 53.67%                        |
| NS                    | \$500,000 | 11.50%                 | 29.00%                     | 52.67%                        |
| NT                    | \$500,000 | 11.00%                 | 26.50%                     | 50.17%                        |
| NU                    | \$500,000 | 12.00%                 | 27.00%                     | 50.67%                        |
| ON                    | \$500,000 | 12.20%                 | 26.50%                     | 50.17%                        |
| PE                    | \$500,000 | 10.00%                 | 31.00%                     | 54.67%                        |
| QC                    | \$500,000 | 12.20%                 | 26.50%                     | 50.17%                        |
| SK                    | \$600,000 | 10.50%                 | 27.00%                     | 50.67%                        |
| YT                    | \$500,000 | 9.00%                  | 27.00%                     | 50.67%                        |

Source: [Tax Templates Inc.](#)

## Corporate investing

When you earn income through your corporation as a shareholder, there are two layers of income tax: your corporation first pays corporate tax on its income; then, when the corporation distributes its after-tax corporate income, you pay personal tax on the dividends. In contrast, when you earn the income directly yourself (or as an employee of your corporation<sup>28</sup>), there is only one layer of income tax: personal.

The **Tax Savings (Cost)** tells you if there would ultimately be less (or more) tax from earning the income through your corporation, compared to earning the income personally. It compares the combined tax (corporate tax and your personal tax on dividends) to personal tax on the same income. When there is Tax Savings, it may be better to earn income through a corporation. When there is a Tax Cost, it may be better to earn income personally. When there is “perfect integration”, there is no Tax Savings or Tax Cost, so you’ll end up with the same amount cash whether you earn income through your corporation or personally.

The **Tax Deferral (Prepayment)** tells you the amount of the tax that can be deferred (or would be prepaid) by earning the income through your corporation and delaying payment of a dividend (and, thus, the personal tax on the dividend), compared to earning the income personally. It compares corporate tax to personal tax on the same income. The Tax Deferral (Prepayment) only matters if income can be retained in your corporation, for example if you don’t need the cash from your company for living expenses. When there is Tax Deferral, it may be better to earn income through a corporation if the corporation will distribute dividends in a future year. When there is Tax Prepayment, it may be better to earn income personally.

<sup>28</sup> There is essentially only one layer of income tax if your corporation pays you as an employee. Your corporation pays no tax on income that it pays to you as salary (since your corporation can claim a deduction) and you pay personal tax on the salary. The integration analysis does not consider the impact of payroll taxes, such as CPP or QPP contributions, and benefits that are discussed elsewhere in this Tax Toolkit .

The **Retention Advantage (Disadvantage)** is important if you've already chosen to earn income through a corporation, perhaps because you've incorporated a professional practice, or your corporation used after-tax income as capital to earn investment income. It tells you if there would be less (or more) corporate tax (when your corporation retains its after-tax income) than combined corporate and personal tax (when your corporation earns income and distributes after-tax income to you as dividends). When there's a Retention Advantage, it may be better if your corporation retains its after-tax income. When there's a Retention Disadvantage, you may be better off if your corporation distributes its after-tax income in the year it's earned.

Additional information is available in the CIBC reports, "[Bye Bye Bonus](#)" and "[In Good Company](#)."

## Integration calculations for SBD Income

The following tables show calculations of the Tax Savings (Cost), and the Tax Deferral (Prepayment), by earning SBD Income in a CCPC vs. personally. It is assumed that the individual and corporation reside in the same province, the corporation is a CCPC with a taxation year that begins on January 1 and ends on December 31, and the highest personal marginal tax rate applies.

