KPMG

Tax Facts

2021-2022

home.kpmg/ca/taxfacts

Organization	Website
KPMG LLP	kpmg.ca
Canada Revenue Agency	canada.ca/taxes
Canada Border Services Agency	cbsa-asfc.gc.ca
Department of Finance Canada	canada.ca/en/department-finance.html
Government of Canada	canada.ca
Department of Justice Canada	justice.gc.ca
Government Electronic Directory Services	geds-sage.gc.ca
Employment and Social Development Canada	esdc.gc.ca
Statistics Canada	statcan.gc.ca
Bank of Canada	bankofcanada.ca
Innovation, Science and Economic Development Canada	ic.gc.ca
Global Affairs Canada	international.gc.ca
Parliament of Canada	parl.ca
Supreme Court of Canada	scc-csc.ca
Federal Court of Canada	fct-cf.gc.ca
Tax Court of Canada	tcc-cci.gc.ca
Organisation for Economic Co-operation and Development	oecd.org
Alberta Tax and Revenue Administration	tra.alberta.ca
Alberta Ministry of Treasury Board and Finance	finance.alberta.ca
British Columbia Ministry of Finance	gov.bc.ca/finance
Manitoba Finance	gov.mb.ca/finance
New Brunswick Finance and Treasury Board	gnb.ca/finance
Newfoundland and Labrador Department of Finance	gov.nl.ca/fin
Northwest Territories Department of Finance	fin.gov.nt.ca/en
Nova Scotia Department of Finance and Treasury Board	beta.novascotia.ca/government/finance-and-treasury-board
Nunavut Department of Finance	gov.nu.ca/finance
Ontario Ministry of Finance	ontario.ca/page/ministry-finance
Prince Edward Island Department of Finance	princeedwardisland.ca/en/topic/finance
Revenu Québec	revenuquebec.ca
Québec Ministère des Finances	finances.gouv.qc.ca/index_en.asp
Saskatchewan Ministry of Finance	saskatchewan.ca/government/government-structure/ministries/finance
Yukon Department of Finance	yukon.ca/en/department-finance
Chartered Professional Accountants Canada	cpacanada.ca
Canadian Tax Foundation	ctf.ca
International Fiscal Association Canada	ifacanada.org
US Internal Revenue Service	irs.gov

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Preface

In response to the COVID-19 pandemic, governments have introduced temporary tax deadline extensions, subsidies, enhanced tax credits and other measures to support individuals and businesses throughout this public health emergency. These temporary measures continue to evolve quickly in response to the changing economic landscape.

The tables in this Preface highlight key temporary COVID-19 response measures introduced in Canada as of April 30, 2021. These measures include tax filing and payment extensions, new Canadian subsidies and certain financial support measures. The Preface is not intended to be an exhaustive list of COVID-19 tax measures, instead it is meant to highlight measures that impact information elsewhere in the book.

It is important to keep in mind that the rest of this year's edition of Tax Facts includes references to the standard rules, tax rates and deadlines, which have generally not been updated to reflect these new temporary COVID-19 related tax measures. For this reason, you'll want to come back to this section periodically while using Tax Facts in order to familiarize yourself with the temporary tax measures that have been introduced in response to the pandemic.

Canadian Filing and Payment Deadlines under COVID-19

Federal 2020 Taxes Owing by Individuals

The Canada Revenue Agency (CRA) will automatically extend the deadline for payment of 2020 taxes owing by certain individuals to April 30, 2022 (from April 30, 2021). Specifically, the CRA will not charge interest on 2020 taxes owing until April 30, 2022 where all of the following conditions are met:

- The individual's total 2020 taxable income was $75,000 or less
- The individual received at least one COVID-19 benefit in 2020: Canada Emergency Response Benefit (CERB), Canada Emergency Student Benefit (CESB), Canada Recovery Benefit (CRB), Canada Recovery Caregiving Benefit (CRCB), Canada Recovery Sickness Benefit (CRSB), Employment Insurance (EI) benefits, or provincial or territorial emergency benefits
- The individual's 2020 personal income tax return was filed.

Quebec 2020 Personal Tax Returns and Taxes Owing

Revenu Quebec has effectively extended the deadline for 2020 personal income tax returns to May 31, 2021 (from April 30, 2021). Specifically, while the deadline for filing the 2020 personal income tax return is still April 30, 2021, taxpayers who are unable to meet this deadline will not be charged late-filing penalties, and no interest will accrue on unpaid balances of income tax from May 1, 2021 to May 31, 2021.

Extensions for Deadlines in 2020 Calendar Year

Refer to the following tables for Canadian filing and payment deadlines in the 2020 calendar year that were extended for COVID-19:

- Personal Tax Returns: https://assets.kpmg/content/dam/kpmg/ca/pdf/2021/04/tax-facts-2020-2021.pdf#page=10
- Corporate Tax Returns: https://assets.kpmg/content/dam/kpmg/ca/pdf/2021/04/tax-facts-2020-2021.pdf#page=11
- Other Selected Federal Filing Deadlines: https://assets.kpmg/content/dam/kpmg/ca/pdf/2021/04/tax-facts-2020-2021.pdf#page=12
- Other Selected Quebec Filing Deadlines: https://assets.kpmg/content/dam/kpmg/ca/pdf/2021/04/tax-facts-2020-2021.pdf#page=14.

Subsidies Introduced in Canada in Response to COVID-19

Canada Emergency Wage Subsidy[1]

	Period 1[2]	Periods 2 to 4[2]	Periods 5 and 6[2]	Period 7[2]	Periods 8 to 10[2]
	March 15, 2020 to April 11, 2020	April 12, 2020 to July 4, 2020	July 5, 2020 to August 29, 2020	August 30, 2020 to September 26, 2020	September 27, 2020 to December 19, 2020
Base					
Subsidy rate	75%	75%	1.2 x revenue decline	1 x revenue decline	0.8 x revenue decline
Maximum subsidy rate	75%	75%	60%	50%	40%
Maximum weekly benefit per employee	$847	$847	$678	$565	$452
Revenue threshold	15%	30%	None	None	None
Top-Up					
Subsidy rate	None	None	1.25 x (top-up revenue decline - 50%)	1.25 x (top-up revenue decline - 50%)	1.25 x (top-up revenue decline - 50%)
Maximum subsidy rate	None	None	25%	25%	25%
Maximum weekly benefit per employee	None	None	$282	$282	$282
Revenue threshold	None	None	50%	50%	50%

Subsidies Introduced in Canada in Response to COVID-19

	Periods 11 to 17[2]	Period 18[2]	Period 19[2]	Period 20[2]
	December 20, 2020 to July 3, 2021	July 4, 2021 to July 31, 2021	August 1, 2021 to August 28, 2021	August 29, 2021 to September 25, 2021
Base				
Subsidy rate	0.8 x revenue decline	0.875 x (revenue decline - 10%)	0.625 x (revenue decline - 10%)	0.25 x (revenue decline - 10%)
Maximum subsidy rate	40%	35%	25%	10%
Maximum weekly benefit per employee	$452	$395	$282	$113
Revenue threshold	None	10%	10%	10%
Top-Up				
Subsidy rate	1.75 x (top-up revenue decline - 50%)	1.25 x (top-up revenue decline - 50%)	0.75 x (top-up revenue decline - 50%)	0.5 x (top-up revenue decline - 50%)
Maximum subsidy rate	35%	25%	15%	10%
Maximum weekly benefit per employee	$395	$282	$170	$113
Revenue threshold	50%	50%	50%	50%

Notes

(1) The Canada Emergency Wage Subsidy (CEWS) covers a portion of eligible remuneration paid by an eligible employer, based on the eligible employer's decline in qualifying revenue. In Period 5, the CEWS became a two-part subsidy consisting of a base for eligible employers that have experienced a decline in qualifying revenue and a top-up for eligible employers that have experienced a decline in qualifying revenue of at least 50%. The maximum combined subsidy is 75% of eligible remuneration paid (up to a maximum of $847 per week per eligible employee) for Periods 11 to 17. Starting in Period 18, CEWS rates will be gradually phased out and only employers with a decline in qualifying revenue of more than 10% will be eligible for the base subsidy.

An eligible employer generally includes individuals, taxable corporations, taxable trusts, non-profit organizations, registered charities, and certain partnerships, among other organizations. Certain public institutions are not eligible for the CEWS.

An eligible employer's revenue decline is generally calculated by comparing qualifying revenue in the current month to qualifying revenue in the same month in 2019 or to the average qualifying revenue earned in January and February 2020. A deeming rule provides that an eligible employer's decline in qualifying revenue for any particular claim period is the greater of its revenue decline for the particular claim period and the immediately preceding claim period.

Employers who are eligible for the CEWS are entitled to receive a 100% refund for certain employer contributions to Employment Insurance, the Canada Pension Plan, the Quebec Pension Plan, and the Quebec Parental Insurance Plan paid in respect of employees who are on leave with pay.

The subsidy is considered taxable income and may reduce both the pool of deductible Scientific Research and Experimental Development (SR&ED) expenditures and the qualified SR&ED expenditures for investment tax credit purposes. More information on how the CEWS affects SR&ED claims is available on the Canada Revenue Agency website at www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/policies-procedures-guidelines/guidance-cews-sred.html.

(2) The CEWS is currently available from March 15, 2020 to September 25, 2021 (for a total of 80 weeks consisting of twenty 4 week periods). However, the federal government can extend the CEWS to November 20, 2021.

Eligible employers can submit an application for each four-week claim period they are eligible for. Applications can be submitted online and must be made on or before the later of January 31, 2021 and 180 days after the end of the claim period (see the table "Canada Emergency Wage Subsidy, Canada Recovery Hiring Program and Canada Emergency Rent Subsidy Deadlines").

Canada Recovery Hiring Program[1]

	Period 1[2]	Periods 2 and 3[2]	Period 4[2]	Period 5[2]	Period 6[2]
	June 6, 2021 to July 3, 2021	July 4, 2021 to August 28, 2021	August 29, 2021 to September 25, 2021	September 26, 2021 to October 23, 2021	October 24, 2021 to November 20, 2021
Subsidy rate	50%	50%	40%	30%	20%
Maximum weekly benefit per employee	$565	$565	$452	$339	$226
Revenue threshold	None	10%	10%	10%	10%

Notes

(1) The Canada Recovery Hiring Program (CRHP) covers a portion of incremental remuneration paid by an eligible employer who has experienced a decline in qualifying revenue (as calculated under the CEWS – see notes to the table "Canada Emergency Wage Subsidy") in Period 1 and of at least 10% in Periods 2 to 6.

The maximum subsidy is 50% of incremental remuneration paid for Periods 1 to 3. Starting in Period 4, CRHP rates will be gradually phased out.

Incremental remuneration for a claim period is the difference between total eligible remuneration paid to eligible employees for the claim period and for the baseline period (i.e., the period from March 14, 2021 to April 10, 2021), up to a maximum of $1,129 per week per eligible employee. Eligible employees do not include furloughed employees.

An eligible employer generally includes Canadian-controlled private corporations, individuals, non-profit organizations, registered charities, and certain partnerships. Public for-profit corporations and certain public institutions are not eligible for the CRHP.

The subsidy is considered taxable income and may affect SR&ED claims.

(2) The CRHP is currently available from June 6, 2021 to November 20, 2021 (for a total of 24 weeks consisting of six 4 week periods). However, the federal government can extend the CRHP to November 30, 2021.

Eligible employers can submit an application for each four-week claim period they are eligible for. Applications can be submitted online and must be made on or before 180 days after the end of the claim period (see the table "Canada Emergency Wage Subsidy, Canada Recovery Hiring Program and Canada Emergency Rent Subsidy Deadlines").

An eligible employer can claim either the CRHP or the CEWS for a particular claim period, but not both.

Canada Emergency Rent Subsidy[1]

	Periods 1 to 10[2]	Period 11[2]	Period 12[2]	Period 13[2]
	September 27, 2020 to July 3, 2021	July 4, 2021 to July 31, 2021	August 1, 2021 to August 28, 2021	August 29, 2021 to September 25, 2021
Base				
Subsidy rate	Revenue decline of 50% or more: 40% + [1.25 x (revenue decline - 50%)] Revenue decline of less than 50%: 0.8 x revenue decline	Revenue decline of 50% or more: 35% + [1.25 x (revenue decline - 50%)] Revenue decline of less than 50%: 0.875 x (revenue decline - 10%)	Revenue decline of 50% or more: 25% + [0.75 x (revenue decline - 50%)] Revenue decline of less than 50%: 0.625 x (revenue decline - 10%)	Revenue decline of 50% or more: 10% + [0.5 x (revenue decline - 50%)] Revenue decline of less than 50%: 0.25 x (revenue decline - 10%)
Maximum subsidy rate	65%	60%	40%	20%
Qualifying rent expense cap per period per location	$75,000	$75,000	$75,000	$75,000
Qualifying rent expense cap per period per affiliated group	$300,000	$300,000	$300,000	$300,000
Revenue threshold	None	10%	10%	10%
Top-Up (Lockdown Support)				
Subsidy rate	Public health restriction	Public health restriction	Public health restriction	Public health restriction
Maximum subsidy rate	25%	25%	25%	25%
Qualifying rent expense cap per period per location	$75,000	$75,000	$75,000	$75,000
Qualifying rent expense cap per period per affiliated group	None	None	None	None
Revenue threshold	None	10%	10%	10%

Notes

(1) The Canada Emergency Rent Subsidy (CERS) is a two-part subsidy consisting of a base and a top-up (lockdown support). The base subsidy covers a portion of qualifying rent expense paid by a qualifying tenant or property owner (eligible entity), based on the eligible entity's decline in qualifying revenue (as calculated under the CEWS – see notes to the table "Canada Emergency Wage Subsidy"). Qualifying rent expense is capped at $75,000 per period per location and subject to an overall cap of $300,000 per period per affiliated group.

The maximum base subsidy is 65% of qualifying rent expense paid for Periods 1 to 10. Starting in Period 11, CERS rates will be gradually phased out and only entities with a decline in qualifying revenue of more than 10% will be eligible for the base and lockdown support.

The lockdown support is 25% of qualifying rent expense and the cap for qualifying rent expense is $75,000 per period per location. The lockdown support is generally available to an eligible entity for a particular qualifying property that is subject to a "public health restriction". One of the conditions for a particular order to be a "public health restriction" is that as a result of the particular order, some or all of the activities of the eligible entity at (or in connection with) the qualifying property are required to cease. This determination is based on the type of activity rather than the extent to which an activity may be performed or limits placed on the time during which an activity may be performed.

An eligible entity generally includes individuals, taxable corporations, taxable trusts, non-profit organizations, registered charities, and certain partnerships, among other organizations. Certain public institutions are not eligible for the CERS.

The subsidy is considered taxable income.

(2) The CERS is currently available from September 27, 2020 to September 25, 2021 (for a total of 52 weeks consisting of thirteen 4 week periods). However, the federal government can extend the CERS to November 30, 2021.

Eligible entities can submit an application for each four-week claim period they are eligible for. Applications can be submitted online and must be made on or before 180 days after the end of the claim period (see the table "Canada Emergency Wage Subsidy, Canada Recovery Hiring Program and Canada Emergency Rent Subsidy Deadlines").

Canada Emergency Wage Subsidy, Canada Recovery Hiring Program and Canada Emergency Rent Subsidy Deadlines

CEWS Period	CRHP Period	CERS Period	Four-Week Claim Period	Deadline[1]
1			March 15, 2020 to April 11, 2020	February 1, 2021[2]
2			April 12, 2020 to May 9, 2020	February 1, 2021[2]
3			May 10, 2020 to June 6, 2020	February 1, 2021[2]
4			June 7, 2020 to July 4, 2020	February 1, 2021[2]
5			July 5, 2020 to August 1, 2020	February 1, 2021[2]
6			August 2, 2020 to August 29, 2020	February 25, 2021
7			August 30, 2020 to September 26, 2020	March 25, 2021
8		1	September 27, 2020 to October 24, 2020	April 22, 2021
9		2	October 25, 2020 to November 21, 2020	May 20, 2021
10		3	November 22, 2020 to December 19, 2020	June 17, 2021
11		4	December 20, 2020 to January 16, 2021	July 15, 2021
12		5	January 17, 2021 to February 13, 2021	August 12, 2021
13		6	February 14, 2021 to March 13, 2021	September 9, 2021
14		7	March 14, 2021 to April 10, 2021	October 7, 2021
15		8	April 11, 2021 to May 8, 2021	November 4, 2021
16		9	May 9, 2021 to June 5, 2021	December 2, 2021
17	1	10	June 6, 2021 to July 3, 2021	December 30, 2021
18	2	11	July 4, 2021 to July 31, 2021	January 27, 2022
19	3	12	August 1, 2021 to August 28, 2021	February 24, 2022
20	4	13	August 29, 2021 to September 25, 2021	March 24, 2022
	5		September 26, 2021 to October 23, 2021	April 21, 2022
	6		October 24, 2021 to November 20, 2021	May 19, 2022

Notes

(1) CEWS applications can be submitted online and must be made on or before the later of January 31, 2021 and 180 days after the end of the claim period.

