

Corporate and Personal Tax Services

# Tax Facts and Figures: Canada 2010

Making your way through the complex

# Key 2010 Income and Capital Tax Rates – Individuals and Corporations

## Individuals (page 4)

Applies to taxable income above \$127,021 (\$150,000 for Nova Scotia).

	Top combined marginal rates			
	Ordinary income and interest	Capital gains	Canadian dividends	
			Eligible	Non-eligible
<b>Federal</b>	29.00%	14.50%	15.88%	19.58%
<b>Alberta</b>	39.00%	19.50%	15.88%	27.71%
<b>British Columbia</b>	43.70%	21.85%	21.45%	33.71%
<b>Manitoba</b>	46.40%	23.20%	25.09%	38.21%
<b>New Brunswick</b>	43.30%	21.65%	19.46%	30.83%
<b>Newfoundland and Labrador</b>	43.40%	21.70%	22.79% or 20.77%	31.33%
<b>Northwest Territories</b>	43.05%	21.53%	19.81%	29.65%
<b>Nova Scotia</b>	50.00%	25.00%	33.58%	36.21%
<b>Nunavut</b>	40.50%	20.25%	23.64%	28.96%
<b>Ontario</b>	46.41%	23.20%	26.57%	32.57%
<b>Prince Edward Island</b>	47.37%	23.69%	25.95%	39.66%
<b>Quebec</b>	48.22%	24.11%	30.68%	36.35%
<b>Saskatchewan</b>	44.00%	22.00%	21.64%	30.83%
<b>Yukon</b>	42.40%	21.20%	18.80%	30.49%

In Newfoundland and Labrador, for eligible dividends paid before July 1, 2010, the rate is 22.79%.

## Corporations (page 19)

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

	Combined rates			
	General and M&P	Canadian-Controlled Private Corporations (CCPCs)		Investment income
		Active business income to \$400,000	\$400,000 to \$500,000	
<b>General</b>	18%	11%	34.67%	
<b>M&amp;P</b>	28%	14%	44.67%	
<b>General</b>	28.5%	13.5%	45.17%	
<b>M&amp;P</b>	30%	11.92%   23%	46.67%	
<b>General</b>	29.5%	16%	46.16%	
<b>M&amp;P</b>	32%	16%	48.67%	
<b>General</b>	23%	15%	46.17%	
<b>M&amp;P</b>	29.5%	15%	46.17%	
<b>General</b>	34%	16%   27%	50.67%	
<b>M&amp;P</b>	30%	15%	46.67%	
<b>General</b>	30.99%	16%	47.66%	
<b>M&amp;P</b>	28.99%	16%	N/A	
<b>General</b>	34%	12.27%	50.67%	
<b>M&amp;P</b>	29.9%	19%	46.57%	
<b>General</b>	30%	15.5%	46.67%	
<b>M&amp;P</b>	28%	15.5%	N/A	
<b>General</b>	33%	15%   26%	49.67%	
<b>M&amp;P</b>	20.5%	13.5%	N/A	

## Capital Tax on Corporations (page 22)

Financial institutions have different rates. See page 22.

Rate	Exemption
No capital tax	
No capital tax	
No capital tax	
0.1%, 2.3% and 0.3%	\$10 million
No capital tax	
No capital tax	
0.125% or 0.25%	Nil or \$5 million
No capital tax	
0.074%	\$15 million
No capital tax	
0.12%	Up to \$1 million
No capital tax	
No capital tax	

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Corporate and Personal Tax Services

# Tax Facts and Figures: Canada 2010

Making your way through the complex

## A Message from Our Tax Leader

On behalf of PricewaterhouseCoopers, I am proud to present our 33rd edition of *Tax Facts and Figures*. This annual publication is an indispensable reference tool. It will save you time and effort by providing up-to-date personal and corporate tax information in a user-friendly format. The 2010 edition is current to May 15, 2010. Important post-publication changes can be found on our website at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo).

This past year has been marked by numerous tax changes, many of a highly technical nature. Taxpayers engaged in international transactions may be affected. Other measures enhance targeted programs, such as film and media tax credits and scientific research and experimental development incentives. Two provinces – British Columbia and Ontario – are replacing their provincial sales tax with a Harmonized Sales Tax on July 1, 2010.

*Tax Facts and Figures* will help you identify and understand the tax rates and tax changes that apply to you or your company. However, this information is most effective when used in tandem with professional advice. For further help, please contact your PricewaterhouseCoopers tax adviser or any of the individuals listed on the right.



Saul Plener  
National Managing Partner, Tax Services  
PricewaterhouseCoopers Canada

## PricewaterhouseCoopers Tax Contacts

### Alberta

Calgary	Dale Meister	<a href="mailto:dale.s.meister@ca.pwc.com">dale.s.meister@ca.pwc.com</a>
Edmonton	Brad Gilewich	<a href="mailto:brad.gilewich@ca.pwc.com">brad.gilewich@ca.pwc.com</a>

### British Columbia

Vancouver	Brad Sakich	<a href="mailto:brad.a.sakich@ca.pwc.com">brad.a.sakich@ca.pwc.com</a>
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### Manitoba

Winnipeg	David Loewen	<a href="mailto:dave.loewen@ca.pwc.com">dave.loewen@ca.pwc.com</a>
----------	--------------	--

### Maritimes

Halifax/Saint John	Dean Landry	<a href="mailto:dean.landry@ca.pwc.com">dean.landry@ca.pwc.com</a>
--------------------	-------------	--

### Newfoundland and Labrador

St. John's	Allison Saunders	<a href="mailto:allison.j.saunders@ca.pwc.com">allison.j.saunders@ca.pwc.com</a>
------------	------------------	--

### Ontario

Greater Toronto Area	Cathy Wraggett	<a href="mailto:cathy.a.wraggett@ca.pwc.com">cathy.a.wraggett@ca.pwc.com</a>
Ottawa	Lois McCarron-McGuire	<a href="mailto:lois.a.mccarron-mcguire@ca.pwc.com">lois.a.mccarron-mcguire@ca.pwc.com</a>
Southwestern Ontario	Loris Macor	<a href="mailto:loris.macor@ca.pwc.com">loris.macor@ca.pwc.com</a>

### Quebec

Montreal/Quebec City	Pierre Lessard	<a href="mailto:pierre.lessard@ca.pwc.com">pierre.lessard@ca.pwc.com</a>
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### Saskatchewan

Saskatoon	Frank Baldry	<a href="mailto:frank.m.baldry@ca.pwc.com">frank.m.baldry@ca.pwc.com</a>
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Rates and other information are current to May 15, 2010, but may change as a result of legislation or regulations issued after that date.

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## Federal

Because the federal government is in a minority, it is uncertain whether federal tax changes that have not been enacted into law will proceed. At the publication date, the 2010 federal budget measures had not been enacted.

**Personal income tax rates:** unchanged ([p. 10](#)).

**Corporate income tax rates:** general and M&P rate decreasing in stages from 19% to 15% by January 1, 2012; small business rate unchanged ([p. 24](#)).

**Eligible dividends:**<sup>1</sup> personal taxes increasing in stages from 2010 to 2012 ([p. 10](#)).

**Employee stock options:** significant changes proposed for stock options disposed of after 4:00 pm EST on March 4, 2010 ([p. 10](#)).

**Charities:** disbursement quota rules significantly modified and anti-avoidance rules strengthened, for fiscal years ending after March 3, 2010 ([p. 10](#)).

**Taxable Canadian property:** definition narrowed to exclude certain shares and other interests, commencing March 5, 2010 ([p. 11](#)).

**Non-resident trusts and foreign investment entities:** “outstanding proposals” to be simplified and better targeted ([p. 11](#)).

**Avoidance transactions:** would be “reportable transactions” under a proposed regime after 2010 ([p. 11](#)).

**Group taxation:** federal government to explore possibilities ([p. 24](#)).

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

## Alberta<sup>1</sup>

**Personal and corporate income tax rates:** unchanged (pp. [12](#), [26](#)).

## British Columbia<sup>1</sup>

**Personal income tax rates:** unchanged; basic and spousal amounts increasing in 2010 ([p. 12](#)).

**Non-eligible dividends:** personal taxes increasing in 2010 ([p. 12](#)).

**Corporate income tax rates:** decreasing – general and M&P rate from 10.5% to 10% on January 1, 2011; small business rate from 2.5% to 0% on April 1, 2012 ([p. 26](#)).

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

**Financial institutions capital tax:** eliminated on April 1, 2010 ([p. 26](#)).

**Harmonized Sales Tax (HST):** a 12% HST will replace British Columbia’s 7% Social Services Tax and the 5% federal Goods and Services Tax on July 1, 2010 (pp. [12](#), [27](#)).

## Manitoba<sup>1</sup>

**Personal income tax rates:** unchanged; planned changes to lowest rate and top two brackets after 2009 not implemented ([p. 13](#)).

**Non-eligible dividends:** personal taxes increasing in 2011 ([p. 13](#)).

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

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

## New Brunswick<sup>1</sup>

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

**Corporate income tax rates:** decreasing – general and M&P rate from 12% to 11% on July 1, 2010, and in stages to 8% by July 1, 2012; small business rate unchanged ([p. 28](#)).

## Newfoundland and Labrador<sup>1</sup>

**Personal income tax rates:** top two rates decreasing in 2010 and 2011 ([p. 14](#)).

**Eligible dividends:**<sup>1</sup> personal taxes decreasing in 2010, but increasing after 2010 ([p. 14](#)).

**Corporate income tax rates:** general and M&P rate unchanged; small business rate decreasing from 5% to 4% for taxation years beginning after March 31, 2010 ([p. 29](#)).

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

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## Northwest Territories<sup>1</sup>

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

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## Nova Scotia<sup>1</sup>

**Personal income tax rates:** starting 2010, temporary new top personal tax bracket and rate, with suspension of surtax, until Nova Scotia balances its budget ([p. 15](#)).

**Corporate income tax rates:** general and M&P rate unchanged; small business rate decreasing from 5% to 4.5% on January 1, 2011 ([p. 30](#)).

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

**Harmonized Sales Tax rate:** increasing from 13% to 15% on July 1, 2010 (pp. [15](#), [30](#)).

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## Nunavut<sup>1</sup>

**Personal and corporate income tax rates:** unchanged (pp. [16](#), [30](#)).

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## Ontario<sup>1</sup>

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

**Eligible<sup>1</sup> and non-eligible dividends:** personal taxes increasing in 2010 ([p. 16](#)).

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

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

**Corporate Minimum Tax:** rate decreasing from 4% to 2.7% on July 1, 2010; thresholds increasing for taxation years ending after June 30, 2010 ([p. 31](#)).

**Harmonized Sales Tax (HST):** a 13% HST will replace Ontario's 8% Retail Sales Tax and the 5% federal Goods and Services Tax on July 1, 2010 (pp. [16](#), [31](#)).

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## Prince Edward Island<sup>1</sup>

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

**Non-eligible dividends:** personal taxes increasing in 2010 and 2011 ([p. 17](#)).

**Corporate income tax rates:** general rate unchanged; small business rate decreased from 2.1% to 1% on April 1, 2010 ([p. 32](#)).

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## Quebec<sup>1</sup>

**Personal and corporate income tax rates:** unchanged (pp. [17](#), [32](#)).

**Capital tax:** phased out by January 1, 2011; for manufacturing companies – eliminated or reduced earlier ([p. 32](#)).

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

**Quebec Sales Tax rate:** increasing from 7.5% to 8.5% on January 1, 2011, and to 9.5% on January 1, 2012 (pp. [17](#), [33](#)).

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## Saskatchewan<sup>1</sup>

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

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## Yukon<sup>1</sup>

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

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

## Individual Marginal Rates for 2010

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

Provincial brackets below \$10,382 are not shown.	Taxable income \$10,382 to \$40,970					Taxable income \$40,970 to \$81,941					Taxable income \$81,941 to \$127,021					Taxable income > \$127,021				
	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends' Eligible %	Non-eligible %	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends' Eligible %	Non-eligible %	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends' Eligible %	Non-eligible %	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends' Eligible %	Non-eligible %
<b>Federal</b>	10,382	15.00	7.50	(4.28) to 0	2.08	40,970	22.00	11.00	5.80	10.83	81,941	26.00	13.00	11.56	15.83	127,021	29.00	14.50	15.88	19.58
<b>Alberta</b>	16,825 10,382	25.00 15.00	12.50 7.50	(4.28) to 0 (4.28) to 0	10.21 2.08	40,970	32.00	16.00	5.80	18.96	81,941	36.00	18.00	11.56	23.96	127,021	39.00	19.50	15.88	27.71
<b>British Columbia</b>	35,859 11,000 10,382	22.70 20.06 15.00	11.35 10.03 7.50	(8.79) to 0 (12.59) to 0 (4.28) to 0	7.46 4.16 2.08	71,719 40,970	32.50 29.70	16.25 14.85	5.32 to 5.80 1.29 to 5.80	19.71 16.21	99,987 82,342 81,941	40.70 38.29 36.50	20.35 19.15 18.25	17.13 13.66 11.08 to 11.56	29.96 26.95 24.71	127,021	43.70	21.85	21.45	33.71
<b>Manitoba</b>	31,000 10,382	27.75 25.80	13.88 12.90	(1.76) to 2.52 (4.57) to 0	14.90 12.46	67,000 40,970	39.40 34.75	19.70 17.38	15.01 8.32	29.46 23.65	81,941	43.40	21.70	20.77	34.46	127,021	46.40	23.20	25.09	38.21
<b>New Brunswick</b>	36,421 10,382	27.50 24.30	13.75 12.15	(3.29) to 0.99 (7.90) to 0	11.08 7.08	72,843 40,970	35.30 34.50	17.65 17.25	7.94 6.79	20.83 19.83	118,427 81,941	40.30 39.30	20.15 19.65	15.14 13.70	27.08 25.83	127,021	43.30	21.65	19.46	30.83
<b>Newfoundland and Labrador</b>	31,278 10,382	27.65 22.70	13.83 11.35	(1.91) to 2.38 <sup>2</sup> (9.03) to 0 <sup>2</sup>	11.65 5.46	62,556 40,970	36.40 34.65	18.20 17.33	10.69 <sup>2</sup> 8.17 <sup>2</sup>	22.58 20.40	81,941	40.40	20.20	16.45 <sup>2</sup>	27.58	127,021	43.40	21.70	20.77 <sup>2</sup>	31.33
<b>Northwest Territories</b>	37,106 12,740 10,382	23.60 20.90 15.00	11.80 10.45 7.50	(8.20) to 0 (12.09) to 0 (4.28) to 0	5.33 1.96 to 2.08 2.08	74,214 40,970	34.20 30.60	17.10 15.30	7.06 1.88 to 5.80	18.58 14.08	120,656 81,941	40.05 38.20	20.03 19.10	15.49 12.82	25.90 23.58	127,021	43.05	21.53	19.81	29.65
<b>Nova Scotia</b>	29,590 10,382	29.95 23.79	14.98 11.90	4.70 to 8.99 (4.17) to 0.12	11.15 3.45	59,180 40,970	38.67 36.95	19.34 18.48	17.26 14.78	22.05 19.90	93,000 81,941	43.50 42.67	21.75 21.34	24.22 23.02	28.08 27.05	150,000 127,021	50.00 46.50	25.00 23.25	33.58 28.54	36.21 31.83
<b>Nunavut</b>	39,065 11,714 10,382	22.00 19.00 15.00	11.00 9.50 7.50	(3.00) to 1.28 (7.32) to 0 (4.28) to 0	5.83 2.08 2.08	78,130 40,970	31.00 29.00	15.50 14.50	9.96 7.08	17.08 14.58	81,941	35.00	17.50	15.72	22.08	127,021	40.50	20.25	23.64	28.96
<b>Ontario</b>	37,106 10,382	24.15 20.05	12.08 10.03	(0.32) to 3.96 (6.23) to 0	7.90 2.77	76,986 74,214 65,344 40,970	39.41 35.39 32.98 31.15	19.70 17.70 16.49 15.58	16.49 14.02 10.55 9.76	23.82 20.82 17.81 16.65	81,941	43.41	21.70	22.25	28.82	127,021	46.41	23.20	26.57	32.57
<b>Prince Edward Island</b>	31,984 10,382	28.80 24.80	14.40 12.40	0.70 to 4.98 (5.06) to 0	16.71 11.71	63,969 40,970	38.70 35.80	19.35 17.90	14.96 10.78	29.08 25.46	98,143 81,941	44.37 42.70	22.19 21.35	21.63 20.72	35.91 34.08	127,021	47.37	23.69	25.95	39.66
<b>Quebec</b>	38,570 13,131 10,382	32.53 28.53 12.53	16.26 14.26 6.26	8.09 to 11.66 2.33 to 5.90 (3.58) to 0	16.74 11.74 1.74	77,140 40,970	42.37 38.37	21.19 19.19	22.26 16.50	29.05 24.05	81,941	45.71	22.86	27.07	33.22	127,021	48.22	24.11	30.68	36.35
<b>Saskatchewan</b>	40,354 13,348 10,382	28.00 26.00 15.00	14.00 13.00 7.50	(1.40) to 2.88 (4.28) to 0 (4.28) to 0	10.83 8.33 2.08	40,970	35.00	17.50	8.68	19.58	115,297 81,941	41.00 39.00	20.50 19.50	17.32 14.44	27.08 24.58	127,021	44.00	22.00	21.64	30.83
<b>Yukon</b>	10,382	22.04	11.02	(9.74) to 0	5.32	80,708 40,970	32.16 31.68	16.08 15.84	4.06 to 5.80 4.14 to 5.80	17.70 17.37	81,941	38.01	19.01	12.48	25.01	127,021	42.40	21.20	18.80	30.49
<b>Non-resident<sup>3</sup></b>	10,382	22.20	11.10	(6.34) to 0	3.08	40,970	32.56	16.28	8.58	16.03	81,941	38.48	19.24	17.11	23.43	127,021	42.92	21.46	23.50	28.98