### SBD Income earned through a corporation (\$)

| Description           | AB           | BC           | MB           | NB           | NL           | NS           | NT           | NU           | ON           | PE           | QC           | SK           | YT           |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Corporate income      | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       |
| Corporate tax         | -1,100       | -1,100       | -900         | -1,150       | -1,200       | -1,150       | -1,100       | -1,200       | -1,220       | -1,000       | -1,220       | -1,050       | -900         |
| Distribution (A)      | 8,900        | 8,900        | 9,100        | 8,850        | 8,800        | 8,850        | 8,900        | 8,800        | 8,780        | 9,000        | 8,780        | 8,950        | 9,100        |
| Personal tax          | -3,765       | -4,351       | -4,247       | -4,144       | -4,308       | -4,273       | -3,277       | -3,325       | -4,192       | -4,287       | -4,276       | -3,657       | -4,008       |
| <b>Net amount (B)</b> | <b>5,135</b> | <b>4,549</b> | <b>4,853</b> | <b>4,706</b> | <b>4,492</b> | <b>4,577</b> | <b>5,623</b> | <b>5,475</b> | <b>4,588</b> | <b>4,713</b> | <b>4,504</b> | <b>5,293</b> | <b>5,092</b> |

### SBD Income earned directly by an individual (\$)

| Description           | AB           | BC           | MB           | NB           | NL           | NS           | NT           | NU           | ON           | PE           | QC           | SK           | YT           |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Personal income       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       | 10,000       |
| Personal tax          | -4,800       | -5,350       | -5,040       | -5,250       | -5,480       | -5,400       | -4,705       | -4,450       | -5,353       | -5,175       | -5,331       | -4,750       | -4,800       |
| <b>Net amount (C)</b> | <b>5,200</b> | <b>4,650</b> | <b>4,960</b> | <b>4,750</b> | <b>4,520</b> | <b>4,600</b> | <b>5,295</b> | <b>5,550</b> | <b>4,647</b> | <b>4,825</b> | <b>4,670</b> | <b>5,250</b> | <b>5,200</b> |

### Integration summary when SBD Income earned through a corporation, rather than by an individual (\$)

| Description                         | AB    | BC    | MB    | NB    | NL    | NS    | NT    | NU    | ON    | PE    | QC    | SK    | YT    |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Tax Deferral (Prepayment) (A) – (C) | 3,700 | 4,250 | 4,140 | 4,100 | 4,280 | 4,250 | 3,605 | 3,250 | 4,133 | 4,175 | 4,110 | 3,700 | 3,900 |
| Tax Savings (Cost) (B) – (C)        | (65)  | (101) | (107) | (44)  | (28)  | (23)  | 328   | (75)  | (59)  | (112) | (165) | 43    | (108) |

Source: [Tax Templates Inc.](#)

## Integration rates of various types of income earned in a corporation

The following tables show integration rates, comparing income earned through a corporation and distributed to a shareholder, to income earned by an individual, assuming the highest personal marginal tax rate applies.

### Tax Deferral (Prepayment), as a percentage of income

| Description                         | AB    | BC    | MB    | NB    | NL   | NS   | NT     | NU    | ON   | PE    | QC   | SK    | YT    |
|-------------------------------------|-------|-------|-------|-------|------|------|--------|-------|------|-------|------|-------|-------|
| SBD Income                          | 37.0  | 42.5  | 41.4  | 41.0  | 42.8 | 42.5 | 36.1   | 32.5  | 41.3 | 41.8  | 41.1 | 37.0  | 39.0  |
| General Income                      | 25.0  | 26.5  | 23.4  | 23.5  | 24.8 | 25.0 | 20.6   | 17.5  | 27.0 | 20.8  | 26.8 | 20.5  | 21.0  |
| Investment income                   | 1.3   | 2.8   | (0.3) | (0.2) | 1.1  | 1.3  | (3.1)  | (6.2) | 3.4  | (2.9) | 3.1  | (3.2) | (2.7) |
| Foreign income, 15% withholding tax | 1.3   | 2.8   | (0.3) | (0.2) | 1.1  | 1.3  | (3.1)  | (6.2) | 3.4  | (2.9) | 3.1  | (3.2) | (2.7) |
| Capital gains                       | 0.7   | 1.4   | (0.1) | (0.1) | 0.6  | 0.7  | (1.6)  | (3.1) | 1.7  | (1.5) | 1.6  | (1.6) | (1.3) |
| Eligible dividends                  | (4.0) | (1.8) | (0.6) | (5.9) | 7.9  | 3.3  | (10.0) | (5.3) | 1.0  | (2.1) | 1.8  | (8.7) | (9.4) |
| Non-eligible dividends              | 4.0   | 10.6  | 8.3   | 8.5   | 10.6 | 9.9  | (1.5)  | (0.5) | 9.4  | 9.3   | 10.4 | 2.5   | 5.7   |