CRHP and CERS applications can be submitted online and must be made on or before 180 days after the end of the claim period.

(2) The Canada Revenue Agency has confirmed that since January 31, 2021 is a Sunday, the last day to apply for CEWS claim Periods 1 to 5 is February 1, 2021.

Financial Measures Introduced in Canada for Individuals in Response to COVID-19

Measure	Target Beneficiary	Maximum Benefit	Automatic	Application Deadline
Employment Insurance (EI)[1, 6]	Individuals	$595/week	No	September 25, 2021
Canada Recovery Benefit (CRB)[2, 6]	Individuals	$500/week	No	60 days after end of claim period
Canada Recovery Sickness Benefit (CRSB)[3, 6]	Individuals	$500/week	No	60 days after end of claim period
Canada Recovery Caregiving Benefit (CRCB)[4, 6]	Households	$500/week	No	60 days after end of claim period
Canada Child Benefit young child supplement (CCBYCS)[5]	Families	$1,200/child	Yes	N/A

Notes

(1) The federal government made temporary changes to the EI program to better support individuals who need financial assistance. These changes apply to EI claims made between September 27, 2020 and September 25, 2021 and include:

- Increasing the maximum number of weeks available to allow individuals to receive EI benefits for a maximum of 50 weeks
- Setting minimum EI benefits at $500 per week (or $300 per week for extended parental benefits)
- Requiring only 120 hours of insurable employment to qualify for EI benefits
- Allowing the hours credit to be retroactive to March 15, 2020 for individuals who claimed the Canada Emergency Response Benefit.

The 2021 maximum EI benefits is $595 per week. Applications can be submitted online.

(2) The CRB provides a benefit of $500 ($450 after taxes withheld) per week for up to 38 weeks (i.e., nineteen 2 week periods) for workers who are directly affected by COVID-19 and are not eligible for EI benefits. The CRB is currently available from September 27, 2020 to September 25, 2021.

In order to qualify, a worker generally must not be employed or self-employed for reasons related to COVID-19, or have had a 50% reduction in average weekly income compared to the previous year due to COVID-19.

Workers can submit an application for each two-week claim period they are eligible for. Applications can be submitted online and must be made on or before 60 days after the end of the claim period.

A worker may have to reimburse some or all of the CRB received if they earned over $38,000 in the calendar year.

The 2021 federal budget proposed to provide up to 12 additional weeks of income support for claimants who will start exhausting their 38 weeks of CRB on June 19, 2021. The first four of these additional 12 weeks will be paid at $500 per week and the remaining 8 weeks will be paid at a lower amount of $300 per week. All new CRB claimants after July 17, 2021 would also receive the lower rate of $300 per week.

(3) The CRSB provides a benefit of $500 ($450 after taxes withheld) per week for up to four weeks for workers who are unable to work due to COVID-19 and are not eligible for EI benefits. The CRSB is currently available from September 27, 2020 to September 25, 2021.

In order to qualify, a worker generally must not be able to work at least 50% of their scheduled work week because they are sick or need to self-isolate, or have an underlying health condition that puts them at greater risk of getting COVID-19.

Workers can submit an application for each one-week claim period they are eligible for. Applications can be submitted online and must be made on or before 60 days after the end of the claim period.

(4) The CRCB provides a benefit of $500 ($450 after taxes withheld) per week for up to 38 weeks per household for workers who must care for a family member due to COVID-19 and are not eligible for EI benefits. The CRCB is currently available from September 27, 2020 to September 25, 2021.

In order to qualify, a worker generally must not be able to work at least 50% of their scheduled work week because they must care for their child under 12 years old or a family member who needs supervised care because their school, regular program or facility is closed or unavailable to them due to COVID-19, or because they are sick, self-isolating, or at risk of serious health complications due to COVID-19.

Workers can submit an application for each one-week claim period they are eligible for. Applications can be submitted online and must be made on or before 60 days after the end of the claim period.

The 2021 federal budget proposed to provide an additional 4 weeks, up to a maximum of 42 weeks, for the CRCB.

(5) The CCBYCS provides up to $1,200 tax-free in 2021 to families for each child under the age of six. The CCBYCS will be paid in four instalments on the following dates: May 28, 2021 (includes amounts for January and April), July 30, 2021 and October 29, 2021.

No application is required for these payments. Individuals who receive the Canada Child Benefit will receive the CCBYCS.

(6) EI benefits, CRB, CRSB and CRCB are taxable.

The 2021 federal budget provides individuals the option to claim a deduction for the repayment of a federal COVID-19 benefit in the year of receipt rather than the year of repayment. Federal COVID-19 benefits include the Canada Emergency Response Benefit (CERB), EI Emergency Response Benefit, Canada Emergency Student Benefit (CESB), CRB, CRSB and CRCB. This option is available for benefits repaid before 2023.

Individuals

1

Individuals

Federal and Provincial/Territorial Income Tax Rates and Brackets for 2022[1]

	Tax Rates	Tax Brackets	Surtax Rates	Surtax Thresholds
Federal[1]	15.00%	Up to $50,197		
	20.50	50,198–100,392		
	26.00	100,393–155,625		
	29.00	155,626–221,708		
	33.00	221,709 and over		
British Columbia[2]	5.06%	Up to $43,070		
	7.70	43,071–86,141		
	10.50	86,142–98,901		
	12.29	98,902–120,094		
	14.70	120,095–162,832		
	16.80	162,833–227,091		
	20.50	227,092 and over		
Alberta[3]	10.00%	Up to $131,220		
	12.00	131,221–157,464		
	13.00	157,465–209,952		
	14.00	209,953–314,928		
	15.00	314,929 and over		
Saskatchewan[4]	10.50%	Up to $46,773		
	12.50	46,774–133,638		
	14.50	133,639 and over		
Manitoba[5]	10.80%	Up to $34,431		
	12.75	34,432–74,416		
	17.40	74,417 and over		
Ontario[6]	5.05%	Up to $46,226		
	9.15	46,227–92,454	20%	$4,991
	11.16	92,455–150,000	36	6,387
	12.16	150,001–220,000		
	13.16	220,001 and over		
Quebec[7]	15.00%	Up to $46,295		
	20.00	46,296–92,580		
	24.00	92,581–112,655		
	25.75	112,656 and over		

Refer to notes on the following pages.

	Tax Rates	Tax Brackets	Surtax Rates	Surtax Thresholds
New Brunswick[4]	9.40%	Up to $44,887		
	14.82	44,888–89,775		
	16.52	89,776–145,955		
	17.84	145,956–166,280		
	20.30	166,281 and over		
Nova Scotia[3]	8.79%	Up to $29,590		
	14.95	29,591–59,180		
	16.67	59,181–93,000		
	17.50	93,001–150,000		
	21.00	150,001 and over		
Prince Edward Island[3,8]	9.80%	Up to $31,984		
	13.80	31,985–63,969		
	16.70	63,970 and over	10%	$12,500
Newfoundland and Labrador[9]	8.70%	Up to $39,147		
	14.50	39,148–78,294		
	15.80	78,295–139,780		
	17.80	139,781–195,693		
	19.80	195,694-250,000		
	20.80	250,001-500,000		
	21.30	500,001-1,000,000		
	21.80	1,000,001 and over		
Yukon[4]	6.40%	Up to $50,197		
	9.00	50,198–100,392		
	10.90	100,393–155,625		
	12.80	155,626–500,000		
	15.00	500,001 and over		
Northwest Territories[4]	5.90%	Up to $45,462		
	8.60	45,463–90,927		
	12.20	90,928-147,826		
	14.05	147,827 and over		
Nunavut[4]	4.00%	Up to $47,862		
	7.00	47,863–95,724		
	9.00	95,725–155,625		
	11.50	155,626 and over		

Notes

(1) The federal tax brackets are indexed each year by a calculated inflation factor, which is based on the change in the average federal inflation rate over the 12-month period ending September 30 of the previous year compared to the change in the rate for the same period of the year prior to that. The federal inflation factor is 2.4% for 2022.

(2) British Columbia indexes its tax brackets using the same formula as that used federally, but uses the provincial inflation rate rather than the federal rate in the calculation. The inflation factor for this province is 2.1% for 2022.

(3) Alberta, Nova Scotia and Prince Edward Island do not index their tax brackets.

(4) Saskatchewan, New Brunswick, Yukon, Northwest Territories and Nunavut index their tax brackets using the same formula as that used federally. The inflation factor for these provinces and territories is 2.4% for 2022.

(5) Manitoba indexes its tax brackets using the same formula as that used federally, but uses the provincial inflation rate rather than the federal rate in the calculation. The inflation factor for this province is 2.1% for 2022.

(6) Ontario indexes its tax brackets and surtax thresholds using the same formula as that used federally, but uses the provincial inflation rate rather than the federal rate in the calculation. The inflation factor for this province is 2.4% for 2022.

Ontario surtax of 20% applies to the provincial income tax (before surtax) in excess of $4,991. Ontario surtax of 36% applies in addition to the 20% surtax (i.e., a total surtax of 56%) to the provincial income tax (before surtax) in excess of $6,387. The surtax effectively increases the top marginal tax rate for Ontario residents to 20.53% (13.16% x 156%).

Ontario resident individuals with taxable income over $20,000 are also required to pay a Health Premium each year (see the table "Provincial Health Premiums").

(7) Quebec indexes its tax brackets using the same formula as that used federally, but uses the provincial inflation rate, excluding changes in liquor and tobacco taxes, rather than the federal rate in the calculation. The inflation factor for this province is 2.64% for 2022.

Quebec residents are required to make payments to the province's Health Services Fund (see the table "Provincial Health Premiums").

(8) Prince Edward Island surtax of 10% applies to the provincial income tax (before surtax) in excess of $12,500. The surtax effectively increases the top marginal tax rate for Prince Edward Island residents to 18.37% (16.70% x 110%).

Prince Edward Island does not index its surtax threshold.

(9) Newfoundland and Labrador indexes its tax brackets using the same formula as that used federally, but uses the provincial inflation rate rather than the federal rate in the calculation. The inflation factor for this province is 2.8% for 2022.

Newfoundland and Labrador increased the province's personal tax rates for individuals who earn more than $139,780 and created three new tax brackets for those who earn more than $250,000, effective January 1, 2022.

Federal and Provincial/Territorial Non-Refundable Tax Credit Rates and Amounts for 2022[1]

	Federal	B.C.	Alta.	Sask.	Man.
Tax rate applied to credits[1]	15.00%	5.06%	10.00%	10.50%	10.80%
Indexation factor[2]	2.4%	2.1%	n/a	2.4%	2.1%
Basic personal[3]	$14,398	$11,302	$19,369	$16,615	$10,145
Spousal/partner and wholly dependant person[4,5]	14,398	9,678	19,369	16,615	9,134
Net income threshold	—	968	—	1,662	—
Dependants[5]					
18 and over and infirm	See Caregiver	See Caregiver	11,212	9,789	3,605
Net income threshold			7,407	6,945	5,115
Caregiver[5]	7,525	4,946	11,212	9,789	3,605
Net income threshold	17,670	16,738	17,826	16,717	12,312
Child[6] (max)	—	—	—	6,303	—
Adoption[7] (max)	17,131	17,131	13,247	—	10,000
Disability[8]	8,870	8,477	14,940	9,789	6,180
Disability supplement[9]	5,174	4,946	11,212	9,789	3,605
Pension[8] (max)	2,000	1,000	1,491	1,000	1,000
Age 65 and over[8,10]	7,898	5,069	5,397	5,061	3,728
Net income threshold	39,826	37,730	40,179	37,677	27,749
Medical expense threshold[11]	2,479	2,350	2,503	2,345	1,728
Employment[12]	1,287	—	—	—	—
Canada Pension Plan[13] (max)	3,500	3,500	3,500	3,500	3,500
Employment Insurance[13] (max)	953	953	953	953	953
Children's fitness[14] (max)	—	—	—	Ref.	500
Children's arts[15] (max)	—	—	—	Ref.	500
Children's wellness[16] (max)	—	—	—	—	—
Home buyers[17] (max)	5,000	—	—	10,000	—
Home accessibility[18] (max)	10,000	Ref.	—	10,000	—
Tuition fees[19]	Yes	Yes	No	No	Yes
Education[19]					
Full time—per month	—	—	—	—	400
Part time—per month	—	—	—	—	120
Charitable donations[20]					
Credit rate on first $200	15.00%	5.06%	10.00%	10.50%	10.80%
Credit rate on balance	29.00/ 33.00%	16.80/ 20.50%	21.00%	14.50%	17.40%

Refer to notes on the following pages.

Ref. = indicates refundable credit - see applicable note.

	Ont.	N.B.	N.S.	P.E.I.	Nfld.
Tax rate applied to credits[1]	5.05%	9.40%	8.79%	9.80%	8.70%
Indexation factor[2]	2.4%	2.4%	n/a	n/a	2.8%
Basic personal[3]	$11,141	$10,817	$8,481	$11,250	$9,803
Spousal/partner and wholly dependant person[4,5]	9,460	9,186	8,481	9,555	8,011
Net income threshold	946	919	848	955	802
Dependants[5] 18 and over and infirm	See	5,109	2,798	2,446	3,113
Net income threshold	Caregiver	7,248	5,683	4,966	6,690
Caregiver[5]	5,252	5,108	4,898	2,446	3,113
Net income threshold	17,965	17,447	13,677	11,953	15,214
Child[6] (max)	—	—	1,200	1,200	—
Adoption[7] (max)	13,592	—	—	—	13,229
Disability[8]	9,001	8,757	7,341	6,890	6,615
Disability supplement[9]	5,249	5,109	3,449	4,019	3,113
Pension[8] (max)	1,541	1,000	1,173	1,000	1,000
Age 65 and over[8,10]	5,440	5,282	4,141	3,764	6,258
Net income threshold	40,495	39,321	30,828	28,019	34,293
Medical expense threshold[11]	2,522	2,448	1,637	1,678	2,134
Employment[12]	—	—	—	—	—
Canada Pension Plan[13] (max)	3,500	3,500	3,500	3,500	3,500
Employment Insurance[13] (max)	953	953	953	953	953
Children's fitness[14] (max)	—	—	—	—	Ref.
Children's arts[15] (max)	—	—	—	—	—
Children's wellness[16] (max)	—	—	—	500	—
Home buyers[17] (max)	—	—	—	—	—
Home accessibility[18] (max)	Ref.	Ref.	—	—	—
Tuition fees[19]	No	Yes	Yes	Yes	Yes
Education[19]					
Full time—per month	—	—	200	400	200
Part time—per month	—	—	60	120	60
Charitable donations[20]					
Credit rate on first $200	5.05%	9.40%	8.79%	9.80%	8.70%
Credit rate on balance	11.16%	17.95%	21.00%	16.70%	21.80%

Federal and Provincial/Territorial Non-Refundable Tax Credit Rates and Amounts for 2022[1]

	Y.T.	N.W.T.	Nvt.
Tax rate applied to credits[1]	6.40%	5.90%	4.00%
Indexation factor[2]	2.4%	2.4%	2.4%
Basic personal[3]	$14,398	$15,609	$16,862
Spousal/partner and wholly dependant person[4,5]	14,398	15,609	16,862
Net income threshold	—	—	—
Dependants[5] 18 and over and infirm	See	5,174	5,174
Net income threshold	Caregiver	7,341	7,341
Caregiver[5]	7,525	5,174	5,174
Net income threshold	17,670	17,670	17,670
Child[6] (max)	—	—	1,200
Adoption[7] (max)	17,131	—	—
Disability[8]	8,870	12,658	14,352
Disability supplement[9]	5,174	5,174	5,174
Pension[8] (max)	2,000	1,000	2,000
Age 65 and over[8,10]	7,898	7,635	10,764
Net income threshold	39,826	39,826	39,826
Medical expense threshold[11]	2,479	2,479	2,479
Employment[12]	1,287	—	—
Canada Pension Plan[13] (max)	3,500	3,500	3,500
Employment Insurance[13] (max)	953	953	953
Children's fitness[14] (max)	Ref.	—	—
Children's arts[15] (max)	500	—	—
Children's wellness[16] (max)	—	—	—
Home buyers[17] (max)	—	—	—
Home accessibility[18] (max)	—	—	—
Tuition fees[19]	Yes	Yes	Yes
Education[19]			
Full time—per month	—	400	400
Part time—per month	—	120	120
Charitable donations[20]			
Credit rate on first $200	6.40%	5.90%	4.00%
Credit rate on balance	12.80%	14.05%	11.50%

Notes

(1) The table shows the dollar amounts of federal, provincial and territorial non-refundable tax credits for 2022 (except for Quebec, see the table "Quebec Non-Refundable Tax Credit Rates and Amounts for 2022"). In order to determine the credit value, each dollar amount must be multiplied by the tax rate indicated, which is the lowest tax rate applicable in the particular jurisdiction. For example, British Columbia's basic personal amount of $11,302 is multiplied by 5.06% to determine the credit value of $572.