1. Eligible dividends are designated as such by the payor. Most dividends paid by public corporations will be eligible dividends. When two dividend rates are indicated, the rate that applies depends on the level of the taxpayer's other income, with the higher rate applying if the taxpayer has no other income.

2. For Newfoundland and Labrador, the eligible dividend rates shown are for dividends paid after June 30, 2010. The rates before July 1, 2010 are:

Bracket \$	10,382	31,278	40,970	62,556	81,941	127,021
Rate %	(7.02) to 0	0.11 to 4.39	10.19	12.71	18.47	22.79

See footnote 1.

3. Non-residents will pay tax on taxable incomes below \$10,382 if the non-resident does not qualify for the federal personal basic tax credit (see page 5). Non-resident rates for interest and dividends apply only in limited cases; generally, interest (other than most interest paid to arm's-length non-residents) and dividends are subject to Part XIII non-resident withholding tax.

## How Much Tax? Individual Tax Table for 2010

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

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

This table assumes the non-resident will not qualify for the basic personal tax credit. A non-resident may claim this credit only if all or substantially all (i.e., 90% or more) of his or her worldwide income is included in taxable income earned in Canada for the year. Instead of provincial or territorial tax, non-residents pay an additional 48% of basic federal tax, on income taxable in Canada that is not earned in a province or territory. Non-residents are subject to provincial or territorial rates on employment income earned, and business income connected with a permanent establishment, in the respective province or territory. Different rates may apply to non-residents in other circumstances. For the taxation of interest and dividends paid to non-residents, see footnote 3 on [page 4](#).

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

		Combined 2010 federal and provincial/territorial income tax															
		Federal income tax	Alberta	B.C.	Manitoba	N.B.	Nfld. & Lab.	N.W.T.	N.S.	Nunavut	Ontario	P.E.I.	Quebec	Sask.	Yukon	Non-resident	
Taxable income ↑	\$1,000,000	\$278,487	\$376,804	\$418,092	\$447,888	\$417,738	\$419,240	\$412,329	\$478,900	\$387,108	\$444,531	\$456,658	\$465,807	\$423,905	\$406,989	\$414,465	\$1,000,000
	500,000	133,487	181,804	199,592	215,888	201,238	202,240	197,079	228,900	184,608	212,483	219,808	224,732	203,905	194,999	199,865	500,000
	400,000	104,487	142,804	155,892	169,488	157,938	158,840	154,029	178,900	144,108	166,073	172,438	176,517	159,905	152,601	156,945	400,000
	300,000	75,487	103,804	112,192	123,088	114,638	115,440	110,979	128,900	103,608	119,664	125,068	128,302	115,905	110,203	114,025	300,000
	250,000	60,987	84,304	90,342	99,888	92,988	93,740	89,454	103,900	83,358	96,459	101,383	104,194	93,905	89,004	92,565	250,000
	200,000	46,487	64,804	68,492	76,688	71,338	72,040	67,929	78,900	63,108	73,254	77,698	80,087	71,905	67,805	71,105	200,000
	150,000	31,987	45,304	46,642	53,488	49,688	50,340	46,404	53,900	42,858	50,049	54,013	55,979	49,905	46,606	49,645	150,000
	100,000	18,297	26,615	25,602	31,099	29,033	29,451	26,072	31,461	24,094	27,655	31,138	32,549	29,022	26,592	29,385	100,000
	90,000	15,697	23,015	21,773	26,759	25,103	25,411	22,252	27,136	20,594	23,314	26,837	27,978	25,122	22,791	25,537	90,000
	80,000	13,175	19,492	18,063	22,496	21,250	21,449	18,510	22,947	17,172	19,051	22,645	23,472	21,299	19,106	21,804	80,000
	70,000	10,975	16,292	14,862	18,556	17,743	17,809	15,241	19,080	14,234	15,492	18,775	19,520	17,799	15,938	18,548	70,000
	60,000	8,775	13,092	11,892	14,942	14,293	14,213	12,181	15,213	11,334	12,292	15,020	15,683	14,299	12,770	15,292	60,000
	50,000	6,575	9,892	8,922	11,467	10,843	10,748	9,121	11,504	8,434	9,177	11,440	11,846	10,799	9,602	12,036	50,000
	40,000	4,443	6,760	6,019	8,060	7,461	7,351	6,129	7,876	5,602	6,130	7,928	8,066	7,374	6,528	8,880	40,000
	30,000	2,943	4,260	3,904	5,304	4,916	4,650	3,961	4,881	3,674	4,006	5,127	5,156	4,774	4,324	6,660	30,000
	20,000	1,443	1,760	1,898	2,724	2,486	2,380	1,871	2,477	1,774	2,001	2,647	2,304	2,174	2,120	4,440	20,000

Taxable income ↑

## Personal Tax Credits for 2010

### Key Non-Refundable Tax Credits

Non-refundable credits reduce or eliminate tax. For more information on key federal credits, see [page 7](#).

For Newfoundland and Labrador, the rate depends on when the eligible dividends are paid (see [page 14](#)).

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

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

		Credits as percentage (%) of base amount or actual payment (subject to some limitations: see <a href="#">next page</a> )													
		Federal	Alta.	B.C.	Man.	N.B.	Nfld. & Lab.	N.W.T.	N.S.	Nun.	Ont.	P.E.I.	Que.	Sask.	Yuk.
<b>General factor</b>	First \$200	15	10	5.06	10.8	9.3	7.7	5.9	8.79	4	5.05	9.8	20	11	7.04
<b>Charitable donations</b>	Amount over \$200	29	21	14.7	17.4	14.3	14.4	14.05	21	11.5	11.16	16.7	24	15	12.76
<b>Dividend tax credit</b> (on grossed-up amount)	Eligible	17.97	10	10.83	11	11.81	9.6 / 11	11.32	8.71	6.11	6.4	10.34	11.9	11	10.83
	Non-eligible	13.33	3.5	3.4	2.5	5.3	5	6	7.7	4	4.5	2.1	8	6	4.45

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

		Federal amounts	Maximum dollar (\$) value (before surtaxes) of credits that are based on prescribed amounts													
<b>Basic</b>				557		816	603		724		452	755	2,101		731	
<b>Spouse</b>		10,382	1,557	1,683	878	693	493	752	614	469	383	642	n/a	1,468		
<b>Equivalent to spouse</b>				488								617				
<b>Age 65</b>		6,446	967	469	214	403	399	334	368	353	351	220	369	452	480	454
<b>Disability</b>	Basic	7,239	1,086	1,298	357	667	661	407	610	430	469	365	675	478		510
	Under 18 supplement									294			394			
<b>Infirm dependant</b> (18 or over)		4,223	633	974	208	389	386	192	249	239	169	213	240	n/a	929	297
<b>Caregiver</b>							385	191		418						
<b>Pension income</b>		2,000	300	130	51	108	93	77	59	100	80	62	98	402	110	141
<b>Child</b>		2,101	315						n/a						544	148
<b>Adoption</b>		10,975	1,646	1,151	555	1,080	n/a	814		n/a		551	n/a			773
<b>Children's fitness</b>		500	75	n/a	54				44			n/a				35
<b>CPP/QPP</b>		2,163	324	216	109	234	201	167	128	190	87	109	212	n/a	238	152
<b>Employment Insurance (EI)</b>		747	112	75	38	81	70	58	44	66	30	38	73		82	53
<b>Canada Employment</b>		1,051	158						n/a							74
<b>Education</b> (per month)	Full-time	400	60	65	10	43	37	15	24	18	16	24	39	388	44	28
	Part-time	120	18	20	3	13	11	5	7	5	5	7	12	n/a	13	8
<b>Textbook</b> (per month)	Full-time	65	10								3					5
	Part-time	20	3								1					1

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

In Quebec, the federal EI amount is lower (it is \$588) because Quebec Parental Insurance Plan premiums are also required, for which a federal tax credit is available (see [page 35](#)).

x 1.2 or x 1.56      x 1.1      x 1.05

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

## Key Federal Credits: Additional Information

The provinces and territories may have comparable thresholds and rules.

	Special rules	To whom the credit may be transferred	Carry-forward
<b>Tuition</b>	Credit available only if at least \$100 is paid in fees to an institution	Spouse, parent or grandparent (Maximum combined credits transferable = \$750)	Indefinite
<b>Education</b>	Credit = \$60/month for full-time students and certain disabled part-time students; \$18/month for other part-time students		
<b>Textbook</b>	Credit = \$10/month for full-time students and certain disabled part-time students; \$3/month for other part-time students		
<b>Medical</b>	Credit is based on amount by which qualifying medical expenses exceed the lesser of \$2,024 and 3% of net income (generally, expenses for any twelve-month period ending in the year can be claimed) Qualifying medical expenses include up to \$10,000 paid for certain adult dependants	Either spouse may claim	
<b>CPP/QPP and EI</b>	For employees, maximum credit = \$436 (in Quebec, \$413); self-employed persons deduct 50% of CPP/QPP premiums paid for their own coverage (maximum deduction of \$2,163) and claim a credit for the non-deductible half of premiums paid (maximum credit \$324); self-employed persons do not pay EI premiums	n/a	
<b>Canada Employment</b>	Credit is based on employment income		
<b>Transit pass</b>	Public transit passes (monthly or longer) and certain weekly and electronic payment cards for travel are eligible	Spouse or parent	
<b>Student loan interest</b>	Interest must be paid on qualifying student loans	n/a	5 years
<b>Charitable donations</b>	Eligible donations are limited to 75% of net income	Either spouse may claim	
<b>Spousal and equivalent to spouse</b>	Reduced by any net income of the spouse or qualifying dependant	n/a	
<b>Infirm dependant</b>	Reduced if dependant's income exceeds \$5,992		
<b>Caregiver</b>	For providers of in-home care for an adult relative (reduced if relative's income exceeds \$14,422)		
<b>Age</b>	Reduced if income exceeds \$32,506	Spouse	
<b>Pension</b>	Maximum credit = \$300		
<b>Child</b>	Credit available for each child under 18		
<b>Children's fitness</b>	Maximum credit = \$75 for children under 16; \$150 for children under 18 who qualify for the disability tax credit	Either parent may claim	
<b>Disability</b>	Basic	Spouse, parent, grandparent, child, grandchild, sibling, aunt, uncle, niece or nephew	
	Under 18 supplement		

## Quebec's Special Credits and Rules

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

- the minimum basic personal credit, the Quebec Pension Plan (QPP), Employment Insurance (EI), Health Services Fund and Quebec Parental Insurance Plan (QPIP) credits are combined into a single basic personal credit equal to \$10,505;
- an adult student can transfer the unused portion of the basic personal credit to a parent (but if this transfer is made, the other dependant (18 or over) credit of \$564 cannot be claimed for that student);
- most non-refundable credits, such as the basic personal credit and the age credit, can be transferred to a spouse, if not used by the taxpayer;
- the age, pension and living alone credits are reduced if net family income exceeds \$30,490;
- a person that lives alone or with a dependant can claim a credit of \$246;
- a person that qualifies for the living alone credit and lives with an eligible student is eligible for an additional \$305 credit;
- the maximum education credit of \$388 per term (maximum two terms per year) can be claimed by a supporting Quebec parent (but is not transferable) for a child under 18 who attends post-secondary school full-time (part-time for infirm dependants); and
- the medical expense credit is based on the amount by which qualifying expenses exceed 3% of net family income (see below for details on the refundable medical expense credit).

Select Quebec refundable tax credits are listed below.

	Details
<b>Adoption</b>	50% of eligible adoption expenses (maximum credit of \$10,000)
<b>Child care</b>	26% to 75% of qualifying child care expenses (limits apply)
<b>Caregivers</b>	Maximum credit of \$1,062 is reduced if the dependant's income exceeds \$21,235
<b>Respite expenses for informal caregivers</b>	30% of eligible respite expenses paid for the care of a person who resides with the caregiver and has a significant disability; maximum credit of \$1,560 is reduced if family income exceeds \$51,425
<b>Home support for seniors</b>	30% of eligible expenses; maximum credit of \$4,680 for independent seniors, and \$6,480 for dependent seniors, aged 70 and over, is reduced if family income exceeds \$51,425; expenses eligible for this credit will not qualify for the medical expense credit
<b>Medical</b>	25% of medical expenses eligible for the non-refundable credit and 25% of amount deducted for impairment support products and services; maximum credit of \$1,061 is reduced if family income exceeds \$20,525

## Income Tax Filing and Payment Deadlines for 2010 – Individuals and Trusts

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

	Instalments		Filing deadline and balance due	Tax forms
	Required	Deadline		
<b>Individuals</b>	If tax payable in 2010 and either 2009 or 2008 exceeds tax withheld by more than \$3,000 (\$1,800 for Quebec residents)	15th of March, June, September, December	April 30 Extensions may be available	T1 (and TP-1-V for Quebec filers)
<b>Trusts</b>	<i>Inter vivos</i> Testamentary	None	90 days after trust year end	T3 (and TP-646-V for Quebec filers)

However, the Canada Revenue Agency's policy is to not charge instalment interest to an *inter vivos* trust.

For the 2010 taxation year of an *inter vivos* trust, the filing deadline is March 31, 2011.

See [page 4](#).

Applies to unit trusts, including mutual fund trusts.

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

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

Exceptions apply, for example, in Ontario, Prince Edward Island and Yukon, which impose surtaxes.