### Tax Savings (Cost), as a percentage of income

| Description                         | AB     | BC     | MB     | NB     | NL     | NS     | NT    | NU     | ON     | PE     | QC     | SK     | YT     |
|-------------------------------------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|
| SBD Income                          | (0.7)  | (1.0)  | (1.1)  | (0.4)  | (0.3)  | (0.2)  | 3.3   | (0.8)  | (0.6)  | (1.1)  | (1.7)  | 0.4    | (1.1)  |
| General Income                      | (1.8)  | (0.3)  | (4.3)  | 0.5    | (7.5)  | (4.5)  | (0.4) | (6.7)  | (2.0)  | (4.2)  | (2.8)  | (1.3)  | (0.3)  |
| Investment income                   | (3.5)  | (5.6)  | (6.9)  | (6.7)  | (6.9)  | (6.3)  | (2.1) | (5.7)  | (4.4)  | (9.8)  | (5.4)  | (5.2)  | (7.2)  |
| Foreign income, 15% withholding tax | (10.4) | (11.7) | (13.3) | (12.4) | (12.0) | (11.8) | (9.6) | (13.1) | (10.6) | (14.7) | (11.5) | (12.2) | (13.9) |
| Capital gains                       | (1.8)  | (2.8)  | (3.5)  | (3.3)  | (3.4)  | (3.2)  | (1.1) | (2.9)  | (2.2)  | (4.9)  | (2.7)  | (2.6)  | (3.6)  |
| Eligible dividends                  | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0   | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |
| Non-eligible dividends              | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0   | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |

### Retention Advantage (Disadvantage), as a percentage of income

| Description                         | AB    | BC    | MB    | NB    | NL   | NS   | NT     | NU    | ON   | PE    | QC   | SK    | YT    |
|-------------------------------------|-------|-------|-------|-------|------|------|--------|-------|------|-------|------|-------|-------|
| Investment income                   | 4.9   | 8.4   | 6.7   | 6.5   | 8.0  | 7.6  | (1.0)  | (0.4) | 7.8  | 6.8   | 8.5  | 2.0   | 4.6   |
| Foreign income, 15% withholding tax | 11.7  | 14.5  | 13.0  | 12.2  | 13.1 | 13.1 | 6.5    | 7.0   | 14.0 | 11.8  | 14.6 | 9.1   | 11.2  |
| Capital gains                       | 2.4   | 4.2   | 3.3   | 3.3   | 4.0  | 3.8  | (0.5)  | (0.2) | 3.9  | 3.4   | 4.3  | 1.0   | 2.3   |
| Eligible dividends                  | (4.0) | (1.8) | (0.5) | (5.9) | 7.9  | 3.2  | (10.0) | (5.3) | 1.0  | (2.1) | 1.8  | (8.7) | (9.4) |
| Non-eligible dividends              | 4.0   | 10.6  | 8.3   | 8.5   | 10.6 | 9.9  | (1.5)  | (0.5) | 9.4  | 9.3   | 10.4 | 2.5   | 5.7   |

Source: [Tax Templates Inc.](#)



The integration tables may guide decisions for choosing whether to earn income through a corporation (and retain that income in a corporation once it's earned), or earn income personally.

### Example 1: Choosing whether to earn income in a corporation for investment

The integration tables on the following pages show that, in Ontario, if your corporation earned \$10,000 of SBD Income, it would have \$8,780 after tax and, if it distributed this to you as dividends, you'd have \$4,588 after tax. In contrast, if you earned \$10,000 of business income, you'd have \$4,647 after tax.

If you'll need all after-tax SBD Income for personal use, consider the Tax Cost of \$59 (\$4,588 minus \$4,647), which is 0.6% of the \$10,000 SBD Income. If you earn the SBD Income through your corporation you'd have \$4,588 personally, which is \$59 less than the \$4,647 you'd have if you earned the income yourself. It may, therefore, be worse to earn income through your corporation than to earn income personally (or have your corporation pay you \$10,000 salary, rather than dividends.)