Income earned by the taxpayer or dependant, as applicable, in excess of the net income thresholds shown in the table serves to reduce the availability of the credit on a dollar-for-dollar basis. The only exception to this is the age credit, which is reduced by 15% of the taxpayer's net income in excess of the threshold.

Ontario's tax rate that applies to credits is 7.88% (5.05% x 156%) for an individual who is subject to the 56% surtax.

Prince Edward Island's tax rate that applies to credits is 10.78% (9.80% x 110%) for an individual who is subject to the 10% surtax.

(2) The indexation factors indicated in the table are used to index the credits in each jurisdiction. The calculation of these factors is based on the change in the average federal or provincial inflation rate over the 12-month period ending September 30 of the previous year compared to the change in the rate for the same period of the year prior to that.

British Columbia, Manitoba, Ontario and Newfoundland and Labrador use the applicable provincial inflation rate in their calculations, while Saskatchewan, New Brunswick, Yukon, Northwest Territories and Nunavut use the federal inflation rate. Alberta, Nova Scotia and Prince Edward Island do not index their credits.

Manitoba only indexes the basic personal amount and the personal income tax brackets. Other non-refundable tax credits are not indexed.

Notes, continued

(3) Nova Scotia provides an additional basic personal amount of $3,000 where a taxpayer's income is $25,000 or less. This amount will decrease proportionately if the taxpayer's income is between $25,000 and $75,000.

Prince Edward Island increased the province's basic personal amount to $11,250 (from $10,500) and proportionately changed the spouse and equivalent-to-spouse amounts to $9,555 (from $8,918), effective January 1, 2022.

The federal government will gradually increase the federal basic personal amount to $15,000 by 2023. The basic personal amount is increased to $14,398 (from $13,808) for individuals with net income of $155,625 or less in 2022. The increase to the basic personal amount is gradually reduced for individuals with net income between $155,625 and $221,708 in 2022. Individuals with net income over $221,708 in 2022 will not be affected by these changes and their basic personal amount will remain at $12,719.

Yukon harmonized with the federal changes to the basic personal amount.

(4) The spousal/partner and wholly dependant person amounts are calculated by subtracting the spouse/partner and wholly dependant's net income from the maximum amount.

The spousal/partner credit may be claimed for a common-law partner as well as for a spouse. Taxpayers who are single, divorced or separated, and who support a dependant in their home may claim the wholly dependent person credit. The credit can be claimed for dependants under the age of 18 who are related to the taxpayer, for the taxpayer's parents or grandparents, or for any other infirm person who is related to the taxpayer (see note (5)).

The federal government will gradually increase the maximum federal spouse or common-law partner amount and the eligible dependant credit to $15,000 by 2023. The maximum amount is increased to $14,398 (from $13,808) for individuals with net income of $155,625 or less in 2022. The increase to the maximum amount is gradually reduced for individuals with net income between $155,625 and $221,708 in 2022. Individuals with net income over $221,708 in 2022 will not be affected by these changes and the maximum amount will remain at $12,719.

Yukon harmonized with the federal changes to the federal spouse or common-law partner amount and the eligible dependant credit.

Nova Scotia provides an additional non-refundable tax credit for a spouse/partner and wholly dependant person in the year of $3,000 where a taxpayer's income is $25,000 or less. This amount will decrease proportionately if the taxpayer's income is between $25,000 and $75,000.

(5) The caregiver credit is available to taxpayers who care for a related dependant. Generally, the dependant must be over the age of 18 and infirm, or, in the case of a parent or grandparent, over the age of 65 (except for federal, British Columbia, Ontario and Yukon purposes, where the credit is not available in respect of non-infirm dependants).

For the federal caregiver credit, the credit amount is $7,525 in respect of infirm dependants who are parents, grandparents, brothers/sisters, aunts/uncles, nieces/nephews, adult children and grandchildren of the claimant or of the claimant's spouse or common law partner, and $2,350 in respect of an infirm dependent spouse or common-law partner in respect of whom the individual claims the spouse or common-law partner amount, an infirm dependant for whom the individual claims an eligible dependant credit, or an infirm child who is under the age of 18 years at the end of the year.

For Ontario and British Columbia, the credit amount is $5,252 and $4,946, respectively, in respect of relatives who are infirm dependants, including adult children of the claimant or of the claimant's spouse or common-law partner.

(6) Nova Scotia, Prince Edward Island and Nunavut each provide a credit for children under the age of 6. If certain conditions are met, individuals in Nova Scotia and Prince Edward Island may claim $100 per eligible month for a maximum of $1,200 per year, and individuals in Nunavut may claim $1,200 per year. For Nova Scotia and Prince Edward Island, unused credit amounts may not be transferred between spouses. For Nunavut, unused credit amounts may be transferred between spouses.

Saskatchewan provides a credit for children under the age of 18 if certain conditions are met. Unused credit amounts may be transferred between spouses.

(7) The adoption credit is available on eligible adoption expenses incurred in the year and not reimbursed to the taxpayer, up to the maximum amount indicated in the table.

(8) The disability, pension and age credits are transferable to a spouse or partner. The amounts available for transfer are generally reduced by the excess of the spouse's or partner's net income over the basic personal amount. The disability credit is also transferable to a supporting person other than a spouse or partner; however, the amount of the credit is generally reduced by the excess of the disabled person's net income over the basic personal amount.

(9) The disability supplement may be claimed by an individual who is under the age of 18 at the end of the year. The amount in the table represents the maximum amount that may be claimed, and is reduced by certain child and attendant care expenses claimed in respect of this individual.

(10) Saskatchewan provides an additional non-refundable tax credit for individuals aged 65 or older in the year, regardless of their net income amount. The amount for 2022 is $1,336.

Nova Scotia provides an additional non-refundable tax credit for individuals aged 65 or older in the year if their taxable income is $25,000 or less. The amount for 2022 is $1,465. This amount will decrease proportionately if their income is between $25,000 and $75,000.

Federal and Provincial/Territorial Non-Refundable Tax Credit Rates and Amounts for 2022

Notes, continued

(11) The medical expense credit is calculated based on qualified medical expenses exceeding 3% of net income or the threshold shown in the table, whichever is less. Medical expenses incurred by both spouses/partners and by their children under age 18 may be totalled and claimed by either spouse/partner.

Taxpayers can also claim medical expenses for other eligible dependants to the extent the amount exceeds the lesser of 3% of net income of the dependant or the threshold shown in the table. Ontario is currently the only province with a maximum allowable medical expense for other eligible dependants. The limit is $13,592 for 2022.

(12) The federal employment credit may be claimed by individuals based on the lesser of the amount indicated in the table and the amount of employment income earned in the year.

Yukon also provides the non-refundable federal employment credit.

(13) Self-employed individuals are subject to a higher Canada or Quebec Pension Plan contribution rate and can generally deduct a portion of their contributions in calculating net income. The balance is claimed as a non-refundable tax credit. Self-employed taxpayers can also claim Employment Insurance premiums paid.

(14) Taxpayers in Manitoba can claim a maximum of $500 for fees paid on registration or membership for an eligible program of physical activity for children or young adults under the age of 25 at the end of the year. For a child under the age of 18 at the end of the year, the claim may be made by the child or their parent. For a young adult 18 to 24 years of age at the end of the year, the claim may be made by the young adult, spouse or common-law partner. For children or young adults eligible for the disability tax credit, taxpayers can claim an additional $500 if a minimum of $100 is paid for registration or membership fees for a prescribed program of physical activity.

Taxpayers in Yukon can claim a maximum of $1,000 for eligible fees paid on registration or membership for a prescribed program of physical activity for children under the age of 16 (or under the age of 18 if eligible for the disability tax credit) at the beginning of the year. For children eligible for the disability tax credit and under the age of 18, taxpayers can claim an additional $500 if a minimum of $100 is paid for registration or membership fees for a prescribed program of physical activity. The children's fitness tax credit is a refundable credit in Yukon.

Taxpayers in Saskatchewan with family income of $60,000 or less can claim a maximum of $150 annually per child ($200 per child eligible for the disability tax credit) under the age of 19 at the end of the year for fees paid to register children in eligible sports, recreational and cultural activities. This tax credit is a refundable credit in Saskatchewan.

Taxpayers in Newfoundland and Labrador can claim a refundable tax credit of up to $2,000 per family on eligible fitness expenses.

(15) Taxpayers in Manitoba and Yukon can claim a maximum of $500 for fees paid relating to the cost of registration or membership in an eligible program of artistic, cultural, recreational, or developmental activity for children under the age of 16 (or 18 if eligible for the disability tax credit) at the beginning of the year. For children under 18 years of age at the beginning of the year eligible for the disability tax credit, taxpayers can claim an additional $500 if a minimum of $100 is paid for registration or membership fees for an eligible artistic program.

Taxpayers in Saskatchewan with family income of $60,000 or less can claim a maximum of $150 annually per child ($200 per child eligible for the disability tax credit) under the age of 19 at the end of the year for fees paid to register children in eligible sports, recreational and cultural activities. This tax credit is a refundable credit in Saskatchewan.

(16) Taxpayers in Prince Edward Island can claim a $500 non-refundable children's wellness tax credit. This credit is available to families with children under the age of 18, for eligible activities (artistic, cultural, recreational or developmental activity or a physical activity) related to their children's well-being.

(17) First-time home buyers who acquire a qualifying home during the year may be entitled to claim a federal non-refundable tax credit of up to $5,000 and worth up to $750 ($5,000 × 15%).

To qualify, neither the individual nor his or her spouse or common-law partner can have owned and lived in another home in the calendar year of the new home purchase or in any of the four preceding calendar years. The credit can be claimed by either the purchaser or by his or her spouse or common-law partner.

The credit will also be available for certain home purchases by or for the benefit of an individual eligible for the disability tax credit.

Saskatchewan's first-time homebuyers' amount provides a non-refundable tax credit of up to $1,050 (10.5% x $10,000) to eligible taxpayers. There are also provisions to allow persons with a disability to qualify for the purchase of more accessible homes, with eligibility rules similar to those for the existing federal incentive for first-time home buyers.

(18) The home accessibility tax credit provides a credit for qualifying expenses incurred for work performed or goods acquired in respect of a qualifying renovation of an eligible dwelling of someone who is 65 years or older before the end of the taxation year or eligible for the disability tax credit. British Columbia and New Brunswick provide a refundable credit of up to $1,000 for similar expenses. Ontario provides a temporary 25% refundable credit available only for the 2021 and 2022 taxation years on certain eligible expenses of up to $10,000 made to a senior's principal residence. Saskatchewan provides a 10.5% non-refundable home renovation tax credit on up to $10,000 of eligible home renovation expenses on a primary residence incurred between January 1, 2022 and December 31, 2022.

(19) The eligible portion of the tuition and education tax credits are transferable to a spouse or common-law partner, parent or grandparent. Any amounts not transferred may be carried forward indefinitely by the student.

(20) Charitable donations made by both spouses/partners may be totalled and claimed by either person. The maximum amount of donations that may be claimed in a year is 75% of net income. However, all donations may be carried forward for five years if they are not claimed in the year made.

The federal donation tax credit rate of 33% applies to charitable donations over $200 to the extent the donor's income exceeds $221,708. Otherwise, a rate of 29% applies to donations over $200.

British Columbia's donation tax credit rate is 5.06% on the first $200 of donations and 20.5% on donations over $200 to the extent the donor's income exceeds $227,091. Otherwise, a rate of 16.8% applies to donations over $200.

Ontario's tax credit rate for donations over $200 is 17.41% for an individual who is subject to the 56% surtax.

Prince Edward Island's tax credit rate for donations over $200 is 18.37% for an individual who is subject to the 10% surtax.

Quebec Non-Refundable Tax Credit Rates and Amounts for 2022

Tax rate applied to credits[1]	15%
Indexation factor[2]	2.64%
Basic personal amount	$16,143
Amounts for dependents:	
Child under 18 engaged in full-time training or post-secondary studies[3]	3,101
Child over 17 who is a full-time student[4]	See Note
Other dependents over 17[5]	4,519
Person living alone or with a dependent:[6]	
Basic amount[7]	1,850
Single-parent amount (supplement)[8]	2,284
Age 65 and over[6]	3,395
Career extension[9]	
Age 60 to 64	10,000
Age 65 and over	11,000
Pension[6] (max)	3,017
Disability	3,584
First-time home buyers[10]	5,000
Union and professional dues[11]	10%
Tuition fees[12]	8%
Interest paid on student loans[13]	20%
Medical expenses[14]	20%
Charitable donations[15]	
Credit rate on first $200	20%
Credit rate on balance	24/25.75%

Notes

(1) In order to determine the credit value, each dollar value must be multiplied by Quebec's tax credit rate. For example, the basic personal credit amount of $16,143 is multiplied by 15% to determine the credit value of $2,421.

The unused portion of all non-refundable credits may be transferred from one spouse/partner to another, but only after all credits have been taken into account in the calculation of the individual's income tax otherwise payable.

(2) Quebec indexes its tax credits each year by using an inflation factor that is calculated based on the provincial rate of inflation, excluding changes in liquor and tobacco taxes. The Quebec inflation factor is 2.64% for 2022. For the purpose of calculating the basic personal amount and personal tax credits, Quebec's tax legislation stipulates automatic indexation.

(3) This credit is available for a dependent child who is under the age of 18 and is engaged in full-time professional training or post-secondary studies for each completed term, to a maximum of two semesters per year per dependent. It is also available for infirm dependents who are engaged in such activities part-time.

(4) An eligible student is able to transfer to either parent an amount related to the unused portion of their basic personal amount for the year (transfer mechanism for the recognized parental contribution). Each taxation year, the amount that can be transferred must not exceed the limit applicable for that particular year ($11,081 for 2022).

(5) This credit is available if a dependent, other than a spouse, is related to the taxpayer by blood, marriage or adoption and ordinarily lives with the taxpayer. In order to be eligible for the tax credit, the taxpayer must also not have benefited from a transfer of the recognized parental contribution from this dependent.

(6) The total of the credits for being 65 years of age or over, for living alone or with a dependent, and for receiving pension income is reduced by 18.75% of the amount by which net family income exceeds $36,590.

(7) The basic amount is available if the individual lives in a self-contained domestic establishment that he/she maintains and in which no other person, other than himself/herself, a minor person, or an eligible student lives of whom the individual is either the father, mother, grandfather or grandmother, or the great-grandfather or great-grandmother.

(8) If an individual (i.e., father or mother) is living with an eligible student (i.e., a person who is 18 or over and is a post-secondary or vocational training student who transferred or could have transferred an amount to the single-parent (see note (4)), the individual may be able to add an amount for a single-parent family of $2,284 to the basic amount for a person living alone (see note (7)).

(9) For 2022, this credit is available for workers who are 60 years of age or older. For workers aged 60 to 64, the credit applies at a 15% rate to $10,000 of "eligible work income" in excess of $5,000. For workers aged 65 and over, the credit applies at a 15% rate to $11,000 of "eligible work income" in excess of $5,000. The credit for workers aged 60 and over is reduced by 5% of "eligible work income" over $36,590. "Eligible work income" includes salary and business income, but excludes taxable benefits received for a previous employment as well as amounts deducted in computing taxable income, such as the stock option deduction.

Any unused portion of the tax credit may not be carried forward or transferred to the individual's spouse.