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

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

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

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

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

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

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

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

	Fee schedule (estates over \$50,000)	Example fees		
		\$500,000 value	\$2,000,000 value	\$5,000,000 value
Alberta	\$200 to \$400	\$400		
British Columbia	\$358 + 1.4% of portion > \$50,000	\$6,658	\$27,658	\$69,658
Manitoba	\$70 + 0.7% of portion > \$10,000	\$3,500	\$14,000	\$35,000
New Brunswick	0.5% of estate	\$2,500	\$10,000	\$25,000
Newfoundland and Labrador	\$90 + 0.5% of portion > \$1,000	\$2,585	\$10,085	\$25,085
Northwest Territories	\$200 to \$400	\$400		
Nova Scotia	\$902 + 1.523% of portion > \$100,000	\$6,994	\$29,839	\$75,529
Nunavut	\$200 to \$400	\$400		
Ontario	\$250 + 1.5% of portion > \$50,000	\$7,000	\$29,500	\$74,500
Prince Edward Island	\$400 + 0.4% of portion > \$100,000	\$2,000	\$8,000	\$20,000
Quebec	Nominal fee			
Saskatchewan	0.7% of estate	\$3,500	\$14,000	\$35,000
Yukon	\$140	\$140		

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

## Key Tax Changes

### Federal

	Top federal rates				Federal rates				
	Ordinary income	Capital gains	Dividends		2010 Bracket	\$0	\$40,970	\$81,941	\$127,021
			Eligible	Non-eligible					
2009	29%	14.50%	14.55%	19.58%					
2010	29%	14.50%	15.88%	19.58%					

Because the federal government is in a minority, it is uncertain whether federal tax changes that have not been enacted into law will proceed. At the publication date, the 2010 federal budget measures had not been enacted.

**Personal tax system:** Federal personal income tax brackets and most personal tax credits increased by 0.6% for 2010, as a result of indexing.

#### Dividends:

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

#### Employee stock options: Significant changes:

- for stock options disposed of after 4:00 pm EST on March 4, 2010:
  - permit only the employer or employee (not both) to claim a tax deduction for cashed-out stock options; and
  - eliminate employee elections to defer the payment of tax on stock option benefits until the shares are sold (relief may be available); and
- eliminate the undue hardship exemption for withholdings on stock option benefits and require withholdings in connection with these benefits after 2010.

See our *Tax Memo* "Stock Options: 2010 Federal Budget Implications for Employers" at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo) and our podcast "2010 Federal Budget: Proposed Changes to Stock Option Rules" at [www.pwc.com/ca/taxtracks](http://www.pwc.com/ca/taxtracks).

**Taxable employment benefits:** The Canada Revenue Agency has revised its administrative policies on taxable employment benefits for non-cash gifts and non-cash awards, overtime meals and allowances, and loyalty programs, among other things. See our *Tax Memo* "Taxable Employment Benefits—The CRA's Revised Policy" at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo).

#### Automobile deductions and benefits:

- 2010 prescribed rates – these will remain at their 2009 levels for purposes of determining automobile deduction limits and taxable benefits.
- Employer-provided motor vehicles (other than "automobiles") required to be taken home at night – the taxable benefit for personal use can be based on the rate used for the operating cost benefit, if certain conditions are met.

Also, see *Car Expenses and Benefits – A Tax Guide* at [www.pwc.com/ca/carexpenses](http://www.pwc.com/ca/carexpenses).

**Scholarship exemption:** New rules that affect post-secondary scholarships, fellowships and bursaries, commencing 2010:

- clarify and tighten the scholarship tax exemption eligibility requirements; and
- limit the scholarship exemption for part-time educational programs (exceptions apply).

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

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

	Pension benefit (per year of service)
2009	\$2,444
2010	\$2,494
2011	Indexed

**Pension reform:** The federal government and the provinces are examining the national pension system.

**Tax-Free Savings Account (TFSA):** Technical amendments to the TFSA rules that apply to transactions occurring after October 16, 2009, address "the use of TFSAs in tax-planning schemes." The changes affect deliberate overcontributions, non-qualifying and prohibited investments, asset transfer transactions and the TFSA contribution room.

#### Charities: For fiscal years ending after March 3, 2010:

- the disbursement quota rules are significantly modified; and
- the anti-avoidance rules for charities are strengthened.

**Registered Disability Savings Plans (RDSPs):** Measures that will benefit individuals with disabilities:

- allow a rollover of a deceased individual's Registered Retirement Savings Plan (RRSP) proceeds to the RDSP of a financially dependent infirm child or grandchild, for deaths occurring after March 3, 2010; and
- allow a 10-year carryforward of Canada Disability Savings Grant and Canada Disability Savings Bond entitlements, starting 2011.

**Universal Child Care Benefit (UCCB):** Commencing 2010, a single parent can include the UCCB in the income of a dependant for whom an eligible dependant credit is claimed or, if this credit cannot be claimed, of a child for whom the UCCB was paid.

**Specified investment flow-throughs (SIFTs):** Measures affecting SIFTs that generally apply to transactions occurring after 4:00 pm EST on March 4, 2010:

- restrict the use of corporate tax losses when units of a SIFT trust or SIFT partnership are exchanged for shares of a corporation; and
- ensure that the acquisition-of-control rules do not inappropriately restrict the use of subsidiary corporate tax losses when a SIFT trust is wound-up into its corporate parent and distributes the shares of a corporation it holds.

**Employee life and health trusts:** The income tax rules will accommodate employee life and health trusts established after 2009.

**Medical expense tax credit:** Expenses incurred after March 4, 2010, for purely cosmetic procedures will not qualify for the medical expense tax credit, unless required for medical or reconstructive purposes.

**Mineral exploration tax credit for flow-through shares:** This credit is extended one year to flow-through share agreements entered into before April 1, 2011.

**Taxable Canadian property:** Commencing March 5, 2010, taxable Canadian property will exclude shares of corporations, and certain other interests, that do not derive their value (over a 60-month look-back period) principally from real or immovable property situated in Canada, Canadian resource property or timber resource property.

**Tax refunds for certain non-residents:** Refunds claimed in returns filed after March 4, 2010, can be issued for overpayments related to an assessment of:

- a payor of funds to a non-resident service provider; or
- a purchaser of taxable Canadian property from a non-resident.

To get the refund, the non-resident service provider or vendor must file the return within two years after the date of the assessment.

**U.S. social security benefits:** The 50% inclusion rate for Canadian residents who have received U.S. social security benefits since before 1996 (and for their spouses and common-law partners who are eligible to receive survivor benefits) is reinstated for benefits received after 2009.

**Non-resident trusts (NRTs) and foreign investment entities (FIEs):** The “outstanding proposals” for NRTs and FIEs will be somewhat simplified and better targeted. The revised proposals will be subject to further public consultation. In particular:

- The NRT rules will apply commencing 2007; trusts subject to the draft rules would be considered resident for Canadian income tax purposes. A trust will be able to elect to be deemed resident for the 2001 and subsequent years.
- The FIE proposals have been essentially eliminated. The enacted rules for offshore investment funds property will continue to apply, with some modifications, for taxation years ending after March 4, 2010. A taxpayer that filed under the FIE proposals for prior years can either have those years reassessed or be entitled to a deduction in the current year for the income previously included.

**Avoidance transactions:** A proposed regime will make an “avoidance transaction” that meets certain conditions a “reportable transaction” that must be reported to the Canada Revenue Agency. The proposals (as modified to reflect public consultations) would apply to transactions entered into after 2010 and those that are part of a series of transactions completed after 2010. See our *Tax Memo* “Federal Proposals for Reporting Tax Avoidance Transactions” at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo).

**Tax evasion:** Additional support will be provided for international efforts to counter criminal and terrorist activities, and the rules concerning the application of the proceeds of crime and money laundering will be rationalized.

**Online notices:** The government will allow certain notices (e.g., notices of assessment and reassessments) to be issued electronically.

**Tax Information Exchange Agreements (TIEAs):** A TIEA was signed with the Kingdom of the Netherlands in respect of the Netherlands Antilles – the first TIEA signed by Canada. See our *Tax Memo* “Canada Signs its First Tax Information Exchange Agreement (TIEA)” at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo). Canada is negotiating several other TIEAs.

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

	Ratified and entered into force	Signed but awaiting ratification	Under negotiation	Negotiations to commence
See <a href="#">page 46</a> . <b>Tax treaties</b>	None	France Greece Namibia Turkey	Australia Netherlands New Zealand Switzerland	None
<b>Social security agreements</b>	Morocco Poland	Romania	None	

## Alberta

	Top combined federal/provincial rates				Alberta rate	
	Ordinary income	Capital gains	Dividends		2010 Bracket	Rate
			Eligible	Non-eligible		
2009	39.00%	19.50%	14.55%	27.71%	\$0	10%
2010	39.00%	19.50%	15.88%	27.71%		

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

### Highlights of changes

**Personal tax system:** For 2010, Alberta's personal tax credits increased by 0.3%, as a result of indexing.

Dividends:

	Eligible dividends			
	2009	2010	2011	2012
Dividend gross-up	45%	44%	41%	38%
Dividend tax credit (on grossed-up dividend)	10%			
Top combined rate	14.55%	15.88%	17.72%	19.29%

## British Columbia

	Top combined federal/provincial rates				British Columbia rates						
	Ordinary income	Capital gains	Dividends		2010 Bracket	Rate	\$0	\$35,859	\$71,719	\$82,342	\$99,987
			Eligible	Non-eligible							
2009	43.70%	21.85%	19.92%	32.71%			5.06%	7.70%	10.5%	12.29%	14.7%
2010	43.70%	21.85%	21.45%	33.71%							

Can be reduced for low incomes.

### Highlights of changes

**Personal tax system:** British Columbia's personal income tax brackets and most tax credits increased by 0.4% for 2010, as a result of indexing. The following personal amounts increased by more than 0.4%:

	2009	2010
Basic personal amount	\$9,373	\$11,000
Spouse/equivalent-to-spouse	\$8,026	\$9,653

Dividends:

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

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

**Medical Services Plan:** Monthly premiums are increasing as follows:

Effective date		Single	Family	
			(2 persons)	(> 2 persons)
	Before January 1, 2010	\$54	\$96	\$108
	January 1, 2010	\$57	\$102	\$114
	January 1, 2011	\$60.50	\$109	\$121

**B.C. Mining Flow-Through Share Tax Credit:** This credit is extended to December 31, 2013.

**Harmonized Sales Tax (HST):** On July 1, 2010:

- British Columbia's 7% Social Services Tax and the 5% federal Goods and Services Tax will be replaced with a 12% HST (transitional rules will apply); and
- a new B.C. HST Credit will provide a maximum of \$230 annually per person, replacing the B.C. Sales Tax Credit.

See our harmonization tax publications and podcast at [www.pwc.com/ca/harmonization](http://www.pwc.com/ca/harmonization). Also, see [page 39](#).

## Manitoba

	Top combined federal/provincial rates				2010	Manitoba rates			
	Ordinary income	Capital gains	Dividends			Bracket	\$0	\$31,000	\$67,000
			Eligible	Non-eligible					
2009	46.40%	23.20%	23.83%	38.21%	Rate	10.8%	12.75%	17.4%	
2010	46.40%	23.20%	25.09%	38.21%	Can be reduced for low incomes.				

### Highlights of changes

**Personal tax system:** Planned changes for 2010 and 2011 to Manitoba's highest and middle income tax brackets and its lowest income tax rate were not implemented because balanced budget requirements were not met. As a result, these brackets and the rate will remain at their 2009 levels.

### Dividends:

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

**Fitness Tax Credit:** Commencing 2011, individuals aged 16 to 24 can claim this credit. The maximum tax credit is \$54 (\$108 for individuals with a disability).

**Tuition Fee Income Tax Rebate Advance:** Students who reside in Manitoba and attend a post-secondary institution can claim this refundable 5% advance on tuition and ancillary fees paid after August 31, 2010. The maximum annual advance is \$250 in 2010 and \$500 thereafter (lifetime maximum is \$5,000). Amounts claimed will reduce the \$25,000 lifetime maximum under the Tuition Fee Income Tax Rebate. The advance and rebate cannot be claimed in the same year.

**Fertility Treatment Tax Credit:** A refundable tax credit of up to \$8,000 annually is available on payments made after September, 2010, for qualifying fertility treatments and prescription drugs, net of reimbursements.

**Harmonized Sales Tax (HST):** Manitoba will not implement an HST.

## New Brunswick

	Top combined federal/provincial rates				2010	New Brunswick rates				
	Ordinary income	Capital gains	Dividends			Bracket	\$0	\$36,421	\$72,843	\$118,427
			Eligible	Non-eligible						
2009	46%	23%	21.80%	34.21%	Rate	9.3%	12.5%	13.3%	14.3%	
2010	43.30%	21.65%	19.46%	30.83%	Can be reduced for low incomes.					

### Highlights of changes

**Personal tax system:** New Brunswick's tax brackets and most personal tax credits increased by 2% for 2010. Changes to its tax rates, brackets and personal amounts follow:

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

		2009	2010	2011	2012	
		<b>Income tax rates and thresholds</b>	Highest	17%	14.3%	
	\$116,105		\$118,427	\$120,796		
	16%		13.3%	12.4%		
	\$71,415		\$72,843	\$74,300		
	14.5%		12.5%	12.1%		
	\$35,707		\$36,421	\$37,150	12%	
	Lowest	9.65%	9.3%	9.1%	9%	
		\$0				
<b>Personal amounts</b>	Basic	\$8,605	\$8,777	\$8,953	\$9,132	
	Spouse/equivalent to spouse	\$7,307	\$7,453	\$7,602	\$7,754	

### Dividends:

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

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

## Newfoundland and Labrador

Top combined federal/provincial rates				Newfoundland & Labrador rates		
	Ordinary income	Capital gains	Dividends		2010 Bracket Rate	2010
			Eligible	Non-eligible		
2009	44.50%	22.25%	22.89%	32.71%	\$0	\$31,278
2010	43.40%	21.70%	22.79% or 20.77%	31.33%	\$62,556	14.4%

Can be reduced for low incomes.

See Dividends below.

### Highlights of changes

**Personal tax system:** Newfoundland and Labrador's tax brackets and most personal tax credits increased by 0.7% for 2010. Changes to its top two tax rates and age amount follow:

		2009	2010		2011	2012
			Previous	Revised		
Income tax rates	Highest	15.5%	14.4%	13.3%		
	Middle	12.8%	12.65%	12.5%		
Age amount	Amount	\$3,655	\$3,681	\$4,340	\$5,000	Indexed
	Income threshold	\$51,576	\$51,940	\$56,333	\$60,733	

Income threshold at which the age credit is fully phased out. The age amount and income threshold will further increase due to indexing.

Dividends:

	2009	Eligible dividends		2011	2012	Non-eligible dividends		
		2010 before July 1	2010 after June 30			2009	2010	2011
Dividend gross-up	45%	44%	41%	38%	25%			
Dividend tax credit (on grossed-up dividend)	9.75%	9.6%	11%	5%				
Top combined rate	22.89%	22.79%	20.77%	20.96%	22.47%	32.71%	31.33%	29.96%

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

**Low Income Seniors' Benefit:** For 2010, the maximum benefit will increase to \$900 from \$803.

## Northwest Territories

Top combined federal/territorial rates				Northwest Territories rates						
	Ordinary income	Capital gains	Dividends		2010 Bracket Rate	2010	\$0	\$37,106	\$74,214	\$120,656
			Eligible	Non-eligible						
2009	43.05%	21.53%	18.25%	29.65%	5.9%	8.6%	12.2%	14.05%		
2010			19.81%							

### Highlights of changes

**Personal tax system:** Northwest Territories' personal income tax brackets and tax credits increased by 0.6% for 2010 as a result of indexing.