If you can leave after-tax business income in your corporation, also consider the Tax Deferral of \$4,133 (\$8,780 minus \$4,647), which is 41.3% of the \$10,000 SBD Income. By earning the SBD Income through your corporation, there would be \$8,780 after tax in your corporation for investment. This is \$4,133 more than if you earned the business income yourself, since you'd only have \$4,647 for personal investment. With \$4,133 extra capital for investment, your corporation may be able to earn enough investment income to offset the \$59 Tax Cost (when the after-tax SBD Income is eventually paid to you as dividends.) It may, therefore, be better to earn (and retain) SBD Income through your corporation than to earn income personally.

### Example 2: Choosing whether to retain income from corporate investments in a corporation

Continuing from Example 1, suppose that your corporation retains the \$8,780 of after-tax SBD Income, and uses the funds as capital to earn interest income of \$100. Your corporation would have \$49.83 after paying tax on the Investment Income of \$50.17 (\$100 times 50.17%, per the table of tax rates for CCPCs above). In Ontario, there's a Retention Advantage of 7.8% (per the tables of Integration Rates below). If your corporation distributes its after-tax interest income to you as dividends, you'd currently have about \$7.80 (\$100 times 7.8%) less, or about \$42.03. It may, therefore, be better to retain the \$49.83 after-tax interest in the corporation.

### Example 3: Choosing whether to incorporate (transfer to your corporation) your personal investments

Suppose you live in B.C. and have \$200,000 of personal investments that earn 5% interest, or \$10,000 in the year. If you pay tax on Investment Income of \$5,350 (at the highest marginal rate of 53.50% from the marginal tax tables above), you'd have \$4,650 after tax.

What if you transferred the \$200,000 of investments to a corporation, and the corporation earned the \$10,000 of Investment Income?

For Investment Income in B.C., consider the Tax Cost of 5.6% and the Tax Deferral of 2.8% (from the tables of integration rates below.) If your corporation retains its after-tax interest income, it would have about \$280 (2.8% times \$10,000) more to use for corporate investments than the \$4,650 that you'd have with personal investments. When your corporation ultimately distributes the after-tax Investment Income to you, however, due to the Tax Cost, you'd end up with about \$560 (\$10,000 times 5.6%) less than the \$4,650 you'd have with personal investments.

To make your choice about incorporation, consider whether the Tax Deferral may outweigh the Tax Cost. It would only be worth transferring the \$200,000 of personal investments to a corporation if you think that any extra income your corporation could earn by having \$280 more capital for investment would outweigh the ultimate cost of having \$560 less cash once the income is distributed to you.

## Other considerations

While corporate investments may make sense in many situations, there are some additional considerations.

The federal SBD is reduced for CCPCs with taxable capital exceeding \$10 million and eliminated when taxable capital exceeds \$50 million. The federal SBD is also reduced for CCPCs with over \$50,000 of adjusted aggregate investment income in the previous year. All the provinces (other than New Brunswick and Ontario) and territories follow this federal measure. Further information is available in the CIBC report, "[CCPC Tax Planning for Passive Income](#)".

The integration tables assume that personal investments are held in non-registered accounts; however, investing in RRSPs and TFSAs may effectively provide a higher effective rate of return on investments. It often makes sense to withdraw sufficient after-tax business income from your corporation to maximize your TFSA and RRSP contributions and leave any excess in your corporation for investment. For more information, see the CIBC reports, "[TFSAs for business owners... a smart choice](#)" and "[RRSPs: A smart choice for business owners](#)".

You should discuss these measures with a tax advisor to determine how they may affect the decision to build an investment portfolio within your corporation.

## A final thought

We hope that the information may help to guide your decisions as you build investment portfolios, personally or within your corporation, in 2024 and beyond. Knowing what income you may receive, and how it may be taxed, could help you make choices that will ultimately result in more savings to support your goals.

You should discuss the information in the Tax Toolkit with tax and legal professionals to determine how it may apply in your particular circumstances.

The information in this CIBC Tax Toolkit is for the 2024 calendar year and is current to January 1, 2024.

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