Quebec Non-Refundable Tax Credit Rates and Amounts for 2022

Notes, continued

(10) Quebec offers first-time home buyers a non-refundable tax credit of up to $5,000 and worth up to $750 ($5,000 x 15%) for a housing unit located in Quebec and that is acquired after December 31, 2017. To qualify, the individual or his or her spouse has to intend to inhabit the home as a principal place of residence no later than one year after the time of acquisition and neither the individual nor his or her spouse can have owned and lived in another home in the calendar year of the new home purchase or in any of the four preceding calendar years.

(11) The credit for union and professional dues is calculated based on the annual fees paid in the year. The portion of professional dues relating to liability insurance is allowed as a deduction from income and therefore not included in calculating the credit amount.

(12) The tuition credit is calculated based on tuition, professional examination and mandatory ancillary fees paid for the calendar year. Tuition fees qualify for an 8% non-refundable credit for Quebec tax purposes. The student may transfer the unused portion of the tuition credit to either one of his/her parents or grandparents. The portion of this credit that is not transferred will be available for future use by the student.

(13) A tax credit at a rate of 20% may be claimed for interest paid on student loans. Interest not claimed in a particular year may be carried forward indefinitely.

(14) The medical expense credit is calculated based on qualified medical expenses in excess of 3% of family income. Family income is the total income of both spouses/ partners. A tax credit at a rate of 20% may be claimed for eligible medical expenses and eligible expenses to obtain medical care not provided in the region where an individual lives.

(15) Charitable donations made by both spouses/partners may be totalled and claimed by either person. The maximum amount of donations that may be claimed in a year is 100% of net income. However, all donations may be carried forward for five years (or 10 years for certain particular donations) if they are not claimed in the year made.

Quebec's tax credit for donations is 20% on the first $200 of eligible gifts in the year and 25.75% to the extent the donor's income exceeds $112,655 in 2022. All remaining donations are eligible for a 24% tax credit.

Quebec Refundable Tax Credit Rates and Amounts for 2021[1]

	Tax rate	Max expense	Max credit
Medical expenses[2] Reduced by 5% of family income in excess of $24,000[3]	25%	certain eligible medical expenses	$ 1,241
Childcare expense credit[3,4]	from 67% to 78%		
The lesser of expenses incurred or:			
For a child who has a severe or prolonged mental or physical impairment		14,230	
For a child under the age of seven		10,400	
For a child under the age of sixteen		5,235	
Adoption expense credit[5]	50%	20,000	10,000
Infertility treatment credit[6]	from 20% to 80%	20,000	16,000
Tax credit for caregivers[3,7]			
Basic amount			1,266
Reducible amount			1,266
Reduced by 16% of the eligible care receiver's income over $22,460[3]			
Home support of elderly persons living alone[8]			
Not recognized as dependent seniors	35%	19,500	6,825
Recognized as dependent seniors	35%	25,500	8,925
Reduced by 3% of the individual's family income in excess of $60,135[3]			
Short-term transition of seniors in rehabilitation centre[9]	20%	costs incurred in maximum 60-day period	
Safety equipment for seniors[10]	20%	costs incurred in excess of $250	
Residential waste water treatment system[11]	20%	costs incurred in excess of $2,500	5,500

Quebec Refundable Tax Credit Rates and Amounts for 2021

Notes

(1) Quebec's credit rate, maximum expense eligible and method of calculation of the credit vary from one type of refundable credit to another. Quebec's credit rate is applied to the dollar amounts in the table to determine the maximum credit value. For example, the adoption expense credit amount of $20,000 is multiplied by 50% to determine the maximum credit value of $10,000. Some refundable credits are reduced when thresholds are exceeded.

(2) Quebec provides a refundable tax credit equal to the total of 25% of medical expenses eligible for the non-refundable credit (see the table "Quebec Non-Refundable Tax Credit Rates and Amounts for 2021") and 25% of the amount deducted for disability support products and services. A minimum amount of work income has to be earned in order to claim the refundable tax credit: $3,175 for 2021.

(3) Quebec indexes various tax credits each year by using an inflation factor that is calculated based on the provincial rate of inflation, excluding changes in liquor and tobacco taxes. The Quebec inflation factor is 1.26% for 2021.

(4) Unlike the federal treatment of qualifying childcare expenses, which are eligible for a deduction in computing net income, Quebec provides a refundable tax credit for such expenses. The rate of the tax credit falls as net family income rises.

Quebec proposed to increase the tax credit rates for childcare expenses as of the 2021 taxation year, so that the maximum rate applicable to qualified childcare expenses increases to 78% (from 75%) when an individual's family income does not exceed $21,000 and the minimum rate for qualified childcare expenses increases to 67% (from 26%) where family income exceeds $101,490 (previously $165,030). Quebec also increased some limits applicable to childcare expenses for certain children.

In general, the maximum amount of expenses eligible for the credit in 2021 is the lesser of:

- The total of:
  - $14,230 (previously $13,615) for an eligible child of any age who has a severe or prolonged mental or physical impairment
  - $10,400 (previously $9,950) for an eligible child under the age of seven
  - $5,235 for an eligible child aged 7 or more but under the age of 16 or an eligible child who has a mental or physical infirmity.
- The actual childcare expenses incurred in the year.

The definition of eligible expenses includes costs incurred during the period an individual receives benefits under the Quebec Parental Insurance Plan or the Employment Insurance Plan (see the table "Employment Withholdings—Quebec"). The childcare expenses are not limited by the earned income of the parent. For the purpose of calculating the refundable tax credit for childcare expenses, the definition of "eligible child" of an individual means a child of the individual or the individual's spouse, or a child who is a dependant of the individual or the individual's spouse and whose income for the year does not exceed $10,796, if, in any case, at any time during the year, the child is under 16 years of age or is dependent on the individual or the individual's spouse and has a mental or physical infirmity.

(5) Qualifying expenses include court and legal fees paid to obtain the final adoption order, travel and accommodation expenses for foreign adoptions, translation expenses, and fees charged by foreign and domestic social agencies.

(6) The applicable tax credit rate varies from 20% to 80% of eligible infertility expenses, depending on family situation and income. The credit can be claimed on infertility expenses paid in the year of up to $20,000.

(7) The tax credit for caregivers consists of two components:

Component 1: A basic amount of $1,266 for a caregiver providing care to a person aged 18 or older who has a severe and prolonged impairment and needs assistance in carrying out a basic activity of daily living and a reducible amount of up to $1,266 is available where the caregiver co-resides with the eligible care receiver. Where the caregiver does not co-reside with the eligible care receiver aged 18 or older with a severe and prolonged impairment, then the caregiver is only eligible for the reducible amount of up to $1,266. The reducible amount is reduced by 16% for each dollar of income of the eligible care receiver in excess of $22,460 for 2021.

Component 2: A basic amount of $1,266 for a caregiver who supports and co-resides with an eligible care receiver aged 70 or older.

For the purpose of the tax credit for caregivers, an eligible care receiver is a spouse, father, mother, grandparent, child, grandchild, nephew, niece, brother, sister, uncle, aunt, great-uncle, great-aunt or any other direct ascendant of the individual or the individual's spouse.

Quebec's 2020-2021 budget introduced a form to confirm ongoing assistance in carrying out a basic activity of daily living, where the eligible caregiver and care receiver have no family relationship but could qualify as an eligible care receiver for the purpose of Component 1.

The following table summarizes the maximum tax credit amount for caregivers for 2021:

	Component 1: for caregiver to a care receiver with a severe and prolonged impairment		Component 2: for caregiver to a care receiver aged 70 or >
	Caregiver co-residing with an eligible care receiver of 18 or >	Caregiver does not reside with an eligible care receiver of 18 or >	Caregiver co-residing with an eligible care receiver aged 70 or >
Basic amount	$1,266	Not entitled	$1,266
Reducible amount	$1,266	$1,266	Not entitled
Total - maximum	$2,532	$1,266	$1,266

Notes, continued

(8) The home support tax credit can be claimed by persons age 70 and over living in their home. The maximum home support tax credit is higher for an individual or a spouse who is considered a dependent senior. If the expense also qualifies for the non-refundable medical expense credit (see the table "Quebec Non-Refundable Tax Credit Rates and Amounts for 2021"), it cannot be claimed for this tax credit as well. Quebec will introduce an enhanced tax credit rate of 1% in 2022, which will increase by 1% per year until it reaches 5% in 2026. As a result, the combined tax credit rate will be 40% (i.e., a base tax credit rate of 35% plus an enhanced tax credit rate of 5%) in 2026.

(9) The rehabilitation centre tax credit can be claimed by seniors age 70 or older in respect of costs incurred for the first 60 days of any given stay in a public or private "functional rehabilitation transition unit". There is no limit to the number of stays that can be claimed.

(10) The safety equipment tax credit can be claimed by seniors age 70 or older for the purchase or rental of equipment (including installation costs) used to improve their safety and security in their principal residence. Examples of qualifying equipment include remote monitoring systems, GPS tracking devices for persons, and walk-in bathtubs or showers.

(11) The temporary refundable tax credit for the upgrading of residential waste water treatment systems of a principal residence or a cottage which includes the construction, renovation, modification or rebuilding of a system for the discharge, collection and disposal of waste water, toilet effluents or grey water, can be claimed if the work is carried out by a qualified contractor and paid under a service agreement entered into after March 31, 2017 and before April 1, 2022.

Quebec Refundable Tax Credit Rates and Amounts for 2022[1]

	Tax rate	Max expense	Max credit
Medical expenses[2] Reduced by 5% of family income in excess of $24,635[3]	25%	certain eligible medical expenses	$ 1,274
Childcare expense credit[3,4] The lesser of expenses incurred or: For a child who has a severe or prolonged mental or physical impairment For a child under the age of seven For a child under the age of sixteen	from 67% to 78%	 14,605 10,675 5,375	
Adoption expense credit[5]	50%	20,000	10,000
Infertility treatment credit[6]	from 20% to 80%	20,000	16,000
Tax credit for caregivers[3,7] Basic amount Reducible amount Reduced by 16% of the eligible care receiver's income over $23,055[3]			 1,299 1,299
Home support of elderly persons living alone[8] Not recognized as dependent seniors Recognized as dependent seniors	 36% 36%	 19,500 25,500	 7,020 9,180
Short-term transition of seniors in rehabilitation centre[9]	20%	costs incurred in maximum 60-day period	
Safety equipment for seniors[10]	20%	costs incurred in excess of $250	
Residential waste water treatment system[11]	20%	costs incurred in excess of $2,500	5,500

Notes

(1) Quebec's credit rate, maximum expense eligible and method of calculation of the credit vary from one type of refundable credit to another. Quebec's credit rate is applied to the dollar amounts in the table to determine the maximum credit value. For example, the adoption expense credit amount of $20,000 is multiplied by 50% to determine the maximum credit value of $10,000. Some refundable credits are reduced when thresholds are exceeded.

(2) Quebec provides a refundable tax credit equal to the total of 25% of medical expenses eligible for the non-refundable credit (see the table "Quebec Non-Refundable Tax Credit Rates and Amounts for 2022") and 25% of the amount deducted for disability support products and services. A minimum amount of work income has to be earned in order to claim the refundable tax credit: $3,260 for 2022.

(3) Quebec indexes various tax credits each year by using an inflation factor that is calculated based on the provincial rate of inflation, excluding changes in liquor and tobacco taxes. The Quebec inflation factor is 2.64% for 2022.

(4) Unlike the federal treatment of qualifying childcare expenses, which are eligible for a deduction in computing net income, Quebec provides a refundable tax credit for such expenses. The rate of the tax credit falls as net family income rises.

In general, the maximum amount of expenses eligible for the credit in 2022 is the lesser of:

- The total of:
  - $14,605 for an eligible child of any age who has a severe or prolonged mental or physical impairment
  - $10,675 for an eligible child under the age of seven
  - $5,375 for an eligible child aged 7 or more but under the age of 16 or an eligible child who has a mental or physical infirmity.
- The actual childcare expenses incurred in the year.

The definition of eligible expenses includes costs incurred during the period an individual receives benefits under the Quebec Parental Insurance Plan or the Employment Insurance Plan (see the table "Employment Withholdings—Quebec"). The childcare expenses are not limited by the earned income of the parent. For the purpose of calculating the refundable tax credit for childcare expenses, the definition of "eligible child" of an individual means a child of the individual or the individual's spouse, or a child who is a dependant of the individual or the individual's spouse and whose income for the year does not exceed $11,081, if, in any case, at any time during the year, the child is under 16 years of age or is dependent on the individual or the individual's spouse and has a mental or physical infirmity.

(5) Qualifying expenses include court and legal fees paid to obtain the final adoption order, travel and accommodation expenses for foreign adoptions, translation expenses, and fees charged by foreign and domestic social agencies.

(6) The applicable tax credit rate varies from 20% to 80% of eligible infertility expenses, depending on family situation and income. The credit can be claimed on infertility expenses paid in the year of up to $20,000.

Notes, continued

(7) The tax credit for caregivers consists of two components:

Component 1: A basic amount of $1,299 for a caregiver providing care to a person aged 18 or older who has a severe and prolonged impairment and needs assistance in carrying out a basic activity of daily living and a reducible amount of up to $1,299 is available where the caregiver co-resides with the eligible care receiver. Where the caregiver does not co-reside with the eligible care receiver aged 18 or older with a severe and prolonged impairment, then the caregiver is only eligible for the reducible amount of up to $1,299. The reducible amount is reduced by 16% for each dollar of income of the eligible care receiver in excess of $23,055 for 2022.

Component 2: A basic amount of $1,299 for a caregiver who supports and co-resides with an eligible care receiver aged 70 or older.

For the purpose of the tax credit for caregivers, an eligible care receiver is a spouse, father, mother, grandparent, child, grandchild, nephew, niece, brother, sister, uncle, aunt, great-uncle, great-aunt or any other direct ascendant of the individual or the individual's spouse.

Quebec's 2020-2021 budget introduced a form to confirm ongoing assistance in carrying out a basic activity of daily living, where the eligible caregiver and care receiver have no family relationship but could qualify as an eligible care receiver for the purpose of Component 1.

The following table summarizes the maximum tax credit amount for caregivers for 2022:

	Component 1: for caregiver to a care receiver with a severe and prolonged impairment		Component 2: for caregiver to a care receiver aged 70 or >
	Caregiver co-residing with an eligible care receiver of 18 or >	Caregiver does not reside with an eligible care receiver of 18 or >	Caregiver co-residing with an eligible care receiver aged 70 or >
Basic amount	$1,299	Not entitled	$1,299
Reducible amount	$1,299	$1,299	Not entitled
Total - maximum	$2,598	$1,299	$1,299

(8) The home support tax credit can be claimed by persons age 70 and over living in their home. The maximum home support tax credit is higher for an individual or a spouse who is considered a dependent senior. If the expense also qualifies for the non-refundable medical expense credit (see the table "Quebec Non-Refundable Tax Credit Rates and Amounts for 2022"), it cannot be claimed for this tax credit as well. Quebec introduced an enhanced tax credit rate of 1% in 2022, which increases by 1% per year until it reaches 5% in 2026. As a result, the combined tax credit rate will be 40% (i.e., a base tax credit rate of 35% plus an enhanced tax credit rate of 5%) in 2026. The tax credit is reduced as follows.

- For dependent seniors, only the enhanced tax credit may be reduced. The enhanced tax credit is reduced by 3% for each dollar of family income in excess of the reduction threshold ($61,725 in 2022).
- For non-dependent seniors, the combined tax credit (i.e., both the base tax credit and the enhanced tax credit) may be reduced.
    - The combined tax credit is first reduced by 3% for each dollar of family income in excess of the first reduction threshold ($61,725 in 2022), up to the second reduction threshold ($100,000 in 2022).
    - The combined tax credit is further reduced by 7% for each dollar of family income in excess of the second reduction threshold ($100,000 in 2022).

(9) The rehabilitation centre tax credit can be claimed by seniors age 70 or older in respect of costs incurred for the first 60 days of any given stay in a public or private "functional rehabilitation transition unit". There is no limit to the number of stays that can be claimed.

(10) The safety equipment tax credit can be claimed by seniors age 70 or older for the purchase or rental of equipment (including installation costs) used to improve their safety and security in their principal residence. Examples of qualifying equipment include remote monitoring systems, GPS tracking devices for persons, and walk-in bathtubs or showers.

(11) The temporary refundable tax credit for the upgrading of residential waste water treatment systems of a principal residence or a cottage which includes the construction, renovation, modification or rebuilding of a system for the discharge, collection and disposal of waste water, toilet effluents or grey water, can be claimed if the work is carried out by a qualified contractor and paid under a service agreement entered into after March 31, 2017 and before April 1, 2022.