Dividends:

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

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

## Nova Scotia

	Top combined federal/provincial rates				Nova Scotia rates					
	Ordinary income	Capital gains	Dividends		2010 Bracket	\$0	\$29,590	\$59,180	\$93,000	\$150,000
2009	48.25%	24.13%	28.35%	33.06%	Rate	8.79%	14.95%	16.67%	17.5%	21%
2010	50.00%	25.00%	33.58%	36.21%	Can be reduced for low incomes.					

### Highlights of changes

**Personal tax system:** Commencing 2010, Nova Scotia temporarily introduces a new top \$150,000 personal tax bracket and 21% rate and suspends the 10% personal income tax surtax, until the province balances its budget. Increases in personal tax credit amounts follow:

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

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

### Dividends:

	2009	Eligible dividends			Non-eligible dividends	
		2010	2011	2012	2009	2010
<b>Dividend gross-up</b>	45%	44%	41%	38%	25%	
<b>Dividend tax credit (on grossed-up dividend)</b>	8.85%	8.71%	8.29%	7.85%	7.7%	
<b>Top combined rate</b>	28.35%	33.58%	35.64%	37.44%	33.06%	36.21%

If Nova Scotia balances its budget in 2010, the top combined rate will be 32% in 2011 and 33.94% in 2012 on eligible dividends and 33.06% on non-eligible dividends after 2010.

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

**Affordable Living Tax Credit:** Starting July 1, 2010, Nova Scotia households are eligible for a refundable credit of up to \$240 (plus up to \$57 for each child under 19) per year.

**Low-income seniors:** Commencing 2010, seniors:

- who receive the Guaranteed Income Supplement will no longer pay provincial income tax; and
- will not be required to include the Affordable Living Tax Credit as part of adjusted family income for determining the Low Income Tax Reduction.

**Poverty Reduction Credit:** Effective July 1, 2010, a refundable credit of \$200 per year may be available to individuals or couples who are 19 year of age or older with no dependants and receive Social Assistance through the Income Assistance program as their main source of income.

**Graduate Retention Rebate:** This rebate replaces the Graduate Tax Credit. It is payable over six years to students who graduate from an eligible post-secondary program after 2008 and live and work in Nova Scotia, as follows:

- \$15,000 for university graduates (annual maximum of \$2,500); and
- \$7,500 for college diploma and certificate graduates (annual maximum of \$1,250).

**Equity Tax Credit: Enhancements:**

- for eligible investments made after 2009 increase the rate from 30% to 35% and the maximum annual credit from \$15,000 to \$17,500; and
- extend the credit's expiry from December 31, 2009, to February 29, 2012.

**Labour Sponsored Venture Capital Tax Credit:** The credit will expire on February 29, 2012, instead of on December 31, 2009.

**Transit Tax Credit:** Implementation of this credit, which was to commence 2009, will be deferred.

**Healthy Living Tax Credit:** Expansion of this non-refundable tax credit to all Nova Scotia residents, which was to have started in 2009, is deferred.

**Harmonized Sales Tax (HST) rate:** On July 1, 2010, the HST rate will increase from 13% to 15% (i.e., the provincial portion of the HST will increase from 8% to 10%). Transitional rules will apply.

## Nunavut

Top combined federal/territorial rates				Nunavut rates					
	Ordinary income	Capital gains	Dividends		2010 Bracket	\$0	\$39,065	\$78,130	\$127,021
			Eligible	Non-eligible					
2009	40.50%	20.25%	22.24%	28.96%	Rate	4%	7%	9%	11.5%
2010	40.50%	20.25%	23.64%	28.96%					

### Highlights of changes

**Personal tax system:** Nunavut's personal tax brackets and most personal tax credits increased by 0.6% for 2010, as a result of indexing.

#### Dividends:

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

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

## Ontario

Top combined federal/provincial rates				Ontario rates					
	Ordinary income	Capital gains	Dividends		2010 Bracket	\$0	\$37,106	\$74,214	
			Eligible	Non-eligible					
2009	46.41%	23.20%	23.06%	31.34%	Rate	5.05%	9.15%	11.16%	Can be reduced for low incomes.
2010	46.41%	23.20%	26.57%	32.57%					Surtax: 20% of basic provincial tax in excess of \$4,006 + 36% of basic provincial tax in excess of \$5,127

### Highlights of changes

**Personal tax system:** Ontario's income tax brackets and most personal tax credits increased by 0.7% for 2010, as a result of indexing. Decreases to its tax rates and surtax thresholds follow:

	2009	2010
Lowest income tax rate	6.05%	5.05%
Surtax thresholds	20% surtax \$4,257 36% surtax \$5,370	\$4,006 \$5,127

#### Dividends:

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

**Ontario Energy and Property Tax Credit:** The Ontario Property Tax Credit is converted into this credit, effective 2010.

**Northern Ontario Energy Credit:** Starting 2010, northern Ontario residents who pay rent or property taxes for their principal residence are eligible for a refundable tax credit of up to \$130 (single individuals) or \$200 (families) per year.

**Land transfers by charities:** Certain transfers of land by registered charities after March 25, 2010, will be exempt from the province's land transfer tax.

**Harmonized Sales Tax (HST):** On July 1, 2010, Ontario's 8% Retail Sales Tax and the 5% federal Goods and Services Tax will be replaced with a 13% HST (transitional rules will apply). See [page 39](#), as well as our tax publications and our podcast on harmonization at [www.pwc.com/ca/harmonization](http://www.pwc.com/ca/harmonization).

## Prince Edward Island

Top combined federal/provincial rates					Prince Edward Island rates				
	Ordinary income	Capital gains	Dividends		2010 Rate	Bracket	\$0	\$31,984	\$63,969
			Eligible	Non-eligible					
2009	47.37%	23.69%	24.44%	38.15%					
2010	47.37%	23.69%	25.95%	39.66%					

Can be reduced for low incomes. Surtax: 10% of basic provincial tax in excess of \$12,500.

### Highlights of changes

Dividends:

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

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

## Quebec

Top combined federal/provincial rates					Quebec rates				
	Ordinary income	Capital gains	Dividends		2010 Rate	Bracket	\$0	\$38,570	\$77,140
			Eligible	Non-eligible					
2009	48.22%	24.11%	29.69%	36.35%					
2010	48.22%	24.11%	30.68%	36.35%					

Federal 2010 Rate: 12.53%, 18.37%, 21.71%, 24.22%

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

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

### Highlights of changes

**Personal tax system:** Quebec's tax brackets and most personal tax credits increased by 0.48% for 2010, as a result of indexing.

Dividends:

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

**Health contribution:** Commencing 2010, individuals who, at the end of the year, are resident in Quebec and 18 years of age or older, will be required to pay a health contribution of \$25 for 2010, \$100 for 2011 and \$200 thereafter, unless family income is below a threshold.

**Aggressive tax planning:** Proposals that counter aggressive tax planning schemes require mandatory disclosure of certain tax transactions, generally carried out after October 14, 2009. See our *Tax Memo* "Revised Quebec Aggressive Tax Planning Proposals" at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo) and podcast at [www.pwc.com/ca/taxtracks](http://www.pwc.com/ca/taxtracks).

**Quebec Sales Tax (QST):** The QST rate will increase from 7.5% to 8.5% on January 1, 2011, and to 9.5% on January 1, 2012.

**Solidarity tax credit:** This new refundable credit will replace the refundable credit for QST, the property tax refund and the refundable tax credit for individuals living in a northern village.

**Federal harmonization:** Quebec will harmonize with many federal changes (see [pages 10 to 11](#)), with modifications in some cases, including those relating to:

- employee stock options;
- the taxation of U.S. social security benefits; and
- taxable Canadian property.

## Saskatchewan

	Top combined federal/provincial rates				Saskatchewan rates			
	Ordinary income	Capital gains	Dividends		2010 Bracket	\$0	\$40,354	\$115,297
			Eligible	Non-eligible				
2009	44%	22%	20.35%	30.83%				
2010	44%	22%	21.64%	30.83%				

### Highlights of changes

**Personal tax system:** Saskatchewan's income tax brackets and personal tax credits increased by 0.6% for 2010, as a result of indexing.

Dividends:

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

**Saskatchewan Pension Plan (SPP):** Saskatchewan asked the federal government to increase the annual contribution limit to the SPP from \$600 to \$2,500.

**Harmonized Sales Tax (HST):** Saskatchewan will not implement an HST.

## Yukon

	Top combined federal/territorial rates				Yukon rates				
	Ordinary income	Capital gains	Dividends		2010 Bracket	\$0	\$40,970	\$81,941	\$127,021
			Eligible	Non-eligible					
2009	42.40%	21.20%	17.23%	30.49%					
2010	42.40%	21.20%	18.80%	30.49%					

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

### Highlights of changes

**Personal tax system:** For 2010, to match federal brackets and tax credits, Yukon's income tax brackets and personal tax credits increased by 0.6%, as a result of indexing.

Dividends:

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

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

## Corporate Income Tax Rates

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

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

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

Corporations subject to Ontario income tax may also be liable for Ontario corporate minimum tax. For CCPCs, higher rates could apply to active business income exceeding \$500,000. See page 31.

Twelve-month taxation year ended December 31, 2010						
	General and Manufacturing and Processing (M&P) (%)		Canadian-Controlled Private Corporations (CCPCs) (%)			
			Active business income earned in Canada to \$500,000		Investment income	
Basic federal rate			38			
Less: Provincial abatement			-10			
Less: General rate reduction or M&P deduction	-10		n/a			
Less: Small business deduction	n/a		-17			
Plus: Refundable investment tax			n/a		6.67	
<b>Federal rate</b>	<b>18</b>		<b>11</b>		<b>34.67</b>	
	Provincial/Territorial	Combined	Provincial/Territorial	Combined	Provincial/Territorial	Combined
<b>Alberta</b>	10	<b>28</b>	3	<b>14</b>	10	<b>44.67</b>
<b>British Columbia</b>	10.5	<b>28.5</b>	2.5	<b>13.5</b>	10.5	<b>45.17</b>
<b>Manitoba</b>	12	<b>30</b>	0.92 <sup>1</sup> or 12 <sup>1</sup>	<b>11.92<sup>1</sup> or 23<sup>1</sup></b>	12	<b>46.67</b>
<b>New Brunswick</b>	11.5	<b>29.5</b>	5	<b>16</b>	11.5	<b>46.16</b>
<b>Newfoundland and Labrador</b>	General	<b>14 H</b>	5 H	<b>16</b>	14 H	<b>48.67</b>
	M&P	<b>5 H</b>			n/a	
<b>Northwest Territories</b>	11.5	<b>29.5</b>	4	<b>15</b>	11.5	<b>46.17</b>
<b>Nova Scotia</b>	16	<b>34</b>	5 <sup>1</sup> H or 16 <sup>1</sup> H	<b>16<sup>1</sup> or 27<sup>1</sup></b>	16	<b>50.67</b>
<b>Nunavut</b>	12	<b>30</b>	4	<b>15</b>	12	<b>46.67</b>
<b>Ontario</b>	General	12.99 H	5 H	<b>16</b>	12.99 H	<b>47.66</b>
	M&P	10.99 H			n/a	
<b>Prince Edward Island</b>	16 H	<b>34</b>	1.27 H	<b>12.27</b>	16 H	<b>50.67</b>
<b>Quebec</b>	11.9 H	<b>29.9</b>	8 H	<b>19</b>	11.9 H	<b>46.57</b>
<b>Saskatchewan</b>	General	12	4.5	<b>15.5</b>	12	<b>46.67</b>
	M&P	10			n/a	
<b>Yukon</b>	General	15	4 <sup>1</sup> or 15 <sup>1</sup>	<b>15<sup>1</sup> or 26<sup>1</sup></b>	15	<b>49.67</b>
	M&P	2.5			2.5	

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

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

**Income above \$500,000 (\$400,000 in Manitoba, Nova Scotia and Yukon):** A CCPC's active business income above this threshold is subject to the general or M&P rates.

**Investment income:** See **Refundable Investment Tax** on page 20 for more details.

In New Brunswick, the combined rate differs slightly due to rounding (see page 28).

H Tax holidays are available to certain corporations. See the table on page 21.

1. In Manitoba, Nova Scotia and Yukon, the lower rate applies to active business income up to \$400,000 and the higher rate to active business income from \$400,000 to \$500,000.

## Other Federal Corporate Tax Rates for 2010

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

	Rate	Corporations affected	Description	Special rules						
<b>Income not earned in a province or territory</b>	28%	All corporations	Income tax is calculated as follows: <table style="margin-left: 20px; border-collapse: collapse;"> <tr> <td style="padding-right: 10px;">Basic federal rate</td> <td style="text-align: right;">38%</td> </tr> <tr> <td style="padding-right: 10px;">Less: General rate reduction</td> <td style="text-align: right;">- 10%</td> </tr> <tr> <td style="padding-right: 10px;">Federal rate</td> <td style="text-align: right;">28%</td> </tr> </table> <p>Therefore, the federal rate is 28%, instead of 18% (see <a href="#">page 19</a>).</p>	Basic federal rate	38%	Less: General rate reduction	- 10%	Federal rate	28%	Corporate income that is not earned in a province or territory is neither: <ul style="list-style-type: none"> <li>• eligible for the provincial abatement; nor</li> <li>• subject to provincial or territorial tax (exceptions apply).</li> </ul>
Basic federal rate	38%									
Less: General rate reduction	- 10%									
Federal rate	28%									
<b>Branch Tax</b>	25%	Non-resident corporations, except: <ul style="list-style-type: none"> <li>• transportation, communications and iron-ore mining companies; and</li> <li>• insurers (other than in special circumstances).</li> </ul>	Applies to after-tax profits that are not invested in qualifying property in Canada.	The 25% rate may be reduced by the relevant tax treaty (generally to the withholding tax rate on dividends, which is usually 5%, 10% or 15%). Some treaties prohibit the imposition of branch tax or provide that the tax is payable only on earnings exceeding a threshold.						
<b>Part III.1 Tax on Excess Eligible Dividend Designations</b>	20% or 30%	Canadian-resident corporations	Applies if: <ul style="list-style-type: none"> <li>• a CCPC has designated as eligible dividends during the year an amount that exceeds the corporation's general rate income pool (GRIP) at the end of the year; or</li> <li>• a non-CCPC pays an eligible dividend when it has a positive balance in its low rate income pool (LRIP).</li> </ul>	A corporation subject to Part III.1 tax at the 20% rate (i.e., the excess designation was inadvertent) can elect, with shareholder concurrence, to treat all or part of the excess designation as a separate non-eligible dividend, in which case Part III.1 tax will not apply to the amount that is the subject of the election.						
<b>Refundable Part IV Tax</b>	33-1/3%	Private corporations Certain public corporations	Payable on taxable dividends received from certain taxable Canadian corporations.	Refundable to the corporation through the refundable dividend tax on hand (RDTOH) mechanism at a rate of \$1 for every \$3 of taxable dividends paid.						
<b>Refundable Investment Tax</b>	6-2/3%	Canadian-controlled private corporations (CCPCs)	Increases the total federal rate that applies to investment income of a CCPC to 34.67% (see <a href="#">page 19</a> ). Generally, 26-2/3% of a CCPC's aggregate investment income is added to its RDTOH.							
<b>Part VI Financial Institutions Capital Tax</b>	1.25%	Banks Trust and loan corporations Life insurance companies	Applies to banks, trust and loan corporations and life insurance companies with capital employed in Canada over \$1 billion. The thresholds are shared among related corporations.	Reduced by the corporation's federal income tax liability. Any unused federal income tax liability can be applied to reduce Financial Institutions Capital Tax for the previous three years and the next seven. Unused income taxes that can be carried back from taxation years ending after June 30, 2006, are calculated using capital tax rates and thresholds that applied before July 1, 2006 (i.e., 1.25% for capital over \$300 million; 1% between \$200 million and \$300 million; nil below \$200 million).						
<b>Large Corporations Tax (LCT)</b>	Nil	All corporations	A notional LCT, calculated as if the LCT rate and capital tax threshold were 0.225% and \$10 million, respectively, is relevant for certain purposes (e.g., a CCPC's small business limit).	Before 2006, imposed on taxable capital employed in Canada over \$50 million. The \$50 million threshold was shared among related corporations; associated corporations in the case of CCPCs.						

## Provincial Income Tax Holidays and M&P Investment Tax Credits

### Income Tax Holidays

Other restrictions may apply.

	Eligible corporations		Holiday	Income not taxed each year
<b>Newfoundland and Labrador</b>	Companies meeting job creation and other conditions	Designated after December 31, 2001	Outside Northeast Avalon region	Income attributable to new or expanded business
		Designated before January 1, 2002	In Northeast Avalon region	
	CCPCs in designated growth sectors, incorporated between April 1, 2003, and March 31, 2006		Outside Northeast Avalon region	\$500,000 of active business income
<b>Nova Scotia</b>	CCPCs incorporated after April 24, 1992		For 3 years	
<b>Ontario</b>	Companies incorporated in Canada after March 24, 2008, and before March 25, 2012, that commercialize intellectual property developed by Canadian universities, colleges or research institutions		For 10 years	No limit
<b>Prince Edward Island</b>	Aviation- and aerospace-related firms in Slemon Park		To December 31, 2012	
	Bioscience companies with more than 10 employees and \$750,000 annual payroll		Income attributable to P.E.I. operations	
<b>Quebec</b>	Businesses that undertake major investment projects		For 10 years	
	Companies incorporated in Canada after March 19, 2009, and before April 1, 2014, that commercialize intellectual property developed in Quebec universities or public research centres		No limit	
	Small and medium-sized corporations that carry on manufacturing and processing in a remote resource region		March 30, 2001 to December 31, 2010	75% of eligible business income   Reduced or eliminated when paid-up capital exceeds \$20 million

This threshold is equal to the federal small business limit (see [page 19](#)).

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

### M&P Investment Tax Credits

Manitoba, Nova Scotia, Prince Edward Island, Quebec and Saskatchewan provide investment tax credits based on the cost of qualifying manufacturing and processing (M&P) property acquired during 2010 for use in the particular jurisdiction.

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

For Nova Scotia, the cost of the M&P property must exceed \$50,000 (see [page 30](#)).

	Rate	For M&P property acquired		Carry-back	Carry-forward	Refundable	
		After	Before				
<b>British Columbia</b>	3%	March 31, 2000	July 31, 2001	3 years	10 years	No	
<b>Manitoba</b>	10%	March 11, 1992	January 1, 2012			70%	
<b>Nova Scotia</b>	10%	December 31, 2009		n/a	100%	100%	
<b>Prince Edward Island</b>	10%	December 31, 1992	No cut-off			7 years	No
<b>Quebec</b>	5% to 40%	March 13, 2008	January 1, 2016	3 years	20 years	Sometimes	
		March 20, 1997	March 27, 1999			10 years	No
		March 26, 1999	April 1, 2004				
		March 31, 2004	October 28, 2006				
<b>Saskatchewan</b>	5%	October 27, 2006	No cut-off	n/a	100%		

Depends on level of consolidated paid-up capital.

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

In Quebec, a cumulative limit of \$75 million of eligible investments qualifies for this credit at rates above 5% and/or refundability (see [page 33](#)).

## Capital Tax Rates

Only jurisdictions with a capital tax are noted. Alberta and the territories have no capital taxes.

To compute rates for off calendar year ends, refer to [pages 26 to 32](#).

Capital tax is eliminated for all corporations in Ontario on July 1, 2010.

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

		<b>Twelve-month taxation year ended December 31, 2010</b>			
		<b>Rate</b>	<b>Exemption</b>		
<b>Corporations in general</b>	Manitoba	On first \$20 million taxable capital	0.1%		
		On taxable capital between \$20 million and \$21 million	2.3%		
		On taxable capital > \$21 million	0.3%		
	Nova Scotia	If taxable capital < \$10 million	0.25%		
		If taxable capital ≥ \$10 million	0.125%		
Ontario		0.074%			
Quebec		0.12%			
Federal (Part VI Financial Institutions Capital Tax)		1.25%	\$1 billion		
<b>Financial institutions (except insurance)</b>	British Columbia	If net paid-up capital ≤ \$1 billion	B.C. paid-up capital < \$10.25 million	Reduced rates	Nil
			B.C. paid-up capital ≥ \$10.25 million		
		If net paid-up capital > \$1 billion	Based in and has head office in B.C.		
		Other	0.247%		
	Manitoba		3%	\$10 million	
	New Brunswick				
	Newfoundland and Labrador	If paid-up capital < \$10 million		\$5 million	
		If paid-up capital > \$10 million		Nil	
	Nova Scotia	Trust and loan corporations	Head office in N.S.	4%	\$30 million
		Banks	Other		\$500,000
Ontario	On first \$400 million of taxable capital	Deposit-taking financial institutions	0.149%	\$15 million	
	On taxable capital > \$400 million		0.223%	Nil	
		Other	0.179%		
Prince Edward Island		5%	\$2 million		
Quebec		0.49%	Nil		
Saskatchewan	If taxable paid-up capital ≤ \$1.5 billion		0.7%	Up to \$20 million	
	If taxable paid-up capital > \$1.5 billion		3.25%		

Capital tax is eliminated in Manitoba for certain M&P companies (see [page 27](#)). It is reduced or eliminated in Ontario for certain M&P or resource companies (see [page 31](#)) and in Quebec for certain M&P companies (see [page 32](#)).

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

See *Insurance Industry: Key Dates and Other Essentials* at [www.pwc.com/ca/insurancekeydates](http://www.pwc.com/ca/insurancekeydates) for rates that apply to insurance companies.

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

The 0.49% Quebec rate includes a base capital tax rate of 0.24% and a 0.25% compensatory tax on paid-up capital. A compensatory tax on payroll also applies (see [page 32](#)).

## Tax Payment Deadlines – Income and Capital Tax

Federal income tax payments include tax payments for:

- Financial Institutions Capital Tax;
- Tax on Corporations Paying Dividends on Taxable Preferred Shares;
- Additional Tax on Authorized Foreign Banks; and
- General capital tax in Nova Scotia and Ontario.

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

Two \$3,000 thresholds apply; one for federal purposes and the other for these provinces and territories combined.

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

	Deadline	Instalments		Deadline	Balance due		Filing deadline	
		Waiver conditions			Extended deadline (income tax only)			
<b>Income tax</b>	Federal All jurisdictions except: • Alberta • Quebec	Last day of each month	Total tax <sup>1</sup> is ≤ \$3,000	2 months after year end	3 months, if the corporation: • was a CCPC throughout the current year; • claimed the small business deduction <sup>1</sup> ; and • had taxable income, on an associated basis, in taxation years ending in the previous calendar year ≤ the total business limit for those taxation years.	6 months after year end		
	Alberta		Alberta income tax <sup>1</sup> ≤ \$2,000 or CCPC qualifies for extended balance due deadline		3 months for CCPCs that: <sup>1</sup> • claimed Alberta's small business deduction; and • had taxable income ≤ \$500,000.			
	Quebec		Quebec income and capital tax <sup>1</sup> ≤ \$3,000		No extended deadline			
<b>Capital tax</b>	Federal	No general capital tax						
	Manitoba	15th day of months 3, 6, 9 and 12 of the year	Capital tax for current year ≤ \$5,000	6 months after year end				
	Corporations in general	Nova Scotia	Same as provincial income tax (above)					
		Ontario	(The federal government administers and collects general capital taxes payable to Nova Scotia and Ontario.)					
		Quebec						
	Other provinces and territories	No general capital tax						
	Federal	Same as federal income tax (above)						
	British Columbia	15th day of months 4, 7, 10 and 13 after the previous year end	Capital tax for current year ≤ \$3,000	184 days after year end				
	Manitoba	Same as Manitoba general capital tax (above)						
	Financial institutions	New Brunswick						
Newfoundland and Labrador		20th day of each month	None	6 months after year end				
Nova Scotia								
Prince Edward Island								
Ontario	Same as provincial income tax (above)							
Quebec								
Saskatchewan	Last day of each month	Capital tax for current year ≤ \$4,800	Last day of 6th month after year end					
Alberta and territories	No financial institutions capital tax							

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

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

1. In current or previous year.

## Key Tax Changes

### Federal

#### Corporate income tax rates for 2010 (pro-rated for December 31, 2010 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
18	11	34.67

#### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: None Financial institutions: 1.25%	None	5%
See	<a href="#">Page 22</a>	n/a	<a href="#">Page 39</a>

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

Because the federal government is in a minority, it is uncertain whether federal tax changes that have not been enacted into law will proceed. At the publication date, the 2010 federal budget measures had not been enacted.

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

- Employee stock options
- Taxable employment benefits
- Automobile deductions and benefits
- Retirement savings plans and profit sharing plans
- Defined benefit registered pension plans (RPPs)
- Pension reform
- Specified investment flow-throughs (SIFTs)
- Employee life and health trusts
- Mineral exploration tax credit for flow-through shares
- Taxable Canadian property
- Tax refunds for certain non-residents
- Non-resident trusts (NRTs) and foreign investment entities (FIEs)
- Avoidance transactions
- Tax evasion
- Online notices
- Tax Information Exchange Agreements (TIEAs)
- Tax treaties and social security agreements

#### Federal corporate income tax rate changes:

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

Effective date		General and M&P rates	Income not earned in a province or territory
		Before January 1, 2010	19%
Effective date	January 1, 2010	18%	28%
	January 1, 2011	16.5%	26.5%
	January 1, 2012	15%	25%

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

#### Environmental measures: Environmental measures:

- expand the types of property that are included in Class 43.2 (specified clean energy generation and conservation equipment) generally for assets acquired after March 3, 2010; and
- allow more corporations to use flow-through shares to transfer or "renounce" Canadian renewable and conservation expenses to investors, retroactive to taxation years ending after 2004.

**Capital cost allowance:** Satellite and cable set-top boxes acquired after March 4, 2010, will qualify for a 40% declining balance capital cost allowance rate.

**Specified leasing property rules:** For leases entered into after 4:00 p.m. EST on March 4, 2010, the specified leasing property rules are extended to otherwise exempt property that is the subject of a lease to a government or other tax-exempt entity, or to a non-resident, subject to a *de minimis* rule.

**Scientific Research and Experimental Development (SR&ED) Investment Tax Credits (ITCs):** SR&ED ITC claimants that have more than 20 SR&ED projects in a taxation year can continue to file SR&ED Project Technical Information only for the 20 largest in dollar value, rather than for all SR&ED projects, until further notice. See *Developments* "The CRA Revises Form T661 Requirements – Back to Top Twenty Projects" at [www.pwc.com/ca/taxpublications](http://www.pwc.com/ca/taxpublications).

**Group taxation:** The federal government will explore whether the tax system could be improved by new rules for the taxation of corporate groups, e.g., the introduction of a formal system of loss transfers or consolidated reporting.

**Foreign affiliate amendments:** Draft legislation released on December 18, 2009, affects the taxation of Canadian multinational corporations with foreign affiliates. See our *Tax Memo* “Foreign Affiliates: Draft Regulations Released” at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo).

**Foreign tax credits:** For foreign taxes incurred in respect of taxation years ending after March 4, 2010, claims for foreign tax credits, foreign accrual tax deductions, and deductions for the underlying foreign tax in the case of dividend distributions out of taxable surplus of a foreign affiliate will be denied if they relate to schemes referred to as “foreign tax credit generators” and certain conditions are met.

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

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

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

**Federal credit unions:** The establishment of federal credit unions will be permitted and those that satisfy the definition “credit union” in the *Income Tax Act* will be subject to the same income tax rules as other credit unions.

**Interest on overpaid taxes:** Effective July 1, 2010, the interest rate payable to corporations for overpayments of most taxes and other levies, such as income tax, sales and excise tax, will decrease by two percentage points.

## Alberta

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
10	3	10
<b>28</b>	<b>14</b>	<b>44.67</b>

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

### Other 2010 rates and data

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

### Corporate income tax rate changes

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

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

### Additional highlights

**Corporate refund interest rate:** Effective February 10, 2010, the quarterly rates at which corporate refund interest is calculated are reduced to 50% of the rates previously in effect. The reduced rates will apply to assessments and reassessments issued after that time for all taxation years.

**Electronic filing:** Plans are underway to enable Alberta corporate taxpayers to file their tax returns on the Internet, beginning in 2011.

**Aggressive tax planning:** Alberta is working with other provinces and the federal government to identify and pursue tax avoidance schemes.

**Professional corporations:** Changes that are effective March 1, 2010, essentially remove restrictions on ownership of non-voting shares in a professional corporation by anyone other than the regulated professional.

## British Columbia

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
10.5	2.5	10.5
<b>28.5</b>	<b>13.5</b>	<b>45.17</b>

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

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: None Financial institutions: 0.082%, 0.247%, reduced rates or nil	None	12% HST
<b>See</b>	Page 22	n/a	Page 39

7% (no PST on GST) before July 1, 2010.

For B.C. health premiums, see page 35.

### Corporate income tax rate changes

Effective date	General and M&P rates	CCPC rates	Threshold up to which CCPC rate applies
Before January 1, 2010	11%	2.5%	\$400,000
January 1, 2010	10.5%		\$500,000
January 1, 2011	10%	0%	
April 1, 2012			

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

### Additional highlights

**Financial institutions capital tax rates:**

Effective date		Financial institutions	
		Small	Large
Before April 1, 2009	Financial institutions with either a head office in British Columbia or net paid-up capital of \$1 billion or less.	0.667%	2%
		0.333%	1%
		0%	

**Financial institutions minimum tax:** A minimum tax that was to have been imposed commencing April 1, 2010, on financial institutions with paid-up capital of \$1 billion or more has been repealed.

**Film tax credits:** For qualifying productions with principal photography that begins after February 28, 2010, enhancements apply to the:

- Film Incentive B.C. Tax Credit: the maximum basic tax credit claim increases to 21% (from 16.8%) of total production costs; and
- B.C. Production Services Tax Credit: the tax credit rate increases to 33% (from 25%) of qualified B.C. labour.

## Digital media and animation tax credits: Enhancements:

- introduce a 17.5% B.C. Interactive Digital Media Tax Credit for video game development for projects that begin after August 31, 2010; and
- increase the B.C. Digital Animation or Visual Effects Tax Credit rate to 17.5% (from 15%) of qualified B.C. labour, for qualifying productions with principal photography that begins after February 28, 2010.

## International Financial Activity program: Changes:

- rename this program the "International Business Activity program";
- expand the program to include international businesses in clean technology, carbon trading, management of investment funds, Schedule III banks, and digital media publishing and distribution;
- introduce a category of specialists for administrative support and back-up office services;
- clarify that international financial business income includes all income related to the licensing of a qualifying patent;
- replace management services as a qualifying activity for corporate registrants by introducing a benefit for the new executive specialist category;
- require a non-resident specialist to be paid annual wages of at least \$100,000 to qualify for a refund of B.C. personal income taxes for up to five years after moving to Canada and revise the refund rate received during those years;
- remove the effect of an election that had allowed tax refunds to be generated in years when a program participant had no international financial business income;
- repeal the resident exception for deposit and loan transactions with a prescribed business; and
- restrict qualifying lending activities to arm's length parties.