Charitable Donations

	Federal[2]	Quebec[4]	Other provinces/ territories
Tax credit rates for an individual's donations[1]			
First $200 of donations	15%	20%	Lowest provincial/territorial tax rate
Balance of donations	29/33[3]	24/25.75[5]	Highest provincial/territorial tax rate[6]

	Net income limit[7]	Capital gain inclusion rate[8]
Eligible property for an individual		
Cash	75%	n/a
Certified cultural property[9]	n/a	0
Ecological property[10]	n/a	0
Qualifying securities[11]	75% plus 25% of taxable capital gain	0
Capital property[12]	75% plus 25% of taxable capital gain and recapture	50%
Donations made in an individual's will		
All gifts[13]	100%	As above
Donations made by corporations		
All gifts[14]	Same as for individuals	Same as for individuals

Notes

(1) Charitable donations entitle individuals to a two-tier non-refundable tax credit in most provinces/territories, and three-tier for federal and Quebec purposes (see notes (3) and (5)). The tax credit is calculated using one rate for donations of up to $200, and another tax rate for donations exceeding $200 (see the table "Federal and Provincial/Territorial Non-Refundable Tax Credit Rates and Amounts for 2021").

Eligible donations can be claimed for donations made by the taxpayer or his/her spouse that are supported by official receipts that reflect the recipient charity's registration number. All donations made to registered Canadian charities and other qualified donees during an individual's lifetime will earn non-refundable credits at the rates shown in the table. Credits are subject to a net income restriction (see note (7)), but unused credits may be carried forward for five years.

(2) The federal government introduced measures to support Canadian journalism, including allowing eligible Canadian journalism organizations to register as qualified donees, effective January 1, 2020. The federal government also introduced a temporary non-refundable 15% tax credit on amounts paid by individuals for eligible digital news subscriptions, allowing individuals to claim up to $500 in costs paid towards eligible digital subscriptions in a tax year. The Canada Revenue Agency will publish both the names of organizations whose digital news subscriptions are eligible for the credit and the qualifying subscriptions they offer. For this purpose, the CRA has set up a web list of qualifying subscriptions Organizations are required to inform subscribers if their subscriptions cease to qualify for the digital news subscription tax credit, and organizations offering qualifying subscriptions that wish to be included in the list will have to submit a request to the CRA for a determination as to whether the subscriptions they offer meet the criteria in the Income Tax Act. This measure applies to eligible amounts paid after 2019 and before 2025.

(3) A tax rate of 33% applies for income over $216,511 for 2021. This rate will also apply to charitable donations over $200 to the extent that individual has income that is subject to the 33% tax rate. This change applies to donations made after 2015. Donations made in 2015 and previous years but claimed in 2016 or a later year will not be eligible for the 33% tax credit rate.

(4) In Quebec, a 25% non-refundable tax credit (up to $6,250) is available on certain initial large cultural donations by individuals (other than trusts) made before January 1, 2023 and a 30% non-refundable tax credit is available for certain large donors who give cultural organizations $250,000 or more. Other measures apply for individuals and corporations on donations of public artwork intended for installation in certain accessible or educational spaces and donations of buildings capable of housing artists' studios.

(5) Quebec's tax credit is 20% on the first $200 of eligible gifts and 24% for amounts over $200. A 25.75% donation tax credit can be claimed to the extent the donor's income exceeds $109,755.

Notes, continued

(6) For all provincial/territorial tax credit rates for donations, see the table "Federal and Provincial/Territorial Non-Refundable Tax Credit Rates and Amounts for 2021".

Ontario's tax credit rate for donations over $200 is 11.16% although the top tax rate in this province is 13.16%. The rate is increased to 17.41% (11.16% x 156%) for individuals who are subject to the 56% surtax. For trusts, the tax credit rate for donations over $200 is 17.41%.

New Brunswick's tax credit rate for donations over $200 is 17.95% although the top tax rate in this province is 20.3%.

Alberta's tax credit for donations over $200 is 21% although the top tax rate in this province is 15%.

British Columbia's tax credit is 5.06% on the first $200 of eligible gifts and 16.8% for amounts over $200. A 20.5% donation credit can be claimed to the extent the donor's income exceeds $222,420.

Prince Edward Island's tax credit rate for donations over $200 is 18.37% (16.7% x 110%) for an individual who is subject to the 10% surtax.

Yukon's tax credit rate for donations over $200 is 12.80% although the top tax rate in this territory is 15%.

(7) Generally, the maximum amount of charitable donations that can be claimed in a year is 75% of an individual's net income. However, this restriction may be adjusted or removed depending on the type of property being donated. In Quebec, the maximum amount of donations that may be claimed in a year is 100% of net income.

(8) Donating property may result in a taxable capital gain to the donor. Generally, 50% of capital gains are included in taxable income. However, the inclusion rate for capital gains realized on donated property may be adjusted depending on the type of property being donated.

(9) Certified cultural property is defined as property that the Canadian Cultural Property Export Review Board has determined meets certain criteria set out in the Cultural Property Export and Import Act. Cultural property can include paintings, sculptures, books, or manuscripts. The donation of such property must be made to Canadian institutions or public authorities that have been designated by the Minister of Canadian Heritage. Effective March 19, 2019, the federal government removed the requirement that property be of "national importance" in order to qualify for donations of cultural property. Capital gains arising on the donation of such property are not included in income. Capital losses, however, may be deducted within specified limits.

(10) The value of a gift of certified cultural property is deemed to be no greater than the donor's cost of the property if it was acquired under a gifting arrangement that is a tax shelter. Ecological property is generally defined as land, including a covenant, an easement, or in the case of land in Quebec, a real servitude (or certain personal servitudes if certain conditions are met, including that they run for at least 100 years), that is certified to be ecologically sensitive, the conservation and protection of which is considered important to the preservation of Canada's environmental heritage. The donation must be made to Canada, a province or territory, a municipality, municipal or public body performing a function of Canadian government, or a registered charity approved by the Minister of the Environment.

The carry-forward period for donations of ecologically sensitive land to conservation charities is 10 years.

(11) Qualifying securities generally include publicly traded shares, shares/units of mutual funds and certain types of debt obligations. Generally, the capital gains resulting on the donation of such securities and the exchange of unlisted securities that are shares or partnership interests for publicly traded securities that are later donated are not taxable provided certain conditions are met.

(12) Donors can choose the donation value of donated capital property, provided that the chosen amount is not greater than the fair market value of the property and not less than the greater of the property's adjusted cost base and the benefit received as a result of having made the donation. This chosen amount should be used to calculate any taxable capital gain or recapture, as well as the donation credit. Generally, this will result in up to 100% of any taxable capital gain or recapture created from the donation of the property being sheltered by the donation credit.

(13) Donations made in both the year of death and under the individual's will can be claimed in the year of death and, if necessary, carried back to the preceding year. The 100% net income limitation applies to both the year of death and the preceding year. In the year of death, an individual can claim the lower of 100% of net income, or the eligible amount of the gifts created in the year of death, plus the unclaimed portion of gifts made in the five years before the year of death. The donation credit may also be claimed on donations of registered retirement savings plans, registered retirement income funds, tax-free savings accounts and life insurance proceeds made by direct beneficiary designations on death.

Since 2016, estate donations (donations made by will and designation donations) are no longer deemed to be made by an individual immediately before the individual's death. Instead, these donations are deemed to be made at the time that the property is transferred to the qualified donee by the individual's estate and where certain conditions are met, by the individual's graduated rate estate. The executor has the flexibility to claim the donation in the year the donation is made, in an earlier year of the estate or the last two years of the individual. The donation must be made in the first 60 months following the individual's death to be eligible for the flexible estate donation rules. An estate continues to be able to claim a donation credit for donations in the year that the donation is made or in any of the five following years.

(14) Corporations receive a deduction in calculating taxable income for donations made in the year or in the previous five years, although unused deductions cannot generally be claimed after an acquisition of control. The net income limits and the capital gain inclusion rates for corporations are the same as those applicable to individuals.

For Quebec purposes, the carry-forward period for donations made by corporations is 20 years.

Quebec – Health Services Fund

Income Level	Required Contributions
Up to $15,360	Nil
15,361 to 53,409	1% of income over $15,360, maximum $150
Over 53,410	$150 + 1% of income over $53,410, maximum $1,000

Notes

- Individuals who are residents of Quebec on December 31 are required to make payments to the province's Health Services Fund, based on their income calculated for Quebec income tax purposes. Contributions are generally required in respect of self-employment income, pension income, investment income other than dividends from taxable Canadian corporations, and capital gains. Deductions are then made for certain items, including eligible RPP and RRSP contributions, support payments, investment carrying charges and allowable business investment losses.
- The income levels indicated in the table are indexed each year using the same indexation factor as that used to index Quebec's tax brackets (see the table "Federal and Provincial/Territorial Income Tax Rates and Brackets for 2021").

Ontario – Health Premium

Taxable Income (TI)	Annual Premium
Up to $20,000	Nil
20,001 to 25,000	6% of TI over $20,000
25,001 to 36,000	$300
36,001 to 38,500	$300 + 6% of TI over $36,000
38,501 to 48,000	$450
48,001 to 48,600	$450 + 25% of TI over $48,000
48,601 to 72,000	$600
72,001 to 72,600	$600 + 25% of TI over $72,000
72,601 to 200,000	$750
200,001 to 200,600	$750 + 25% of TI over $200,000
Over 200,600	$900

Notes

- Individuals who are residents of Ontario on December 31 are required to pay a provincial Health Premium as part of their Ontario income tax liability, based on their taxable income. Amounts are withheld from employees' pay as part of their regular income tax withholdings. Self-employed and other individuals who make income tax instalments are required to add the premium to their regular instalment payments.

Employment Withholdings—Federal

Canada Pension Plan

	2021	2022
Maximum annual pensionable earnings	$61,600	$64,900
Basic exemption	$3,500	$3,500
Maximum contributory earnings	$58,100	$61,400
Employer and employee contribution rate	5.45%	5.70%
Maximum annual employer and employee contributions	$3,166	$3,500
Maximum self-employed contribution rate	10.9%	11.4%
Maximum annual self-employed contributions	$6,333	$7,000

Employment Insurance

	2021	2022
Maximum annual insurable earnings	$56,300	$60,300
Employee's premium rate	1.58%	1.58%
Maximum annual employee premiums	$890	$953
Employer's premium rate	2.21%	2.21%
Maximum annual employer premiums	$1,245	$1,334

Employment Withholdings—Quebec

Quebec Pension Plan

	2021	2022
Maximum annual pensionable earnings	$61,600	$64,900
Basic exemption	$3,500	$3,500
Maximum contributory earnings	$58,100	$61,400
Employer and employee contribution rate	5.9%	6.15%
Maximum annual employer and employee contributions	$3,428	$3,776
Maximum annual self-employed contributions	$6,856	$7,552

Employment Insurance

	2021	2022
Maximum annual insurable earnings	$56,300	$60,300
Employee's premium rate	1.18%	1.20%
Maximum annual employee premiums	$664	$724
Employer's premium rate	1.65%	1.68%
Maximum annual employer premiums	$930	$1,013

Quebec Parental Insurance Plan

	2021	2022
Maximum annual insurable earnings	$83,500	$88,000
Employee's contribution rate	0.494%	0.494%
Maximum annual employee contributions	$412	$435
Employer's contribution rate	0.692%	0.692%
Maximum annual employer contributions	$578	$609
Self-employed contribution rate	0.878%	0.878%
Maximum annual self-employed contributions	$733	$773

Note

- Quebec's Parental Insurance Plan (QPIP) provides benefits to eligible Quebec workers who take maternity, paternity, parental or adoption leave from their employment. The plan replaces maternity, parental and adoption benefits provided under the federal Employment Insurance (EI) program, and premiums are mandatory for all employers, employees and self-employed individuals in the province. Required withholdings under the QPIP are accompanied by reduced EI premiums for residents of Quebec.

2021 Personal Income Tax Table

Taxable Income	B.C.	Alta.	Sask.	Man.	Ont.
$ 10,000	$ —	$ —	$ —	$ —	$ —
15,000	155	—	—	454	164
20,000	948	558	827	1,514	957
25,000	1,881	1,662	2,012	2,713	1,889
30,000	2,813	2,824	3,197	3,912	2,821
35,000	3,746	3,986	4,383	5,136	3,753
40,000	4,678	5,148	5,568	6,433	4,685
45,000	5,685	6,310	6,754	7,730	5,617
50,000	6,804	7,526	8,079	9,081	6,802
55,000	8,143	8,963	9,640	10,653	8,214
60,000	9,494	10,415	11,215	12,240	9,638
65,000	10,887	11,918	12,843	13,880	11,103
70,000	12,297	13,443	14,493	15,542	12,586
75,000	13,707	14,968	16,143	17,303	14,068
80,000	15,117	16,493	17,793	19,198	15,551
85,000	16,544	18,018	19,443	21,093	17,093
90,000	18,094	19,543	21,093	22,988	18,667
95,000	19,644	21,068	22,743	24,883	20,355
100,000	21,358	22,701	24,501	26,886	22,338
150,000	41,284	41,077	44,140	48,586	44,043
200,000	64,080	62,097	65,986	71,881	68,123
250,000	89,393	84,891	89,129	96,474	93,969
300,000	116,143	108,391	112,879	121,674	120,734
350,000	142,893	132,241	136,629	146,874	147,498
400,000	169,643	156,241	160,379	172,074	174,263
450,000	196,393	180,241	184,129	197,274	201,028
500,000	223,143	204,241	207,879	222,474	227,793

Refer to notes on the following pages.

Taxable Income	Que.	N.B.	N.S.	P.E.I.	Nfld.
$ 10,000	$ —	$ —	$ —	$ —	$ —
15,000	49	346	233	356	400
20,000	1,269	1,354	1,200	1,370	1,363
25,000	2,598	2,501	2,306	2,523	2,464
30,000	3,926	3,648	3,463	3,676	3,566
35,000	5,255	4,795	4,904	4,949	4,668
40,000	6,584	5,943	6,344	6,302	5,881
45,000	7,913	7,150	7,784	7,655	7,272
50,000	9,531	8,608	9,278	9,061	8,718
55,000	11,340	10,287	10,993	10,689	10,385
60,000	13,154	11,981	12,737	12,332	12,065
65,000	14,995	13,725	14,601	14,055	13,795
70,000	16,848	15,491	16,486	15,915	15,545
75,000	18,700	17,257	18,371	17,775	17,295
80,000	20,553	19,023	20,229	19,635	19,094
85,000	22,407	20,789	22,088	21,495	20,909
90,000	24,263	22,595	23,946	23,355	22,724
95,000	26,311	24,446	25,821	25,215	24,539
100,000	28,456	26,405	27,829	27,183	26,462
150,000	52,016	47,763	49,579	49,332	47,573
200,000	76,949	72,204	74,674	73,112	70,915
250,000	103,050	98,247	101,067	98,190	95,957
300,000	129,702	124,897	128,067	123,875	121,607
350,000	156,355	151,547	155,067	149,560	147,257
400,000	183,007	178,197	182,067	175,245	172,907
450,000	209,660	204,847	209,067	200,930	198,557
500,000	236,312	231,497	236,067	226,615	224,207

2021 Personal Income Tax Table

Taxable Income	Y.T.	N.W.T.	Nvt.
$ 10,000	$ —	$ —	$ —
15,000	$ —	$ —	$ —
20,000	796	767	651
25,000	1,791	1,738	1,534
30,000	2,786	2,710	2,417
35,000	3,780	3,682	3,300
40,000	4,775	4,653	4,184
45,000	5,770	5,641	5,067
50,000	6,844	6,801	6,102
55,000	8,244	8,183	7,410
60,000	9,656	9,577	8,729
65,000	11,112	11,013	10,088
70,000	12,587	12,468	11,463
75,000	14,062	13,923	12,838
80,000	15,537	15,378	14,213
85,000	17,012	16,833	15,588
90,000	18,487	18,332	16,963
95,000	19,962	19,967	18,368
100,000	21,583	21,710	19,951
150,000	40,033	40,914	37,451
200,000	61,056	62,534	57,747
250,000	83,372	85,452	79,390
300,000	106,272	108,977	101,640
350,000	129,172	132,502	123,890
400,000	152,072	156,027	146,140
450,000	174,972	179,552	168,390
500,000	197,872	203,077	190,640

Notes

- This table applies to salary income and includes all federal and provincial/territorial income taxes and surtaxes, but does not include low-income tax reductions, deficit reduction levies, and provincial health premiums (see the table "Provincial Health Premiums"). The basic personal credit, federal employment credit, and credits for Canada/Quebec Pension Plan contributions and Employment Insurance premiums are included in the calculations for all provinces/territories (see the table "Federal and Provincial/Territorial Non-Refundable Tax Credit Rates and Amounts for 2021"). No other credits are included as they vary with the circumstances of the taxpayer.
- For Quebec purposes, the calculations also include the credit for the province's Parental Insurance Plan (see the table "Employment Withholdings—Quebec").

Federal and Provincial/Territorial Alternative Minimum Tax (AMT)

Federal AMT Rate[1]	15.0%	
Basic minimum tax exemption	$40,000	
Typical additions in computing adjusted taxable income (ATI)[2]	• 30% of capital gains—effectively, 80% of capital gains are included in income for AMT purposes (50% regular inclusion rate plus 30% AMT adjustment) • 60% of stock option deductions claimed—effectively 80% of stock option benefits are included for AMT purposes • Carrying charges and capital cost allowance claimed on rental and leasing properties in excess of income earned therefrom • Carrying charges and resource expenditures claimed on Canadian and foreign resource properties in excess of income earned therefrom • Financing and other carrying charges claimed on limited partnerships in excess of income earned therefrom • Tax shelter expenses claimed	
Typical deductions in computing adjusted taxable income	• Gross-up applied to taxable Canadian eligible dividends (38% for dividends received in 2021) • Gross-up applied to taxable Canadian non-eligible dividends (15% for dividends received in 2021)	
Carry forward period[3]	7 years	
Provincial and territorial AMT Rates[4]	British Columbia	33.7%
	Alberta	35.0%
	Saskatchewan	50.0%
	Manitoba	50.0%
	Ontario	33.7%
	Quebec[5]	15.0%
	New Brunswick	57.0%
	Nova Scotia	57.5%
	Prince Edward Island[6]	57.5%
	Newfoundland and Labrador	58.0%
	Yukon	42.7%
	Northwest Territories	45.0%
	Nunavut	45.0%

Notes

(1) Generally, individuals will be subject to Alternative Minimum Tax (AMT) in a particular taxation year if their regular federal tax (net of certain personal credits), calculated in the usual way, is less than their "minimum amount". The "minimum amount" is calculated as follows:

- (adjusted taxable income – $40,000) × lowest federal tax rate of 15%
- less certain federal personal credits

If the minimum amount is greater than regular federal tax, that amount becomes the individual's federal tax liability for the year.

(2) An individual's adjusted taxable income is calculated based on regular taxable income, which is then adjusted for certain tax preference items.

(3) When AMT is applicable, the difference between the "minimum amount" and the individual's regular federal tax liability may be carried forward seven years and claimed as a credit in any of those years when AMT no longer applies. However, AMT carry-forward balances cannot be used to reduce tax on split income.

(4) In general, provincial/territorial AMT (with the exception of Quebec) is calculated by applying the applicable provincial/territorial AMT rate to the amount by which the federal "minimum amount" exceeds regular federal tax. This balance is then added to regular provincial/territorial tax in determining the provincial/territorial tax liability for the year.

(5) The Quebec Minimum Tax (QMT) system generally mirrors the federal system but with a number of differences, including no add-back for stock option deductions claimed.

(6) For Prince Edward Island, the province's surtax applies to the provincial AMT.

Combined Top Marginal Tax Rates For Individuals—2022

	Interest and Regular Income	Capital Gains[1]	Eligible Dividends	Non-eligible Dividends
British Columbia	53.50%	26.75%	36.54%	48.89%
Alberta	48.00	24.00	34.31	42.30
Saskatchewan[2]	47.50	23.75	29.64	41.82
Manitoba	50.40	25.20	37.79	46.67
Ontario	53.53	26.76	39.34	47.74
Quebec[3]	53.31	26.65	40.11	48.70
New Brunswick	53.30	26.65	33.51	47.75
Nova Scotia	54.00	27.00	41.58	48.27
Prince Edward Island[4]	51.37	25.69	34.23	47.04
Newfoundland and Labrador[5]	54.80	27.40	46.20	48.96
Yukon	48.00	24.00	28.92	44.05
Northwest Territories	47.05	23.53	28.33	36.82
Nunavut	44.50	22.25	33.08	37.79

Notes

(1) The lifetime capital gains exemption limit for qualified farm property, qualified fishing property and qualified small business corporation shares increased to $913,630 (from $892,218) for 2022. An additional lifetime capital gains exemption of $86,370 is available for qualified farm or fishing property disposed of in 2022.

(2) Saskatchewan increased the province's DTC rate that applies to non-eligible dividends to 2.11% (from 1.70%) of taxable dividends, effective January 1, 2022. The rate will further increase to 2.94% effective January 1, 2023 and 3.36% effective January 1, 2024. Accordingly, the combined top marginal tax rate on non-eligible dividends will decrease to 40.86% effective January 1, 2023 and 40.37% effective January 1, 2024.

(3) Quebec decreased the province's DTC rate that applies to non-eligible dividends to 3.42% (from 4.01%) of taxable dividends, effective January 1, 2022.

(4) Prince Edward Island decreased the province's DTC rate that applies to non-eligible dividends to 1.30% (from 1.96%) of taxable dividends, effective January 1, 2022.

(5) Newfoundland and Labrador increased the province's personal tax rates for individuals who earn more than $135,973 and created three new tax brackets for those who earn more than $250,000, effective January 1, 2022. As a result, the province's top marginal tax rate on interest and regular income increased to 21.80% (from 18.30%), effective January 1, 2022.

Newfoundland and Labrador decreased the province's DTC rate that applies to non-eligible dividends to 3.20% (from 3.50%) of taxable dividends, effective January 1, 2022.

Newfoundland and Labrador increased the province's DTC rate that applies to eligible dividends to 6.30% (from 5.40%) of taxable dividends, effective January 1, 2022.

Individual Marginal Tax Rates for Salary[1]—2021

	$0 to $49,020	$49,021 to $98,040	$98,041 to $151,978	$151,979 to $216,511	$216,512 and over
British Columbia[2]	18.65%	28.20%	40.70%	46.12%	49.80/53.50%
Alberta	23.24	30.50	36.00	42.32	47.00/48.00
Saskatchewan	23.71	33.00	38.50	43.82	47.50
Manitoba	23.99	37.90	43.40	46.72	50.40
Ontario	18.64	29.65	43.41	48.29	51.97/53.53
Quebec	26.58	37.06	47.46	49.97	53.30
New Brunswick	22.94	35.32	42.52	49.62	53.30
Nova Scotia	22.12	37.70	43.50	50.32	54.00
Prince Edward Island	23.06	37.20	44.37	47.69	51.37
Newfoundland and Labrador	22.03	35.00	41.80	46.62	51.30
Yukon	19.90	29.50	36.90	42.26	45.80/48.00
Northwest Territories	19.43	29.10	38.20	43.37	47.05
Nunavut	17.66	27.50	35.00	40.82	44.50

Notes

(1) This table applies to salary income, and includes all federal and provincial/territorial income taxes and surtaxes, but does not include low-income tax reductions, and provincial health premiums (see the table "Provincial Health Premiums"). The following federal and provincial/territorial tax credits are included in the calculations: basic personal amount, federal employment amount, Canada/Quebec Pension Plan contributions, premiums paid for Employment Insurance and the Quebec Parental Insurance Plan.

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial/territorial bracket thresholds, the rate indicated in the table is that which applies to salary income in approximately the middle range of the bracket. The table assumes that an individual has salary income that places the individual in the middle of the above tax brackets before taking the additional salary income into account.

For provinces and territories that have tax brackets above the top federal tax bracket of $216,512 (i.e., Alberta, British Columbia, Ontario and Yukon), additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or in British Columbia, of $314,928 in Alberta or $500,000 in Yukon should use these higher rates.

Significant salary income in addition to the income in the middle range of the bracket may attract tax at a rate higher than what is shown. Therefore, for purposes of estimating taxes applicable to this income, the rate in the next bracket should be used in order to be conservative.

(2) British Columbia's 2020 budget introduced a new top personal income tax rate of 20.50% on taxable income over $220,000, effective January 1, 2020. As a result, the top marginal combined tax rate applicable to interest income increased to 53.50%.

Individual Marginal Tax Rates for Interest[1]—2021

	$0 to $49,020	$49,021 to $98,040	$98,041 to $151,978	$151,979 to $216,511	$216,512 and over
British Columbia[2]	20.06%	28.20%	40.70%	45.80%	49.80/53.50%
Alberta	25.00	30.50	36.00	42.00	47.00/48.00
Saskatchewan	25.50	33.00	38.50	43.50	47.50
Manitoba	25.80	37.90	43.40	46.40	50.40
Ontario	20.05	29.65	43.41	47.97	51.97/53.53
Quebec	27.53	37.12	47.46	49.97	53.31
New Brunswick	24.68	35.32	42.52	49.30	53.30
Nova Scotia	23.79	37.17	43.50	50.00	54.00
Prince Edward Island	24.80	37.20	44.37	47.37	51.37
Newfoundland and Labrador	23.70	35.00	41.80	46.30	51.30
Yukon	21.40	29.50	36.90	41.80	45.80/48.00
Northwest Territories	20.90	29.10	38.20	43.05	47.05
Nunavut	19.00	27.50	35.00	40.50	44.50

Notes

(1) This table applies to interest income and includes all federal and provincial/territorial income taxes and surtaxes, but does not include low-income tax reductions and provincial health premiums (see the table "Provincial Health Premiums").

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial/territorial bracket thresholds, the rate indicated in the table applies to income in approximately the middle range of the bracket. The table assumes that an individual has regular income that places the individual in the middle of the above tax brackets before taking the interest income into account.

For provinces and territories that have tax brackets above the top federal tax bracket of $216,512 (i.e., Alberta, British Columbia, Ontario and Yukon), additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or in British Columbia, of $314,928 in Alberta or $500,000 in Yukon should use these higher rates.

Significant interest income in addition to the income in the middle range of the bracket may attract tax at a rate higher than what is shown. Therefore, for purposes of estimating taxes applicable to this income, the rate in the next bracket should be used in order to be conservative.

(2) British Columbia's 2020 budget introduced a new top personal income tax rate of 20.50% on taxable income over $220,000, effective January 1, 2020. As a result, the top marginal combined tax rate applicable to interest income increased to 53.50%.

Individual Marginal Tax Rates for Capital Gains[1,2]—2021

	$0 to $49,020	$49,021 to $98,040	$98,041 to $151,978	$151,979 to $216,511	$216,512 and over
British Columbia[3]	10.03%	14.10%	20.35%	22.90%	24.90/26.75%
Alberta	12.50	15.25	18.00	21.00	23.50/24.00
Saskatchewan	12.75	16.50	19.25	21.75	23.75
Manitoba	12.90	18.95	21.70	23.20	25.20
Ontario	10.03	14.83	21.70	23.98	25.98/26.76
Quebec	13.76	18.56	23.73	24.98	26.65
New Brunswick	12.34	17.66	21.26	24.65	26.65
Nova Scotia	11.90	18.59	21.75	25.00	27.00
Prince Edward Island	12.40	18.60	22.19	23.69	25.69
Newfoundland and Labrador	11.85	17.50	20.90	23.15	25.65
Yukon	10.70	14.75	18.45	20.90	22.90/24.00
Northwest Territories	10.45	14.55	19.10	21.53	23.53
Nunavut	9.50	13.75	17.50	20.25	22.25

Notes

(1) This table applies to capital gains and includes all federal and provincial/territorial income taxes and surtaxes, but does not include low-income tax reductions or provincial health premiums (see the table "Provincial Health Premiums").

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial/territorial bracket thresholds, the rate indicated in the table is that which applies to income in approximately the middle range of the bracket. The table assumes that an individual has regular income that places the individual in the middle of the above tax brackets before taking the capital gains income into account.

For provinces and territories that have tax brackets above the top federal tax bracket of $216,512 (i.e., Alberta, British Columbia, Ontario and Yukon), additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or in British Columbia, of $314,928 in Alberta or $500,000 in Yukon should use these higher rates.

Significant capital gains income in addition to the income in the middle range of the bracket may attract tax at a rate higher than what is shown. Therefore, for purposes of estimating taxes applicable to this income, the rate in the next bracket should be used in order to be conservative.

(2) The lifetime capital gains exemption limit for qualified farm property, qualified fishing property and qualified small business corporation shares increased to $892,218 (from $883,384) for 2021. An additional lifetime capital gains exemption of $107,782 is available for qualified farm or fishing property disposed of in 2021.

(3) British Columbia's 2020 budget introduced a new top personal income tax rate of 20.50% on taxable income over $220,000, effective January 1, 2020. As a result, the top marginal combined tax rate applicable to capital gains increased to 26.75%.

Individual Marginal Tax Rates for Eligible Dividends[1]—2021

	$0 to $49,020	$49,021 to $98,040	$98,041 to $151,978	$151,979 to $216,511	$216,512 and over
British Columbia[2]	(9.60%)	1.63%	18.88%	25.92%	31.44/36.54%
Alberta[3]	2.57	10.16	17.75	26.03	32.93/34.31
Saskatchewan	(0.72)	9.63	17.22	24.12	29.64
Manitoba	3.84	20.54	28.13	32.27	37.79
Ontario	(6.86)	6.39	25.38	31.67	37.19/39.34
Quebec[4]	4.53	17.77	32.04	35.50	40.11
New Brunswick	(5.99)	8.69	18.63	27.99	33.51
Nova Scotia	(0.11)	18.35	27.09	36.06	41.58
Prince Edward Island	(0.99)	16.12	24.57	28.71	34.23
Newfoundland and Labrador	4.53	20.12	29.51	35.72	42.62
Yukon	(7.78)	3.40	13.61	20.37	25.89/28.93
Northwest Territories	(7.76)	3.56	16.12	22.81	28.33
Nunavut	(2.11)	9.62	19.97	27.56	33.08

Notes

(1) These rates apply to "eligible dividends" and take into account all federal and provincial/territorial income taxes, surtaxes, and dividend tax credits, but do not include other tax credits, low-income tax reductions, and provincial health premiums (see the table "Provincial Health Premiums").

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial/territorial bracket thresholds, the rate indicated in the table is that which applies to income in approximately the middle range of the bracket. The table assumes that an individual has regular income that places the individual in the middle of the above tax brackets before taking the dividend income into account.

The grossed-up dividend (138% of the actual cash dividend) should be used to determine which marginal tax bracket will apply. However, when calculating the tax, the marginal rate should be applied to the amount of the actual cash dividend.

For provinces and territories that have tax brackets above the top federal tax bracket of $216,512 (i.e., Alberta, British Columbia, Ontario and Yukon), additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or in British Columbia, of $314,928 in Alberta or $500,000 in Yukon should use these higher rates.

(2) British Columbia's 2020 budget introduced a new top personal income tax rate of 20.50% on taxable income over $220,000, effective January 1, 2020. As a result, the top marginal combined tax rate applicable to eligible dividends increased to 36.54% in 2020 and subsequent years.

(3) Alberta decreased the DTC rate that applies to eligible dividends to 8.12% (from 10%), effective January 1, 2021.

(4) Quebec decreased the province's DTC rate that applies to eligible dividends to 11.7% (from 11.78%) of taxable dividends, effective January 1, 2020.

Individual Marginal Tax Rates for Non-Eligible Dividends[1]—2021

	$0 to $49,020	$49,021 to $98,040	$98,041 to $151,978	$151,979 to $216,511	$216,512 and over
British Columbia[2]	10.43%	19.80%	34.17%	40.04%	44.64/48.89%
Alberta	15.85	22.18	28.50	35.40	41.15/42.30
Saskatchewan[3]	16.99	25.62	31.94	37.69	42.29
Manitoba	18.38	32.30	38.62	42.07	46.67
Ontario	9.24	20.28	36.10	41.35	45.95/47.74
Quebec[4]	18.37	29.40	41.30	44.18	48.02
New Brunswick	14.83	27.07	35.35	43.15	47.75
Nova Scotia	13.53	28.92	36.20	43.67	48.27
Prince Edward Island[5]	15.89	30.15	38.17	41.62	46.22
Newfoundland and Labrador	12.85	25.84	33.66	38.84	44.59
Yukon[6]	13.45	22.77	31.28	36.91	41.51/44.04
Northwest Territories	6.75	16.18	26.65	32.22	36.82
Nunavut	8.47	18.24	26.87	33.19	37.79

Notes

(1) These rates apply to "non-eligible" dividends and take into account all federal and provincial/territorial income taxes, surtaxes, and dividend tax credits, but do not include other tax credits, low-income tax reductions, and provincial health premiums (see the table "Provincial Health Premiums").