**Harmonized Sales Tax (HST):** On July 1, 2010, British Columbia's 7% Social Services Tax and the 5% federal Goods and Services Tax will be replaced with a 12% HST (transitional rules will apply). See [page 39](#), as well as our tax publications and our podcast on harmonization at [www.pwc.com/ca/harmonization](http://www.pwc.com/ca/harmonization).

## Manitoba

### Corporate income tax rates for 2010 (pro-rated for December 31, 2010 year end)

General and M&P	CCPC		
	Active business income to \$400,000	\$400,000 to \$500,000	Investment income
12	0.92	12	12
<b>30</b>	<b>11.92</b>	<b>23</b>	<b>46.67</b>

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

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
Rates	General: 0.1%, 2.3% and 0.3% Financial institutions: 3%	Nil to 4.3%	7%; no PST on GST
See	<a href="#">Page 22</a>	<a href="#">Page 36</a>	<a href="#">Page 39</a>

### Corporate income tax rate changes

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

Subject to balanced budget requirements.

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

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

### Additional highlights

#### General capital tax rates:

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

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

Taxation year commencing after	January 1, 2009 January 1, 2010	On taxable capital employed in Manitoba			
		≤ \$10 million	> \$10 million and ≤ \$20 million	> \$20 million and ≤ \$21 million	> \$21 million
These changes do not apply to Crown corporations.	After 2010	Nil	0.1%	2.3%	0.3%
			Nil	2.2%	0.2%
		Nil			

**Research and Development (R&D) Tax Credit:** This 20% credit will be partially refundable for in-house R&D expenditures as follows:

Effective date	Refundable portion
2010	0%
2011	25%
After 2011	50%

## Film and Video Production Tax Credit: Enhancements:

- extend the credit three years for eligible Manitoba salaries incurred and paid before March 1, 2014; and
- for productions with principal photography commencing after March 2010, allow production companies to claim either:
  - the maximum 65% tax credit (based on eligible labour costs); or
  - a new 30% tax credit (based on production costs incurred and paid for labour, goods and services provided in Manitoba that are directly attributable to the eligible film).

## Interactive Digital Media Tax Credit: Enhancements:

- extend the credit three years to December 31, 2013; and
- provide that, for certificates of eligibility and tax credit certificates issued after March 23, 2010:
  - eligible labour costs will not be reduced for repaid or repayable government assistance; and
  - tax credit certificates can be issued on a taxation-year basis, instead of at the end of a project.

**Co-op Education and Apprenticeship Tax Credits:** Commencing 2011, employers that hire high school and post-secondary Level 1 and 2 apprentices, but are not eligible for the federal Apprenticeship Job Creation Tax Credit, can claim a 10% tax credit on wages paid to an apprentice (maximum credit is \$2,000).

**Co-operative Development Tax Credit:** This new credit can be claimed by co-operatives that make financial contributions toward co-operative developments in Manitoba after September 2010.

**Credit unions and caisses populaires:** Commencing January 1, 2011, credit unions and caisses populaires with a permanent establishment in Manitoba will be subject to a 1% profits tax on taxable income (as determined for federal tax purposes) exceeding \$400,000. The tax will be reduced by any Manitoba income tax paid or payable in the year.

**Small Business Venture Capital Tax Credit:** This credit will replace the Community Enterprise Investment Tax Credit and will expire December 31, 2013.

**Harmonized Sales Tax (HST):** Manitoba will not implement an HST.

## New Brunswick

### Corporate income tax rates for 2010 (pro-rated for December 31, 2010 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
11.5	5	11.5
<b>29.5</b>	<b>16</b>	<b>46.16</b>

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

Although 34.67% (federal) + 11.5% (New Brunswick) = 46.17%, the exact rate is 46.163%.

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: None Financial institutions: 3%	None	13% HST
<b>See</b>	<a href="#">Page 22</a>	n/a	<a href="#">Page 39</a>

### Corporate income tax rate changes

	General and M&P rates
Before July 1, 2009	13%
July 1, 2009	12%
July 1, 2010	11%
July 1, 2011	10%
July 1, 2012	8%

### Additional highlights

#### Film Tax Credit: Enhancements:

- extend the credit by 10 years to December 31, 2019; and
- introduce a 10% regional bonus credit for productions that take place more than 50 kilometres from Saint John, Fredericton and Moncton, for eligible labour incurred after December 31, 2009.

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

## Newfoundland and Labrador

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General (non M&P)	M&P	CCPC	
		Active business income to \$500,000	Investment income
14 H <b>32</b>	5 H <b>23</b>	5 H <b>16</b>	14 H <b>48.67</b>

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

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

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: None Financial institutions: 4%	Nil or 2%	13% HST
<b>See</b>	<a href="#">Page 22</a>	<a href="#">Page 36</a>	<a href="#">Page 39</a>

### Corporate income tax rate changes

Taxation years beginning		CCPC rate
	before April 1, 2010	5%
	after March 31, 2010	4%

### Additional highlights

No additional significant corporate tax changes were announced.

## Northwest Territories

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
11.5 <b>29.5</b>	4 <b>15</b>	11.5 <b>46.17</b>

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

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: None Financial institutions: None	2%	None
<b>See</b>	n/a	<a href="#">Page 36</a>	n/a

Payroll tax is paid by employees.

### Additional highlights

No additional significant corporate tax changes were announced.

## Nova Scotia

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General and M&P	CCPC		
	Active business income to \$400,000	Active business income \$400,000 to \$500,000	Investment income
16	5 <b>H</b>	16 <b>H</b>	16
<b>34</b>	<b>16</b>	<b>27</b>	<b>50.67</b>

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

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: 0.25% or 0.125% Financial institutions: 4%	None	15% HST
<b>See</b>	<a href="#">Page 22</a>	n/a	<a href="#">Page 39</a>

The rate is 13% before July 1, 2010.

### Corporate income tax rate changes

Effective date	CCPC rate
Before January 1, 2011	5%
January 1, 2011	4.5%

### Additional highlights

General capital tax rates:

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

**Manufacturing and Processing (M&P) Investment Credit:** Eligible M&P property that costs more than \$50,000 and is acquired after 2009 may qualify for a 10% investment credit (maximum annual credit is \$1 million).

**Political donations:** Commencing January 1, 2010, corporations, trade unions and partnerships can no longer make political contributions.

**Harmonized Sales Tax (HST) rate:** On July 1, 2010, the HST rate will increase from 13% to 15% (i.e., the provincial portion of the HST will increase from 8% to 10%). Transitional rules will apply.

## Nunavut

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
12	4	12
<b>30</b>	<b>15</b>	<b>46.67</b>

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

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: None Financial institutions: None	2%	None
<b>See</b>	n/a	<a href="#">Page 36</a>	n/a

Payroll tax is paid by employees.

### Additional highlights

No additional significant corporate tax changes were announced.

## Ontario

### Corporate income tax rates for 2010 (pro-rated for December 31, 2010 year end)

General (non M&P)	M&P	CCPC			
		Active business income to \$500,000		\$500,000 to \$1,500,000	Investment income
		5 H	Non-M&P	M&P	
12.99 H <b>30.99</b>	10.99 H <b>28.99</b>	16	15.1 H <b>33.1</b>	12.6 H <b>30.6</b>	12.99 H <b>47.66</b>

See **Corporate Minimum Tax** below.

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

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

The benefit of Ontario's small business deduction is clawed back when taxable income of associated corporations exceeds \$500,000 and is eliminated when taxable income, on an associated basis, reaches \$1,500,000. Rates include the clawback: 15.1% = 12.99% + 2.11% clawback, and 12.6% = 10.99% + 1.61% clawback. See **Corporate income tax rate changes** below for more on the clawback.

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: 0.074% Financial institutions: 0.149% and 0.223% or 0.179%	Nil or 1.95%	13% HST
<b>See</b>	<a href="#">Page 22</a>	<a href="#">Page 36</a>	<a href="#">Page 39</a>

8% (no PST on GST) before July 1, 2010.

### Corporate income tax rate changes

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

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

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

### Additional highlights

**Corporate Minimum Tax (CMT):** The CMT rate will decrease from 4% to 2.7% on July 1, 2010. The thresholds for CMT to apply will increase as follows:

	Taxation years ending	
	before July 1, 2010	after June 30, 2010
<b>Total assets</b>	> \$5 million or	≥ \$50 million and
<b>Annual gross revenues</b>	> \$10 million	≥ \$100 million

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

### Capital tax rates:

Capital tax is eliminated or reduced as follows:

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

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

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

**Film and media incentives:** For expenditures incurred after June 30, 2009, the 25% Ontario Production Services Tax Credit can be claimed on "qualifying production expenditures," not just "qualifying Ontario labour."

**Interactive Digital Media Tax Credit:** Certified game developers can claim this 35% credit on Ontario salaries and wages incurred after March 26, 2009, in the development of eligible interactive digital media games, if at least \$1 million of Ontario labour expenditures is incurred:

- for a "qualifying digital game corporation" – over a 36-month period for fee-for-service work done in Ontario in respect of an eligible product; or
- for a "specialized digital game corporation" – in a year and either 80% of Ontario payroll or 90% of annual revenue is attributable to developing the games.

**Group taxation:** Ontario will work with the federal government to explore options for the taxation of corporate groups and how they will affect provincial tax and interprovincial income allocation. In particular, the province wants to ensure that tax losses are used by a corporation in the province where the loss occurs.

**Harmonized Sales Tax (HST):** On July 1, 2010, Ontario's 8% Retail Sales Tax and the 5% federal Goods and Services Tax will be replaced with a 13% HST (transitional rules will apply). See [page 39](#), as well as our tax publications and our podcast on harmonization at [www.pwc.com/ca/harmonization](http://www.pwc.com/ca/harmonization).

## Prince Edward Island

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
16 H 34	1.27 H 12.27	16 H 50.67

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

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: None Financial institutions: 5%	None	10%; PST levied on GST
<b>See</b>	<a href="#">Page 22</a>	n/a	<a href="#">Page 39</a>

### Corporate income tax rate changes

	CCPC rate
<b>Effective date</b>	
Before April 1, 2009	3.2%
April 1, 2009	2.1%
April 1, 2010	1%

### Additional highlights

No additional significant corporate tax changes were announced.

## Quebec

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General and M&P	CCPC	
	Active business income to \$500,000	Investment income
11.9 H 29.9	8 H 19	11.9 H 46.57

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

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: 0.12% Financial institutions: 0.49% (including compensatory tax on paid-up capital)	4.26%, 2.7% or reduced rates	7.5%; PST levied on GST
<b>See</b>	<a href="#">Page 22</a>	<a href="#">Page 36</a>	<a href="#">Page 39</a>

### Corporate income tax rate changes

	Deposit insurance companies	Threshold up to which CCPC rate applies
<b>Effective date</b>		
Before March 20, 2009		\$400,000
March 20, 2009	5.75%	\$500,000
June 23, 2009	11.9%	

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

### Additional highlights

#### Capital tax rates:

Capital tax is eliminated or reduced, as follows:	% of activities attributable to M&P (based on M&P assets and labour)	
	≥ 50%	Eliminated.
	> 20% and < 50%	Reduced proportionately (straight line).

	General rate	Financial institutions
<b>Effective date</b>		
Before January 1, 2010	0.24%	0.48%
January 1, 2010	0.12%	0.24%
January 1, 2011	Nil	

**Compensatory tax for financial institutions:** For taxation years ending after March 30, 2010, and beginning before April 1, 2014, the tax rate will increase:

- for salaries paid by:
  - banks, loan companies, trust companies and securities trading companies from 2% to 3.9%;
  - savings and credit unions from 2.5% to 3.8%; and
  - other financial institutions (excluding insurance companies) from 1% to 1.5%; and
- for insurance companies from 0.35% to 0.55%.

**Mining duties:** Among other things, major changes to the mining duties regime:

- increase both the tax rate and the credit rate on duties refundable for losses, as follows:

		Rate
<b>Effective date</b>	Before March 31, 2010	12%
	March 31, 2010	14%
	January 1, 2011	15%
	January 1, 2012	16%

- revise the calculation of the credit on duties refundable for losses;
- decrease the depreciation allowance rate from 100% to 30% for property acquired after March 30, 2010; and
- create separate cumulative accounts for exploration expenses and mine development and mineral deposit evaluation expenses (for both before and after production).

**International financial centre (IFC):** The IFC regime is replaced with an annual refundable tax credit of up to \$20,000 per eligible employee. For existing IFCs, an election can be made to receive the credit. If no election is made, the existing regime will apply until December 31, 2012, for corporations and until December 31, 2013, for partnerships.

**Media incentives:** Enhancements:

- to the tax credit for film dubbing that apply if the production's final certification application is filed after March 30, 2010, increase:
  - the credit rate from 30% to 35%; and
  - the cap on the consideration paid for the execution of a film dubbing contract from 40.5% to 45%; and
- that apply if the main photography or recording work in Quebec is completed after June 12, 2009, expand the base for the following credits by allowing:
  - the 25% refundable Production Services Tax Credit to be claimed on all-spend production costs; and
  - the 20% refundable Computer Animation and Special Effects Tax Credit to be claimed on qualified labour costs.

**Tax credit for the development of e-business:** Enhancements will enable certain corporations in the information technology sector, in activities transfer and business start-up, to qualify for this 30% refundable tax credit with respect to salaries paid to eligible employees after March 13, 2008, and before January 1, 2016.

**Tax credit for R&D salaries:** Enhancements to this refundable tax credit (see [page 38](#)) affect clinical trial work and arm's length subcontracting.

**Tax credit for book publishing:** Reprinted books will be eligible for this refundable tax credit if the reprinting work did not start before June 23, 2009.

**M&P investment tax credits:** Credit rates are revised for investments made in certain regions, generally after December 10, 2009. A cumulative limit of \$75 million of eligible investments made after October 28, 2009, will qualify for:

- this credit at rates above 5%; and/or
- refundability.

Also, see [page 21](#).

**Tax credits for resource regions:** A new system to support investment in resource regions will apply from January 1, 2010, to December 31, 2012 (until December 31, 2015, for certain regions).

**Cooperatives and federations of cooperatives:** Changes to the deferral of taxation of an eligible rebate, which generally apply to taxation years ending after December 22, 2009, are intended to better reflect the business reality of cooperatives and federations of cooperatives.

**Shares issued by Fondation:** Changes to the rules for the redemption of shares issued by Fondation, which generally apply commencing October 30, 2009, are intended to reflect changes in practices regarding retirement and the organization of work.

**Aggressive tax planning:** Proposals that counter aggressive tax planning schemes require mandatory disclosure of certain tax transactions, generally carried out after October 14, 2009. See our *Tax Memo* "Revised Quebec Aggressive Tax Planning Proposals" at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo) and podcast at [www.pwc.com/ca/taxtracks](http://www.pwc.com/ca/taxtracks).

**Quebec Sales Tax (QST):** The QST rate will increase from 7.5% to 8.5% on January 1, 2011, and to 9.5% on January 1, 2012. Transitional rules will apply.

**Federal harmonization:** Quebec will harmonize with many federal changes (see pages [10 to 11](#) and [24 to 25](#)), with modifications in some cases, including those relating to:

- employee stock options;
- taxable Canadian property; and
- capital cost allowance.

## Saskatchewan

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General (non M&P)	M&P	CCPC	
		Active business income to \$500,000	Investment income
12	10	4.5	12
<b>30</b>	<b>28</b>	<b>15.5</b>	<b>46.67</b>

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

A rebate of up to 2% of M&P profits allocated to Saskatchewan is available, which can reduce the rate from 12% to as low as 10%.