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial/territorial bracket thresholds, the rate indicated in the table is that which applies to income in approximately the middle range of the bracket. The table assumes that an individual has regular income that places the individual in the middle of the above tax brackets before taking the dividend income into account.

The grossed-up dividend (115% of the actual cash dividend) should be used to determine which marginal tax bracket will apply. However, when calculating the tax, the marginal rate should be applied to the amount of the actual cash dividend.

For provinces and territories that have tax brackets above the top federal tax bracket of $216,512 (i.e., Alberta, British Columbia, Ontario and Yukon), additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or in British Columbia, of $314,928 in Alberta or $500,000 in Yukon should use these higher rates.

(2) British Columbia's 2020 budget introduced a new top personal income tax rate of 20.50% on taxable income over $220,000, effective January 1, 2020. As a result, the top marginal combined tax rate applicable to non-eligible dividends increased to 48.89% in 2020 and subsequent years.

(3) Saskatchewan decreased the province's DTC rate that applies to non-eligible dividends received to 1.70% (from 3.36%) of taxable dividends, effective January 1, 2021. The rate will increase to 2.11% effective January 1, 2022, 2.94% effective January 1, 2023 and 3.36% effective January 1, 2024. The combined top marginal tax rate on non-eligible dividends will, for example, decrease to 41.82% effective January 1, 2022 as a result of the province's DTC rate increase to 2.11%.

(4) Quebec decreased the province's DTC rate that applies to non-eligible dividends received to 4.01% (from 4.77%) of taxable dividends, effective January 1, 2021. Quebec further decreased the province's DTC rate that applies to non-eligible dividends to 3.42% (from 4.01%) of taxable dividends, effective January 1, 2022. The combined top marginal tax rate on non-eligible dividends will, for example, increase to 48.70% effective January 1, 2022 as a result of the province's DTC rate decrease to 3.42%.

(5) Prince Edward Island decreased the province's DTC rate that applies to non-eligible dividends received to 1.96% (from 2.74%) of taxable dividends, effective January 1, 2021.

(6) The Yukon 2020 Budget decreased the territory's DTC rate that applies to non-eligible dividends received to 0.67% (from 2.30%) of taxable dividends effective January 1, 2021. This measure was introduced in Yukon's Bill 8 which received assent on March 16, 2020.

Eligible Dividend Tax Credit Rates and Amount of Dividends that may be Received Without Incurring Tax in 2021

	Dividend Tax Credit Rate[2]		Amount of Dividend Received Tax Free	
	Actual Dividend	**Taxable Dividend**	**Actual Dividend**	**Taxable Dividend**
Federal	20.73%	15.02%	$53,808	$74,255
British Columbia	16.56	12.00	53,808	74,255
Alberta[3]	11.20	8.12	53,808	74,255
Saskatchewan	15.18	11.00	53,808	74,255
Manitoba	11.04	8.00	26,403	36,436
Ontario	13.80	10.00	53,808	74,255
Quebec	16.15	11.70	40,287	55,596
New Brunswick	19.32	14.00	53,808	74,255
Nova Scotia	12.21	8.85	32,406	44,720
Prince Edward Island	14.49	10.50	48,658	67,148
Newfoundland and Labrador	7.45	5.40	18,218	25,140
Yukon	16.59	12.02	53,808	74,255
Northwest Territories	15.87	11.50	53,808	74,255
Nunavut	7.60	5.51	53,808	74,255

Notes

(1) This table assumes only "eligible dividend" income is earned and takes into account all federal and provincial/territorial taxes, surtaxes, and alternative minimum taxes, but does not include provincial premiums (see the table "Provincial Health Premiums"). The respective basic personal and dividend tax credits and provincial tax reductions, where applicable, are also included.

In general, "eligible dividends" are dividends paid to Canadian residents by public companies, and by Canadian-controlled private corporations (CCPCs) out of income taxed at the federal general corporate tax rate. CCPCs cannot pay eligible dividends from income that is eligible for the federal small business deduction or subject to refundable tax treatment.

The gross-up rate for eligible dividends is 38%. The actual amount received is therefore multiplied by 1.38 to determine the taxable amount of the dividend.

(2) The federal and provincial/territorial dividend tax credit (DTC) rates in the table's first column apply to the actual amount of the dividend received by an individual. The DTC rate can also be expressed as a percentage of the taxable dividend, as indicated in the table's second column.

(3) Alberta decreased the province's DTC rate that applies to eligible dividends to 8.12% (from 10%) of taxable dividends, effective January 1, 2021. The increase was originally scheduled to be effective January 1, 2022, but Alberta's Bill 35 accelerated the increase to the DTC rate applicable to eligible dividends, effective July 1, 2020.

Non-Eligible Dividend Tax Credit Rates and Amount of Dividends that may be Received Without Incurring Tax in 2021[1]

	Dividend Tax Credit Rate[2]		Amount of Dividend Received Tax Free	
	Actual Dividend	**Taxable Dividend**	**Actual Dividend**	**Taxable Dividend**
Federal	10.39%	9.03%	$30,170	$34,696
British Columbia	2.25	1.96	23,549	27,081
Alberta	2.51	2.18	21,548	24,780
Saskatchewan[3]	1.95	1.70	16,825	19,349
Manitoba	0.90	0.78	10,257	11,796
Ontario	3.43	2.99	30,170	34,696
Quebec[4]	4.61	4.01	18,670	21,471
New Brunswick	3.16	2.75	19,585	22,523
Nova Scotia	3.44	2.99	16,580	19,067
Prince Edward Island[5]	2.25	1.96	15,296	17,590
Newfoundland and Labrador	4.03	3.50	20,470	23,540
Yukon[6]	0.77	0.67	13,411	15,423
Northwest Territories	6.90	6.00	30,170	34,696
Nunavut	3.00	2.61	30,170	34,696

Notes

(1) This table assumes only "non-eligible dividend" income is earned and takes into account all federal and provincial/territorial taxes, surtaxes, and alternative minimum taxes, but does not include provincial premiums (see the table "Provincial Health Premiums"). The respective basic personal and dividend tax credits and provincial tax reductions, where applicable, are also included.

"Non-eligible" dividends are those that are not subject to the dividend rules applying to "eligible" dividends (see the table "Eligible Dividend Tax Credit Rates and Amount of Dividends that may be Received Without Incurring Tax in 2021").

The gross-up rate for non-eligible dividends is 15%. The actual amount received is therefore multiplied by 1.15 to determine the taxable amount of the dividend.

(2) The federal and provincial/territorial dividend tax credit (DTC) rates in the table's first column apply to the actual amount of the dividend received by an individual. The DTC rate can also be expressed as a percentage of the taxable dividend, as indicated in the table's second column.

(3) Saskatchewan reduced the province's DTC rate that applies to non-eligible dividends received to 1.70% (from 3.36%). This measure was introduced in Saskatchewan's Bill 2 which received assent on December 10, 2020.

(4) Quebec decreased the province's DTC rate that applies to non-eligible dividends received to 4.01% (from 4.77%) of taxable dividends, effective January 1, 2021. The rate will further decrease to 3.42%, effective January 1, 2022.

(5) Prince Edward Island decreased the province's DTC rate that applies to non-eligible dividends received to 1.96% (from 2.74%) of taxable dividends, effective January 1, 2021. In its 2021-2022 Budget, the province proposed to further decrease this amount, effective January 1, 2022.

(6) The Yukon 2020 Budget decreases the territory's DTC rate that applies to non-eligible dividends received to 0.67% (from 2.30%) of taxable dividends effective January 1, 2021. This measure was introduced in Yukon's Bill 8 which received assent on March 16, 2020.

Automobiles—Deductions and Benefits

	2021	2022
Deduction limits[1]		
Maximum cost for capital cost allowance purposes[2]	$30,000	$34,000
Maximum deductible monthly lease payment[3]	$800	$900
Maximum deductible monthly interest cost on automobile loans[4]	$300	$300
Maximum deductible allowances paid to employees[5]		
First 5,000 employment-related kilometres	59¢	61¢
Each additional employment-related kilometre	53¢	55¢
Taxable benefits		
Standby charge benefit[6]		
Employer-owned automobile	2% per month of original cost	
Employer-leased automobile	2/3 of monthly lease cost	
Operating cost benefit per kilometre of personal use[6]	27¢	29¢
Allowances[7]		
	Taxable with certain exceptions	

Notes

(1) When a motor vehicle is purchased or leased for the purpose of earning income, certain expenses may be deducted. The more common types of motor vehicle expenses include fuel, insurance, maintenance and repairs, licence and registration fees, capital cost allowance, lease payments, and interest. The expenses also include all applicable federal and provincial sales taxes (GST, HST, PST and QST) to the extent the taxpayer is not a sales tax registrant and does not claim an input tax credit (input tax refund in Quebec) for the taxes paid.

(2) The maximum amounts shown in the table are determined before all applicable sales taxes, and are based on the automobile's year of purchase.

Each automobile with a cost in excess of the limit is allocated to a separate capital cost allowance (CCA) Class 10.1. The maximum capital cost of each automobile that may be included in Class 10.1 increased to $34,000 (from $30,000) plus all applicable federal and provincial sales taxes for 2022. A Class 10.1 automobile is not subject to the normal recapture or terminal loss rules, and is eligible for a 15% CCA claim in the year of disposition.

Motor vehicles having a cost equal to or less than the limit are included in Class 10. The normal rules for recapture, terminal loss and CCA apply to these vehicles.

The CCA rate for both classes is 30% declining balance (15% in the year of acquisition).

For motor vehicles acquired after November 20, 2018, the CCA rate in the year of acquisition is increased to 45% (from 15%). The accelerated deduction will be gradually phased out starting in 2024 and will not apply to motor vehicles available for use after 2027.

The federal government introduced a temporary enhanced first-year CCA rate of 100% for eligible zero-emission vehicles purchased on or after March 19, 2019. A new class 54 was created for zero-emission passenger vehicles that would otherwise be included in Class 10 or 10.1. The maximum capital cost of each vehicle that may be included in Class 54 increased to $59,000 (from $55,000) plus all applicable federal and provincial sales taxes for 2022. A new class 55 was created for zero-emission vehicles that would otherwise be included in Class 16. The enhanced CCA rate will be gradually phased out for zero-emission vehicles that become available for use after 2023 and will not apply to zero-emission vehicles that become available for use after 2027.

The federal government introduced a new class 56 to provide a temporary enhanced first-year CCA rate of 100% for qualifying zero-emission off-road automotive vehicles purchased on or after March 2, 2020. The enhanced CCA rate will be gradually phased out for qualifying zero-emission off-road automotive vehicles that become available for use after 2023 but before 2028.

The 2021 federal budget provides immediate expensing of certain properties acquired by a Canadian-controlled private corporation (CCPC) that would otherwise qualify for CCA, up to a maximum of $1.5 million per taxation year. Eligible property includes any capital property subject to the CCA rules, except for property that would be included in Classes 1 to 6, 14.1, 17, 47, 49 and 51. Immediate expensing applies to eligible property acquired on or after April 19, 2021 and available for use before 2024. Legislation to enact this proposal has not been released as of December 31, 2021.

(3) The maximum amounts shown in the table are determined before all applicable sales taxes, and are based on the year the lease was entered into. The maximum deductible monthly lease payment increased to $900 (from $800) for 2022.

In general, the maximum deductible monthly lease charge is computed, as the lesser of:

- The actual lease payments paid or incurred in the year (including insurance, maintenance and taxes if they are part of the actual lease payment)
- The prescribed monthly rate, or
- The annual lease limit, which is equal to the monthly pre-tax lease cost multiplied by the ratio of

$$\frac{\text{CCA cost limit}}{\text{85\% x greater of the prescribed limit and the manufacturer's suggested list price}}$$

(4) The maximum deductible monthly interest cost is based on the automobile's year of purchase.

(5) For the Northwest Territories, Nunavut and Yukon, the tax-exempt allowance is set 4 cents higher (in 2022, 65 cents for the first 5,000 kilometres and 59 cents for each additional kilometre).

(6) When an employee uses an employer-provided automobile for personal use, the employee must generally include a standby charge and operating expense benefit in income.

Generally, the standby charge can be reduced when the automobile is used for business purposes more than 50% of the time and the employee does not exceed 1,667 km per month for personal use. If an employee's use of the automobile is primarily for business purposes, the employee may also elect to calculate their operating expense benefit as an amount equal to 50% of the standby charge, rather than use the per-kilometre prescribed rate (29 cents per kilometre in 2022 and 27 cents in 2021). Operating expenses include items such as gasoline and oil, maintenance charges and licences and insurance. Operating expenses do not include items such as interest, lease costs for a leased automobile or parking costs. For taxpayers who are employed principally in selling or leasing automobiles, a reduced rate of 26 cents per kilometre in 2022 and 24 cents in 2021 applies.

The federal government announced that employees will be able to use their 2019 automobile usage to determine whether their employer-provided automobile is eligible for the reduced standby charge in 2020 and 2021. The federal government also announced that employees will be able to use 2019 automobile usage to determine if they are eligible to calculate their operating cost benefit as 50% of the standby charge in 2020 and 2021.

(7) An "allowance" is generally defined as an amount paid for which the employee does not have to account (by providing receipts, vouchers, etc.) to the employer for its actual use. This can be contrasted to a "reimbursement" for which the employee must usually provide the employer with receipts and that the employer repays to the employee on a dollar-for-dollar basis.

Canada Child Benefit

Children Ages 5 and Under				
Family Net Income	One Child	Two Children	Three Children	Four or More Children
$30,000	$6,833	$13,666	$20,499	$27,332
65,000	4,525	9,215	14,234	19,748
100,000	3,238	6,877	10,951	15,830
135,000	2,118	4,882	8,151	12,505
170,000	998	2,887	5,351	9,180
200,000	0	1,177	2,951	6,330
220,000	0	0	1,351	4,430
255,000	0	0	0	1,105

Children Ages 6 to 17				
Family Net Income	One Child	Two Children	Three Children	Four or More Children
$30,000	$5,765	$11,530	$17,295	$23,060
65,000	3,457	7,079	11,031	15,477
100,000	2,170	4,741	7,747	11,558
135,000	1,050	2,746	4,947	8,233
170,000	0	751	2,147	4,908
200,000	0	0	0	2,058
220,000	0	0	0	0
255,000	0	0	0	0

Notes

- Canada Child Benefit (CCB) provides a tax free monthly payment to eligible families based on adjusted family net income. Entitlement is based on family net income as reported for tax purposes, with an adjustment being made if necessary. Each July, the payments are adjusted for the previous year's reported family net income. Payments are made monthly to the person who is primarily responsible for the care and upbringing of the child.
- The above table summarizes the total CCB payments a family may receive during the period of July 1, 2021 to June 30, 2022 based on various circumstances. The CCB is indexed to consumer price inflation.
- The CCB provides a maximum annual benefit of up to $6,833 per child under the age of 6 and up to $5,765 per child for those aged 6 through 17. Families with net income less than $32,028 receive the maximum benefit. Entitlement to the CCB for the period July 2021 to June 2022 is based on adjusted family net income as reported for tax purposes for the 2020 taxation year.
- The CCB is phased out based on adjusted family net income and number of children in the family:

	Adjusted Family Net Income	
	$32,028 to $69,395	Over $69,395
One child	7.0%	3.2%
Two children	13.5%	5.7%
Three children	19.0%	8.0%
Four or more children	23.0%	9.5%

- The CCB payments is not taxable and does not reduce benefits paid under the goods and services tax credit. Payments are also not included in income for the purposes of federal income-tested programs delivered outside of the income tax system, such as the Guaranteed Income Supplement, the Canada education savings grant, the Canada learning bond, the Canada disability savings bond, and the Canada disability savings grant.
- Eligibility for the CCB ends the month after a parent ceases to be a Canadian resident or ceases to be the primary caregiver, or the child leaves home, reaches age 18, or dies.
- The Child Disability Benefit (CDB) provides an additional amount of up to $2,915 per eligible child. The CDB amount is included in the monthly CCB payments received by eligible families.