### Other 2010 rates and data

	Capital tax	Payroll tax	Sales tax
<b>Rates</b>	General: None Financial institutions: 0.7% or 3.25%	None	5%; no PST on GST
<b>See</b>	<a href="#">Page 22</a>	n/a	<a href="#">Page 39</a>

### Additional highlights

**Harmonized Sales Tax (HST):** Saskatchewan will not implement an HST.

## Yukon

**Corporate income tax rates for 2010** (pro-rated for December 31, 2010 year end)

General (non M&P)	M&P	CCPC				Investment income
		Active business income				
		to \$400,000		\$400,000 to \$500,000		
		Non-M&P	M&P	Non-M&P	M&P	
15	2.5	4	2.5	15	2.5	15
<b>33</b>	<b>20.5</b>	<b>15</b>	<b>13.5</b>	<b>26</b>	<b>13.5</b>	<b>49.67</b>

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

### Other 2010 rates and data

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

### Additional highlights

No additional significant corporate tax changes were announced.

## CPP/QPP, EI, QPIP and Health Care Premiums

### CPP/QPP, EI and QPIP Premiums

			2009	2010		
Self-employed individuals are permitted to deduct half of CPP/QPP premiums paid for their own coverage. The non-deductible half qualifies for a tax credit. Self-employed individuals do not pay EI premiums.	<b>CPP/QPP premiums (all contributors)</b>	Maximum pensionable earnings	\$46,300	\$47,200		
		- Basic exemption	\$3,500			
		= Maximum contributory earnings	\$42,800	\$43,700		
		Employer/employee rate	4.95%			
		Maximum employer/employee contribution	\$2,119	\$2,163		
		Self-employed contribution rate	9.9%			
		Maximum self-employed contribution	\$4,237	\$4,326		
		Maximum annual insurable earnings	\$42,300	\$43,200		
		All contributors (other than those in Quebec)	<b>EI premiums</b>	Premium per \$100 insurable earnings	Employee \$1.73 Employer \$2.422	
				Annual maximum contribution	Employee \$732 Employer \$1,025	Employee \$747 Employer \$1,046
Maximum annual insurable earnings	\$42,300			\$43,200		
Quebec contributors	Premium per \$100 insurable earnings			Employee \$1.38 Employer \$1.932	Employee \$1.36 Employer \$1.904	
	Annual maximum contribution			Employee \$584 Employer \$817	Employee \$588 Employer \$823	
	Maximum annual insurable earnings			\$62,000	\$62,500	
Employees with insurable earnings for the year below \$2,000 can claim a refund of premiums.	<b>QPIP premiums (Quebec only)</b>			Premium per \$100 insurable earnings	Employee \$0.484 Employer \$0.677	Employee \$0.506 Employer \$0.708
				Annual maximum contribution	Employee \$300 Employer \$420	Employee \$316 Employer \$443
				Premium per \$100 insurable earnings	Self-employed \$0.860	\$0.899
				Annual maximum contribution	\$533	\$562

Quebec EI premiums are lower due to the QPIP.

### Health Care Premiums

Only British Columbia, Ontario and Quebec have health care premiums that are payable by individuals.

Premiums will increase on January 1, 2011, by \$3.50 for single individuals and \$7 for families.

			Premiums	Frequency	Relief
<b>British Columbia</b>	Medical Services Plan	Single	\$57	Monthly	Low-income earners can get assistance
		Family of two	\$102		
		Family of > two	\$114		
<b>Quebec</b>	Health contribution	Individuals	\$25 up to \$1,000	Annual	Low-income earners are exempt Gives rise to a credit

Applies only if income from certain sources, excluding remuneration, exceeds \$13,140.

Premium will increase to \$100 for 2011 and \$200 thereafter.

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

# Individuals and Corporations

## Payroll Tax Rates for 2010

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

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

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

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

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

Every Quebec employer with a payroll of \$1,000,000 or more must allot at least 1% of payroll to training, or contribute to a provincial fund the difference between that amount and the amount actually spent on training. In limited cases, corporations may be exempt from contributing to the Health Services Fund, and refunds may be made. Financial institutions (excluding insurers) and investment holding corporations may also be subject to a compensatory tax on payroll. See [page 32](#).

Employees, employers and the self-employed must contribute to the Quebec parental insurance plan (QPIP) and individuals may be required to contribute to the Health Services Fund. See [page 35](#).

## Retirement Savings and Profit Sharing Plans

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

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

The table below outlines these limits. For example, for RRSPs, the \$22,450 fixed dollar limit applies in 2011 if earned income in 2010 (i.e., the previous year) exceeds \$124,722 (because 18% of \$124,722 is \$22,450).

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

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

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

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

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

Employee contributions to DPSPs are not permitted.

		Registered retirement savings plan (RRSP)		Money purchase registered pension plan (RPP)		Deferred profit sharing plan (DPSP)	
% of earnings		18% of earned income for the previous year		18% of pensionable earnings for the year			
		Maximum contribution	Earned income (previous year)	Maximum contribution	Pensionable earnings (current year)	Maximum contribution	Pensionable earnings (current year)
Dollar limits	2009	\$21,000	≥ \$116,667	\$22,000	≥ \$122,223	\$11,000	≥ \$61,112
	2010	\$22,000	≥ \$122,223	\$22,450	≥ \$124,722	\$11,225	≥ \$62,361
	2011	\$22,450	≥ \$124,722				
	2012						
<b>Contribution limits</b>						Indexed	
Limits apply to:		All contributions		Combined employer/employee contributions		Employer contributions	
Reduced by:		Pension Adjustment (PA) for the previous year		DPSP contributions for the year (Terms of plan may impose lower limits)		Money purchase RPP contributions for the year (Terms of plan and employer's profits may impose lower limits)	
Increased by:		Unused contribution limits of previous years and pension adjustment reversals (PARs)		n/a			
Stated in:		Previous year's Notice of Assessment		Documents provided by the employer or plan administrator			
Employer's contribution		n/a		120 days after employer's year end			
<b>Deadlines</b>	Individual's contributions	60 days after the calendar year end (i.e., March 1, but February 29 for leap years; adjusted for deadlines that fall on weekends)		December 31		n/a	

# Individuals and Corporations

## Investment Tax Credits and R&D Tax Credits

### Federal Investment Tax Credit Rates

The federal investment tax credit (ITC) and refund rates shown apply to expenditures incurred in 2010 for qualified property in certain regions and for qualified scientific research and experimental development (SR&ED).

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

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

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

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

- \$10 for every \$1 by which its previous year's taxable income exceeded \$500,000, up to \$800,000; and
- \$0.075 for every \$1 of its previous year's taxable capital employed in Canada above \$10 million, up to \$50 million.

Thresholds are on an associated basis.

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

### Provincial and Territorial R&D Tax Credits

The provinces and territories listed in the table offer R&D tax credits. Only corporations are eligible, except in Newfoundland and Labrador, Quebec and Yukon, where individuals can also claim the credits.

In Ontario, corporations that have taxable income under \$500,000 and taxable capital under \$25 million can claim the innovation tax credit on up to \$3 million of expenditures. Those with taxable income between \$500,000 and \$800,000 or taxable capital between \$25 million and \$50 million are eligible for a partial credit.<sup>1</sup> 100% of current expenditures and 40% of capital expenditures are eligible.

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

Quebec Canadian-controlled corporations with less than \$50 million in assets can claim the 37.5% rate on up to \$3 million of R&D wages. For those with assets between \$50 million and \$75 million, the rate is gradually reduced to 17.5%. The rate is 17.5% for all other taxpayers. 50% of payments to unrelated subcontractors are eligible for the credit.<sup>1</sup>

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

Alberta's maximum annual credit is \$400,000.

British Columbia's refundable tax credit is 10% of the lesser of eligible B.C. R&D expenditures and the federal expenditure limit (i.e., \$3 million or less).

	Rate	Credit against	Refundable?	Carry-back	Carry-forward
<b>Alberta</b>					
<b>British Columbia</b>	10%	Provincial income tax	Yes	n/a	
Qualifying CCPCs			No	3 years	10 years
<b>Manitoba</b>	20%	Yes/No			
<b>New Brunswick</b>					
<b>Newfoundland and Labrador</b>	15%				
<b>Nova Scotia</b>					
	Innovation tax credit	Provincial income and capital tax	Yes	n/a	
<b>Ontario</b>	20%				
	Business research institute tax credit	Provincial income tax	No	3 years	20 years
	R&D tax credit				
	R&D wage tax credit	Provincial income and capital tax	Yes	n/a	
<b>Quebec</b>	17.5% to 37.5%				
	University, public research centre, research consortium and private partnership tax credits		Yes	n/a	
<b>Quebec</b>	35%				
<b>Saskatchewan</b>	15%	Prov./terr. income tax	Yes	3 years	10 years
<b>Yukon</b>			Yes		n/a

Manitoba's credit is:

- fully refundable for certain eligible expenditures incurred after 2009; and
- partially refundable for in-house R&D expenditures after 2010 (see [page 27](#)).

Can be carried back to taxation years ending after 2008.

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

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

1. Ontario and Quebec thresholds are in respect of the previous year, on a worldwide associated basis.

## Sales Tax Rates and Land Transfer Taxes

### Sales Tax Rates for 2010

	Rate	Total rate	PST on GST	
<b>Federal</b>	5% GST			
<b>Jurisdictions with no sales tax</b>	Alberta	5% federal GST only		
	Northwest Territories			
	Nunavut			
	Yukon			
<b>Harmonized jurisdictions</b>	British Columbia	12%	n/a	
	New Brunswick	13%		
	Newfoundland and Labrador			
	Nova Scotia	15%		
	Ontario	13%		
<b>Non-harmonized jurisdictions</b>	Manitoba	7%	12%	No
	Prince Edward Island	10%	15.5%	Yes
	Quebec	7.5%	12.875%	
	Saskatchewan	5%	10%	No

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

Before July 1, 2010, a 5% federal GST and:  
 • a 7% PST applied in British Columbia; and  
 • an 8% PST applied in Ontario.  
 The total rates were 12% and 13% respectively. See pages 12, 16, 27 and 31.

Quebec's sales tax is imposed on essentially the same base as the GST. The rate will increase to 8.5% on January 1, 2011, and 9.5% on January 1, 2012.

Nova Scotia's HST rate is 13% before July 1, 2010.

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

For Ontario, certain land transfers by registered charities after March 25, 2010, are exempt from the province's land transfer tax.

Must have at least one unit.

### Land Transfer Tax and Registration Fees

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

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

	Calculation	Value used
<b>Alberta</b>	\$35 + 0.02% of value	Value of property
<b>British Columbia</b>	1% of portion ≤ \$200,000 + 2% of portion > \$200,000	Fair market value of property
<b>Manitoba</b>	\$70 + 0.5% of portion between \$30,000 and \$90,000 + 1% of portion between \$90,000 and \$150,000 + 1.5% of portion between \$150,000 and \$200,000 + 2% of portion > \$200,000	
<b>New Brunswick</b>	\$65 + 0.25% of value	Greater of assessed value and consideration for the transfer
<b>Newfoundland and Labrador</b>	\$100 + 0.4% of portion > \$500	Value of property
<b>Northwest Territories</b>	0.15% of portion ≤ \$1,000,000	
<b>Nunavut</b>	+ 0.1% of portion > \$1,000,000	
<b>Nova Scotia</b>	\$83.51 + Up to 1.5% (determined by municipality)	Value of consideration
<b>Ontario</b>	General 0.5% of portion ≤ \$55,000 + 1% of portion between \$55,000 and \$250,000 + 1.5% of portion > \$250,000	
	Family dwelling with ≤ two units As above + 0.5% of portion > \$400,000	
<b>Addition for Toronto</b>	General 0.5% of portion ≤ \$55,000 + 1% of portion between \$55,000 and \$400,000 + 1.5% of portion between \$400,000 and \$40 million + 1% of portion > \$40 million	
	Family dwelling with ≤ two units As above + 0.5% of portion between \$400,000 and \$40 million + 1% of portion > \$40 million	
<b>Prince Edward Island</b>	General 1% of value, if value > \$30,000	Greater of assessed value and consideration for the transfer
	Non-residents and corporations As above + 1% of value (\$550 minimum) (Depends on land size and corporate ownership)	Purchase price
<b>Quebec</b>	0.5% of portion ≤ \$50,000 + 1% of portion between \$50,000 and \$250,000 + 1.5% of portion > \$250,000	Greatest of: • consideration furnished; • consideration stipulated; and • fair market value of property.
<b>Addition for Montreal</b>	0.5% of portion > \$500,000	
<b>Saskatchewan</b>	0.3% (\$25 minimum)	Value of property
<b>Yukon</b>	0.2% of portion ≤ \$5,000 + 0.25% of portion between \$5,000 and \$10,000 + 0.175% of portion between \$10,000 and \$25,000 + 0.125% of portion > \$25,000	

# Individuals and Corporations

## Filing Deadlines

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

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

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

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

180 days for Ontario assessments and reassessments for taxation years ending before 2009.

## Prescribed Interest Rates – Income, Capital and Payroll Taxes

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

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

Compounding schedule	Effective July 1, 2010, the federal prescribed interest rate payable to corporations for overpayments will decrease by two percentage points.	2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
		Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.	Jan. - Mar.	Apr. - Jun.	Jul. - Sep.	Oct. - Dec.
Daily	<b>Federal:</b> Income tax, financial institutions capital tax, source deductions, CPP and EI	Underpayments	6%		5%		5%		
		Overpayments	4%		3%		3%		
		Taxable benefits	2%		1%		1%		
Monthly	<b>Alberta:</b> Corporate income tax	Underpayments	5.5%		4.5%		4.5%		
		Overpayments	1%		0.5%		0.5%		
	<b>British Columbia:</b> Financial institutions capital tax	Underpayments	6.5%	5.5%	5.25%		5.25%		
Monthly	<b>Manitoba:</b> Capital tax and Health and Post-Secondary Education Tax	Underpayments	7.5%		6.25%		6.25%		
		Some overpayments							
	<b>New Brunswick:</b> Financial institutions capital tax	Underpayments	13.5% (1.06% per month)						
		Overpayments	New Brunswick does not pay interest on overpayments						
	<b>Newfoundland and Labrador:</b> Financial institutions capital tax and Health and Post-Secondary Education Tax	Underpayments	15.39% (1.2% per month)						
		Overpayments	8.73% (0.7% per month)						
Daily	<b>Nova Scotia:</b> Financial institutions capital tax	Underpayments	6%		5%		5%		
		Overpayments	4%		3%		3%		
	<b>Ontario:</b> Employer Health Tax	Underpayments	7%		6%		5%		
Overpayments		1%		0%		0%			
Refunds from objection or appeal		4%		3%		2%			
Monthly	<b>Prince Edward Island:</b> Financial institutions capital tax	Underpayments	19.56% (1.5% per month)						
Daily	<b>Quebec:</b> Corporate and personal income tax, capital tax and Health Services Fund contributions	Underpayments	7%	6%	5%		5%		
		Overpayments	2.75%		1.15%		1.15%		
		Taxable benefits	2%		1%		1%		
Not compounded	<b>Saskatchewan:</b> Financial institutions capital tax	Underpayments	6.5%		5.25%		5.25%		
		Overpayments	3.5%		2.25%		2.25%		

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

Federal prescribed rates also apply to provincial/territorial personal and corporate income tax collected by the Canada Revenue Agency (CRA).

In Alberta, effective February 10, 2010, the rates at which refund interest is calculated are half of the rates previously in effect. See [page 26](#).

Federal rates apply to:

- general capital taxes collected by the CRA on behalf of Nova Scotia; and
- Ontario corporate income and capital tax payments made to the CRA (commencing for taxation years ending in 2009).

## Recent Tax Cases

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

**General anti-avoidance rule (GAAR):** In **Collins & Aikman Products Co. v. The Queen**, the Tax Court of Canada (TCC) refused to accept that there is an unwritten scheme in the *Income Tax Act* (the Act) that requires corporate distributions to be included in income, except when specific provisions of the Act provide otherwise. The Minister has appealed this decision to the Federal Court of Appeal (FCA).

In **Paul Antle et al. v. The Queen**, the TCC found that the Barbados spousal trust, settled by the taxpayer, was not properly constituted and never came into existence. In the alternative, the TCC also concluded that GAAR would have applied because the taxpayer's strategy was contrary to the object, spirit and purpose of the Act with respect to capital gains, as they relate to the marital unit, and to the essence of international tax conventions. The taxpayers have appealed this decision to the FCA.

**Trust residency:** In **Garron Family Trust et al. v. The Queen**, the TCC rejected a rule of residency of a trust based solely on the residency of the trustees, instead favouring a "central management and control test." The taxpayers have appealed this decision to the FCA.

**U.S. Limited Liability Companies (LLCs):** The TCC allowed the taxpayer's appeal in **TD Securities (USA) LLC v. The Queen** and concluded that, even before the Fifth Protocol amendments, a U.S. LLC was entitled to have its Canadian-source income taxed at the treaty branch tax rate if all of that income was taxed by the United States at the level of the U.S.-resident LLC member. See our *Tax Memo* "TD Securities: Tax Court of Canada Decision is Welcome News for LLCs" at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo). The Minister is not appealing this decision.

**Guarantee fees:** In **General Electric Capital Canada Inc. v. The Queen**, the TCC found that the taxpayer could deduct guarantee fees paid to its U.S.-based parent because they were equal to or below an arm's length price. The Minister has appealed this decision to the FCA. See our *Tax Memo* "Guarantee Fees: Tax Court of Canada Rules In Favour of GE Capital Canada Inc." at [www.pwc.com/ca/taxmemo](http://www.pwc.com/ca/taxmemo).

**Residency:** In **Laerstate BV v. The Commissioners for Her Majesty's Revenue and Customs**, the United Kingdom's First-tier Tribunal (Tax) decided that the taxpayer, a Dutch incorporated company, was centrally managed and controlled from the United Kingdom and therefore was a U.K. resident even though the board of directors met in the Netherlands. The taxpayer has appealed this decision to the Upper Tribunal (Tax and Chancery).

**Deduction for bad or doubtful debt:** In **Heron Bay Investments Ltd. v. The Queen**, the TCC found that the taxpayer could not claim a deduction for bad debts or doubtful debts in respect of a loan to a related corporation because the loan was not made in the ordinary course of the taxpayer's money lending business. The taxpayer has appealed this decision to the FCA.

**Partnerships:** In **Kato Krauss v. The Queen**, the TCC found that a partnership freeze did not replicate the economics of a typical corporate estate freeze and reallocated the partnership income to the taxpayer. The taxpayer has appealed this decision to the FCA.

**Debt forgiveness:** In **Genex Communications Inc. v. The Queen**, the TCC determined that advances forgiven by shareholders of a corporation acquired by the taxpayer were "commercial debt obligations" even though the corporation had no legal obligation to pay interest. As a result, the debt forgiveness rules applied to reduce the amount of the corporation's non-capital losses available to the taxpayer. The TCC therefore disallowed the non-capital loss deduction claimed by the taxpayer. The taxpayer has appealed this decision to the FCA.

**Eligible capital expenditures:** In **RCI Environment Inc. v. The Queen**, the Supreme Court of Canada (SCC) refused to grant the taxpayer leave to appeal the decision of the FCA, therefore now considered final, that a settlement amount received by the taxpayer for breach of a non-competition covenant was an eligible capital amount.

**Stop-loss rules:** As part of a restructuring plan, the taxpayer in **The Queen v. Cascades Inc.**, sold its shares in a company (PIL) to its wholly owned subsidiary, triggering a capital loss. Within 30 days of the sale, the subsidiary and PIL were amalgamated. The FCA overturned the TCC's decision and ruled that the stop-loss rules denied the capital loss. The taxpayer has not sought leave to appeal the FCA's decision to the SCC.

**Settlement payment:** In **Goff Construction Limited v. The Queen**, the FCA upheld the TCC's decision that the settlement payment received by the taxpayer should be included in income because it was compensation for capital expenses that were deductible in computing the taxpayer's income. The SCC dismissed the taxpayer's application for leave to appeal.

In **Mary Lynne Tesainer et al. v. The Queen**, the FCA found that the settlement amount received by the taxpayers, as members of a limited partnership (LP), from the LP's lawyers on the settlement of the taxpayers' lawsuit against them did not result in a taxable capital gain because it did not replace a distribution of partnership capital under the *surrogatum* principle. The SCC dismissed the Minister's application for leave to appeal.

**Associated corporations:** In **Taber Solids Control (1998) Ltd. et al. v. The Queen**, the TCC found that the two corporate taxpayers were associated because one had de facto control of the other.

In **The Queen v. Propep Inc.**, the FCA set aside the TCC's decision and found that the corporate taxpayer, which was owned by a trust, was associated with two other corporations that were controlled by one of the trustees of the trust and the trustee's father. The SCC dismissed the taxpayer's application for leave to appeal.

## U.S. Top Individual Income Tax Rates – Federal and State Combined (2010)

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

The tables do not take into account:

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

### Top three federal taxable income ranges (\$US)

	Third	Second	Top
Single	\$82,400 to \$171,850	\$171,850 to \$373,650	Above \$373,650
Married filing jointly	\$137,300 to \$209,250	\$209,250 to \$373,650	\$373,650
Federal marginal rate	28%	33%	35%

### Federal tax changes

Under President Obama’s proposals:

- commencing 2011:
  - the top two rates would increase from 33% and 35% to 36% and 39.6%;
  - the 36% rate would begin at \$200,000 for single filers and \$250,000 for married filers; and
  - for taxpayers in the top two brackets, the tax rate on long-term capital gains would rise from 15% to 20%; and
- commencing 2013, a 3.8% additional federal tax (i.e., a medicare contribution) would apply to capital gains, dividends, interest, rents and royalties exceeding a threshold.

Combined Federal and State Rates (%)

	Third	Second	Top
Alabama	33	38	40
Alaska	28	33	35
Arizona	32.54 or 32.24	37.54	39.54
Arkansas	35	40	42
California	37.55	42.55	44.55
Colorado	32.63	37.63	39.63
Connecticut	33	38	41.5
Delaware	34.95	39.95	41.95
Florida	28	33	35
Georgia	34	39	41
Hawaii	37 or 36.25	44 or 43	46
Idaho	35.8	40.8	42.8
Illinois	31	36	38
Indiana	31.4	36.4	38.4
Iowa	36.98	41.98	43.98
Kansas	34.45	39.45	41.45
Kentucky	34	39	41
Louisiana	34	39	41
Maine	36.5	41.5	43.5
Maryland	33	38.25	40.5
Massachusetts	33.3	38.3	40.3
Michigan	32.35	37.35	39.35
Minnesota	35.85	40.85	42.85
Mississippi	33	38	40
Missouri	34	39	41
Montana	34.9	39.9	41.9
Nebraska	34.84	39.84	41.84
Nevada	28	33	35
New Hampshire	28	33	35
New Jersey	34.37	39.37	43.97
New Mexico	32.9	37.9	39.9
New York	34.85	40.85	43.97
North Carolina	35.98 or 35.91	40.98	42.98
North Dakota	31.81	37.42	39.86
Ohio	33.74 or 34.24	39.24	41.24
Oklahoma	33.5	38.5	40.5
Oregon	38.8 or 37	44 or 43.8	46
Pennsylvania	31.07	36.07	38.07
Rhode Island	35.75	42	44.9
South Carolina	35	40	42
South Dakota	28	33	35
Tennessee	28	33	35
Texas	28	33	35
Utah	33	38	40
Vermont	35.8	41.8	43.95
Virginia	33.75	38.75	40.75
Washington	28	33	35
Washington D.C.	36.5	41.5	43.5
West Virginia	34.5	39.5	41.5
Wisconsin	34.75	40.75	42.75
Wyoming	28	33	35

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

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

In Maine, if the June 8, 2010 referendum replaces the rates with a 6.5% flat tax, in addition to a 0.35% surcharge on taxable incomes over \$250,000, the rates will drop to 34.5%, 39.85% and 41.85%, commencing 2010.

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

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

In North Carolina, 35.98% applies to single filers, 35.91% to married joint filers.

In Ohio, 33.74% applies to single filers, 34.24% to married joint filers.

In Oregon, 38.8% and 44% apply to single filers, 37% and 43.8% to married joint filers.

In Rhode Island, the rates are 34%, 39% and 41% for taxpayers using the optional method.

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

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

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

In Oklahoma, the rates will decrease by 0.25%, if approved by the State Board of Equalization.

## U.S. Estate and Gift Tax Rates

A U.S. tax liability may arise for U.S. citizens and Canadian residents, as follows:

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

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

### Estate Taxes

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

### Gift Taxes

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

For 2009 and 2011, Canadian residents (who are not U.S. citizens) can reduce their estate tax liability by claiming a unified credit equal to the greater of:

- US\$13,000; and
- the amount of the unified credit (i.e., US\$1,455,800 in 2009; US\$345,800 in 2011) given to a U.S. citizen, pro-rated by the value of the individual's U.S. assets divided by his or her worldwide assets.

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

### Generation-Skipping Transfer Tax

A transfer is generation-skipping and is subject to the U.S. generation-skipping transfer tax if it is:

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

Therefore, generation-skipping transfer tax may apply in addition to estate or gift tax. It is computed at the same rates as estate tax. Every donor is allowed a lifetime exemption (US\$3,500,000 in 2009), which is indexed annually. As for estate tax, the generation-skipping tax is repealed in 2010 and without further legislative action, will be re-established in 2011 using the 2001 rate regime.

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

		2009	2010	2011	
Threshold	\$0	18%	Estate tax repealed	18%	
	\$10,000	20%		20%	
	\$20,000	22%		22%	
	\$40,000	24%		24%	
	\$60,000	26%		26%	
	\$80,000	28%		28%	
	\$100,000	30%		30%	
	\$150,000	32%		32%	
	\$250,000	34%		34%	
	\$500,000	37%		37%	
	\$750,000	39%		39%	
	\$1,000,000	41%		Gift tax 35% top rate	41%
	\$1,250,000	43%			43%
\$1,500,000	45%	45%			
\$2,000,000		49%			
\$2,500,000		53%			
\$3,000,000		55%			
Estate tax (US\$)	Exemption	\$3,500,000		\$1,000,000	
	Unified credit	\$1,455,800		\$345,800	
Gift tax (US\$)	Exemption		\$1,000,000		
	Unified credit		\$345,800		

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

## U.S. Corporate Income Tax Rates – Federal and State (2010)

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

The tables do not take into account:

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

### Federal rates and brackets (\$US)

	Threshold	Rate (%)	
<b>General</b>	\$100,000	39	A deduction for domestic production activities reduces the effective tax rate on this income to 31.85% commencing 2010.
	\$335,000	34	
	\$10,000,000	35	
	\$15,000,000	38	
	\$18,333,333	35	
<b>Personal service</b>		35	Additional tax applies to undistributed income.
<b>Personal holding</b>	\$0	15	
<b>Accumulated earnings</b>	Personal service	\$150,000	May apply in addition to regular tax.
	Other	\$250,000	

### State rates and brackets (\$US)

	Threshold	Rate (%)		
<b>Alabama</b>	\$0	6.5	In Connecticut, if annual gross revenues are at least \$100 million, a 10% surcharge applies.	
<b>Alaska</b>	\$90,000	9.4		
<b>Arizona</b>	\$0	6.968	New Jersey's rate is 9.36% for periods ending before July 1, 2010.	
<b>Arkansas</b>	\$100,000	6.5		
<b>California</b>	\$0	8.84	Ohio's income tax is eliminated commencing 2010 taxation years. It is replaced by a tax on gross receipts.	
<b>Colorado</b>	\$0	4.63		
<b>Connecticut</b>	\$0	7.5		
<b>Delaware</b>	\$0	8.7		
<b>Florida</b>	\$5,000	5.5		
<b>Georgia</b>	\$0	6		
<b>Hawaii</b>	\$100,000	6.4		
<b>Idaho</b>	\$0	7.6		
	Personal property	\$0	2.5	
<b>Illinois</b>	General	\$0	4.8	
		\$0	8.5	
<b>Iowa</b>	\$100,000	10		
	\$250,000	12		
<b>Kansas</b>	\$50,000	7.05		
<b>Kentucky</b>	\$100,000	6		
<b>Louisiana</b>	\$100,000	7		
	\$200,000	8		
<b>Maine</b>	\$75,000	8.33		
	\$250,000	8.93		
<b>Maryland</b>	\$0	8.25		
<b>Massachusetts</b>	\$0	8.75		
<b>Michigan</b>	Business Income Tax	\$0	4.95	Taxpayers subject to the Michigan Business Tax (MBT) pay a surcharge equal to 21.99% of MBT (maximum surcharge is \$6 million). MBT includes the Business Income Tax.
<b>Minnesota</b>	\$0	9.8		
<b>Mississippi</b>	\$10,000	5		
<b>Missouri</b>	\$0	6.25		
<b>Montana</b>	\$0	6.75		
<b>Nebraska</b>	\$100,000	7.81		
<b>Nevada</b>	No income tax			
<b>New Hampshire</b>	\$0	8.5		
<b>New Jersey</b>	\$0	9		
	\$0	4.8		
<b>New Mexico</b>	\$500,000	6.4		
	\$1,000,000	7.6		
	Manufacturers	\$0	6.5	
	Small business (Net income ≤ \$390,000)	\$0	6.5	
<b>New York</b>	\$290,000	7.1		
	\$350,000	11.45		
	Other	\$0	7.1	
<b>North Carolina</b>	\$0	7.107		
<b>North Dakota</b>	\$50,000	6.4		
<b>Ohio</b>	No income tax			
<b>Oklahoma</b>	\$0	6		
	\$0	6.6		
<b>Oregon</b>	\$250,000	7.9		
<b>Pennsylvania</b>	\$0	9.99		
<b>Rhode Island</b>	\$0	9		
<b>South Carolina</b>	\$0	5		
<b>South Dakota</b>	No income tax			
<b>Tennessee</b>	\$0	6.5		
<b>Texas</b>	No income tax			
<b>Utah</b>	\$0	5		
<b>Vermont</b>	\$25,000	8.5		
<b>Virginia</b>	\$0	6		
<b>Washington</b>	No income tax			
<b>Washington D.C.</b>	\$0	9.975		
<b>West Virginia</b>	\$0	8.5		
<b>Wisconsin</b>	\$0	7.9	In Wisconsin, businesses with at least \$4 million in annual gross receipts pay a 3% surcharge on their tax (maximum surcharge is \$9,800).	
<b>Wyoming</b>	No income tax			

## Canada's Treaty Withholding Tax Rates

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

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

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

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

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

N Negotiation or renegotiation of tax treaty or protocol underway.

1. If the other state (Canada for treaty with Oman) concludes a treaty with another country providing for a lower rate (higher for Kenya), the lower rate (higher for Kenya) will apply in respect of specific payments or with limits, in some cases.
2. For the United States, the nil rate applies between related persons after 2009, subject to the Limitation of Benefits article.
3. Commencing 2008, Canadian withholding tax is eliminated on interest (except for "participating debt interest") paid to arm's length non-residents.

4. A nil royalty rate generally applies to:
  - copyright royalties and payments for a literary, dramatic, musical or other artistic work (but not royalties for motion picture films or works on film or videotape or other means of reproduction for use in television); and/or
  - royalties for computer software or a patent, or for information concerning industrial, commercial or scientific experience (but not royalties for a rental or franchise agreement).

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