Old Age Security Benefits

Monthly Payments by Quarter	Old Age Security (OAS)[1]		Guaranteed Income Supplement (GIS)[2]			
			Single		Married	
	2021	2022	2021	2022	2021	2022
1st	$615.37	$642.25	$919.12	$959.26	$553.28	$577.43
2nd	618.45	TBA	923.71	TBA	556.04	TBA
3rd	626.49	TBA	935.72	TBA	563.27	TBA
4th	635.26	TBA	948.82	TBA	571.15	TBA

TBA = To be announced

Notes

(1) The Old Age Security (OAS) basic pension is a monthly taxable benefit available to individuals age 65 and over who have met certain Canadian residency requirements.

Generally, a minimum residence period of 40 years after age 18 is required in order to be eligible to receive the full pension entitlement. A minimum residence period of 10 years after age 18 is required in order to receive a partial pension entitlement.

Benefits may also be affected by a social security agreement with a previous country of residence. Individuals must apply in order to receive OAS benefits.

Individuals have an option to defer take-up of their OAS pension by up to five years past the age of eligibility, and subsequently receive a higher, actuarially adjusted pension.

The monthly OAS pension is increased by 0.6% for every month it is delayed up to a maximum of 36% at age 70.

For 2022, if an individual's net income is greater than $81,761, 15% of the excess over this amount must be repaid. The full OAS pension is eliminated when net income reaches $133,141.

Generally, full or partial OAS pension benefits may be paid indefinitely to non-residents, if the individual lived in Canada for at least 20 years after age 18. Otherwise, payment may be made only for the month of the individual's departure from Canada and for six additional months. The benefit may be reinstated once the individual returns to live in Canada.

The 2021 federal budget enhanced OAS benefits by introducing a one-time $500 payment and then a 10% increase to regular, ongoing OAS payments. The enhancements apply to OAS pensioners who will be age 75 or over as of June 2022. The lump sum payment went out in August 2021 while the 10% increase is effective July 1, 2022.

(2) The Guaranteed Income Supplement (GIS) is a monthly non-taxable benefit paid to low-income OAS recipients. Eligibility to receive the benefit in 2022 is based on the annual income and marital status of the individual:

- Single, divorced, separated or widowed individuals—net income (excluding OAS and GIS) must be less than $19,464.
- Married individuals where both spouses/partners receive OAS benefits—combined net income (excluding OAS and GIS) must be less than $25,728.

The amounts indicated in the table reflect the maximum monthly benefits. Beginning with the July 2020-2021 benefit year, GIS recipients can earn up to $5,000 per year (previously $3,500 per year) in employment income or self-employment income before triggering a reduction in GIS benefits ("earnings exemption"). The federal government also introduced a partial earnings exemption of 50%, which applies to the first $10,000 of annual employment and self-employment income earned beyond the $5,000 threshold.

An Allowance is also available to low-income individuals between the ages of 60 and 64 whose spouses/partners are eligible to receive the OAS and the GIS. To be eligible for this non-taxable monthly benefit, you must have lived in Canada for at least 10 years after the age of 18, and family net income in 2022 must be less than $36,048.

Couples who receive GIS and Allowance benefits and are forced to live apart for reasons beyond their control (such as requirement for long-term care) may be eligible to receive higher benefits based on their individual income.

Individuals must apply in order to receive GIS and/or Allowance benefits. Generally, individuals may automatically renew the GIS and Allowance by filing their income tax return.

The GIS and Allowance are not payable to non-residents beyond a period of six months after the month of departure. However, individuals may reapply upon return to Canada.

Canada/Quebec Pension Plan Benefits[1]

	2019	2020	2021
Retirement benefits[2,3]	$1,155	$1,176	$1,204
Disability benefits[4]	1,362	1,388	1,414
Survivor benefits[5]:			
Under age 65	627	638	651
Over age 64	693	706	722
Lump-sum death benefit[6] (max)	2,500	2,500	2,500

Notes

(1) This table summarizes the maximum monthly Canada Pension Plan (CPP) benefits (except for the lump-sum death benefit) that are applicable for each of the years noted. The rates and rules outlined herein may vary slightly under the terms of the Quebec Pension Plan (QPP) legislation. Payments are also made to individuals outside Canada provided all eligibility conditions are met. All of the monthly benefit amounts are indexed to the Consumer Price Index (CPI) and adjusted annually.

(2) Retirement benefits are monthly taxable benefits paid to individuals who have made at least one contribution to the CPP or QPP. The contributory period commences at the age of 18 and ends when the individual takes a retirement pension, reaches the age of 70, or dies, whichever occurs first. The contributor has the option of drawing retirement benefits as early as age 60 with a reduction or as late as age 70 with an increase.

The benefit is based on how much, and for how long, the individual has contributed to the CPP and/or QPP. The age at which an individual chooses to retire also affects the benefit amount. Currently, contributors must apply in order to receive CPP/QPP benefits. Contributors age 70 or older generally no longer are required to apply in order to receive their retirement benefits.

Married or common-law individuals may apply to receive an equal share of the total retirement benefits earned by both individuals. Both partners must be at least 60 years old and both must have applied for their respective benefits. The benefit can be shared even if only one partner has contributed in the past.

Retirement benefits received by non-residents will be subject to a 25% withholding tax; however, this rate may be reduced by a treaty.

More information on retirement benefits is available on the Government of Canada website at www.canada.ca/en/services/benefits/publicpensions/cpp.html.

(3) If an individual takes the retirement benefits before age 65, it is reduced by 0.6% per month (7.2% per year). Individuals that choose to start receiving their retirement pension at age 60 will have their basic amount reduced by 36% than if they had taken it at 65.

For individuals that choose to continue to work after 65, the benefit rate is 0.7% per month. Since 2013, individuals that chose to take their pension at age 70 had their basic amount increase by 42%.

Taxpayers under age 65 who work and receive a CPP retirement benefit must still make CPP contributions, which are matched by their employers. Employed taxpayers between age 65 and age 70 can opt to participate in the CPP to continue to build their pension, which would require their employers to contribute as well.

(4) Disability benefits are monthly taxable benefits available to individuals that are under the age of 65 and have sustained a severe and prolonged disability that prevents them from working on a regular basis. To be eligible for this benefit, an individual must have made CPP/QPP contributions in at least four of the last six years, or three of the last six years if the individual made CPP/QPP contributions for at least 25 years. The monthly disability benefit consists of a minimum fixed amount that all recipients are entitled to receive and an amount based on how much the recipient contributed to the CPP during their entire working career. Contributors must apply in order to receive this benefit.

A dependent child of a disabled pension recipient may also be eligible to receive taxable benefits if the child is under the age of 18, or between the ages of 18 and 25 and a full-time student.

More information on disability benefits is available on the Government of Canada website at www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-disability-benefit.html.

(5) Survivor benefits are monthly taxable benefits available to the spouse/partner of a deceased individual who had made CPP/QPP contributions during his or her lifetime. For the spouse/partner to be eligible to receive this benefit, the deceased must have made contributions for a certain number of years within his or her contributory period.

The amount a surviving spouse/partner will receive depends on whether he or she is also receiving disability or retirement benefits, how much and for how long the contributor paid into the plan, and the spouse/partner's age when the contributor died. The surviving spouse/partner must apply in order to receive the benefits.

A dependent child of a deceased contributor may also be eligible to receive monthly benefits if the child is under the age of 18, or between the ages of 18 and 25 and a full-time student. An application must be completed in order to receive this benefit.

More information on survivor benefits is available on the Government of Canada website at www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-survivor-pension.html.

(6) The lump-sum death benefit is a one-time payment made to the estate of a deceased individual who had made CPP/QPP contributions during his or her lifetime. To be eligible for this benefit, the deceased must have made contributions for a certain number of years within his or her contributory period. The lump-sum death benefit is equal to six months' worth of the deceased's retirement benefits, or what it would have been if the deceased had been 65 years of age at the time of death, up to a maximum of $2,500.

The representative for the estate must apply in order to receive this payment. More information on the death benefits is available on the Government of Canada website at www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-death-benefit.html.

Retirement and Savings Plans—Contribution Limits

	2020	2021	2022
Money Purchase Registered Pension Plans			
Contribution limit[1]	$27,830	$29,210	$30,780
Pensionable earnings[2]	154,611	162,278	171,000
Registered Retirement Savings Plans			
Contribution limit[3]	27,230	27,830	29,210
Previous year's earned income[4]	151,278	154,611	162,278
Deferred Profit Sharing Plans			
Contribution limit[5]	13,915	14,605	15,390
Pensionable earnings[6]	77,306	81,139	85,500
Tax Free Savings Account			
Annual Contribution Limits[7]	6,000	6,000	6,000
Registered Education Savings Plans			
Annual limit[8]	N/A	N/A	N/A
Lifetime limit[9]	50,000	50,000	50,000
Registered Disability Savings Plans			
Annual limit[10]	N/A	N/A	N/A
Lifetime limit[11]	200,000	200,000	200,000

Notes

(1) The money purchase registered pension plan (RPP) contribution limit indicated in the table is the maximum limit applicable each year. The contribution limit is the greater of the limit for the preceding year, and the 2009 contribution limit of $22,000 adjusted for inflation. In general, the 2009 contribution limit will be indexed by an inflation factor equal to the average wage for the applicable year divided by the average wage for 2009.

(2) The total of all employer and employee contributions to an RPP is limited to the lesser of the current year's contribution limit and 18% of the employee's pensionable earnings for the year. The amount of pensionable earnings that generates the contribution limit is indicated in the table.

(3) The registered retirement savings plan (RRSP) contribution limit is equal to the RPP contribution limit for the preceding year.

(4) The total of all contributions to an RRSP is limited to the lesser of the current year's contribution limit and 18% of an individual's earned income for the preceding year, plus any carry-forward contribution room. The amount of earned income that generates the contribution limit is indicated in the table.

(5) The deferred profit sharing plan (DPSP) contribution limit is equal to one-half of the RPP contribution limit for the year.

(6) The total of all employer contributions to a DPSP is limited to the lesser of the current year's contribution limit and 18% of an employee's pensionable earnings for the year. The amount of pensionable earnings that generates the contribution limit each year is indicated in the table.

(7) Canadians age 18 and over can earn tax-free income in a Tax-Free Savings Account (TFSA) throughout their lifetime. Income, losses and gains on investment in the account, as well as amounts withdrawn, are not taxable and are not taken into account for determining eligibility for certain income-tested benefits or credits. Each calendar year, a taxpayer can contribute up to the TFSA limit, plus any unused TFSA contribution room from the previous years. The annual contribution limit increased to $10,000 (from $5,500) for 2015, however, it was reduced back to $5,500, effective January 1, 2016. The annual contribution limit is indexed for inflation and rounded to the nearest $500. Generally, amounts withdrawn from a TFSA will be added to the individual's contribution room for future years. TFSA contributions are not tax-deductible.

(8) Registered education savings plans (RESPs) are commonly used by parents and other guardians to save for a child's post-secondary education. Like TFSAs, contributions to RESPs are not tax-deductible, but investment income can be earned in the plan tax-free. While there is no annual limit, contributions into the plan should be carefully considered in order to maximize government assistance payments under the Canada Education Savings Grant and Canada Learning Bond programs.

(9) For each beneficiary there is a lifetime limit of $50,000, regardless of the number of plans in place for that beneficiary.

(10) A registered disability savings plan (RDSP) is a savings plan to help parents and others save for the long-term financial security of a person who is eligible for the disability tax credit. Like RESPs, contributions to RDSPs are not tax-deductible, but investment income can be earned in the plan tax-free. While there is no annual limit, contributions into the plan should be carefully considered in order to maximize government assistance payments under the Canada Disability Savings Grant and Canada Disability Savings Bond programs.

(11) Contributions on behalf of any one beneficiary are capped at a lifetime maximum of $200,000. Contributions can continue to be made until the end of the year the beneficiary turns 59, or until the beneficiary ceases to be a resident of Canada, dies or ceases to qualify for the disability tax credit.

For 2021 and subsequent taxation years, the 2019 federal budget removed the time limitation on the period that an RDSP may remain open after its beneficiary ceases to qualify for the disability tax credit and eliminated the requirement for a licensed medical doctor or nurse practitioner to certify in writing that the beneficiary is likely to become eligible for the disability credit in the future in order for the plan to remain open. A transition rule ensures that an RDSP issuer will not be required to terminate an RDSP after March 18, 2019 and before 2021 solely because the RDSP beneficiary became ineligible for the disability tax credit.

Growth of a Single $1,000 Contribution in a Tax-Deferred Plan

Number of Years Funds Held in RRSP or TFSA	Annual Growth Rate					
	2%	4%	6%	8%	10%	12%
1	$ 1,020	$ 1,040	$ 1,060	$ 1,080	$ 1,100	$ 1,120
2	1,040	1,082	1,124	1,166	1,210	1,254
3	1,061	1,125	1,191	1,260	1,331	1,405
4	1,082	1,170	1,262	1,360	1,464	1,574
5	1,104	1,217	1,338	1,469	1,611	1,762
6	1,126	1,265	1,419	1,587	1,772	1,974
7	1,149	1,316	1,504	1,714	1,949	2,211
8	1,172	1,369	1,594	1,851	2,144	2,476
9	1,195	1,423	1,689	1,999	2,358	2,773
10	1,219	1,480	1,791	2,159	2,594	3,106
15	1,346	1,801	2,397	3,172	4,177	5,474
20	1,486	2,191	3,207	4,661	6,727	9,646
25	1,641	2,666	4,292	6,848	10,835	17,000
30	1,811	3,243	5,743	10,063	17,449	29,960
35	2,000	3,946	7,686	14,785	28,102	52,800
40	2,208	4,801	10,286	21,725	45,259	93,051

Notes

- This table shows the accumulated value of a $1,000 one-time registered retirement savings plan (RRSP) or tax-free savings account (TFSA) contribution made in Year 0, assuming the contribution is left in the plan to grow over a number of years, at various interest or growth rates.
- The accumulated values do not take into account any income taxes that would be payable when the funds are eventually withdrawn from the RRSP or when the RRSP plan is wound up. The TFSA contribution, as well as the income earned in the plan, are not subject to tax when withdrawn.

Growth of Annual $1,000 Contributions in a Tax-Deferred Plan

Number of Years Funds Held in RRSP or TFSA	Annual Growth Rate					
	2%	4%	6%	8%	10%	12%
1	$ 1,020	$ 1,040	$ 1,060	$ 1,080	$ 1,100	$ 1,120
2	2,060	2,122	2,184	2,246	2,310	2,374
3	3,122	3,246	3,375	3,506	3,641	3,779
4	4,204	4,416	4,637	4,867	5,105	5,353
5	5,308	5,633	5,975	6,336	6,716	7,115
6	6,434	6,898	7,394	7,923	8,487	9,089
7	7,583	8,214	8,897	9,637	10,436	11,300
8	8,755	9,583	10,491	11,488	12,579	13,776
9	9,950	11,006	12,181	13,487	14,937	16,549
10	11,169	12,486	13,972	15,645	17,531	19,655
15	17,639	20,825	24,673	29,324	34,950	41,753
20	24,783	30,969	38,993	49,423	63,002	80,699
25	32,671	43,312	58,156	78,954	108,182	149,334
30	41,379	58,328	83,802	122,346	180,943	270,293
35	50,994	76,598	118,121	186,102	298,127	483,463
40	61,610	98,827	164,048	279,781	486,852	859,142

Notes

- This table shows the accumulated value of annual $1,000 registered retirement savings plan (RRSP) or tax-free savings account (TFSA) contributions made at the beginning of each year, assuming they are left in the plan to grow over a number of years, at various interest or growth rates.
- The accumulated values do not take into account any income taxes that would be payable when the funds are eventually withdrawn from the RRSP or when the RRSP plan is wound up. The TFSA contributions, as well as the income earned in the plan, are not subject to tax when withdrawn.

Instalment Requirements[1]

Payment Due Dates

Tax Owing	Thresholds	Payment Deadline[2]			
Federal	$3,000[3]	Mar.15	Jun.15	Sept.15	Dec.15
Quebec	1,800[4]	Mar.15	Jun.15	Sept.15	Dec.15

Tax Instalment Choices

Calculation Options	Amount Of Quarterly Payment
Current year estimate	¼ on each quarterly due date[5,6]
Prior year method	¼ on each quarterly due date[5,6]
Second preceding year method	Q1 and Q2 based on second preceding year, and Q3 and Q4 based on prior year[5,6]
Tax authority reminder notices	As stipulated in Canada Revenue Agency or Revenu Québec notices[6]

Notes

(1) This table applies to all individuals, except farmers and fishers. Specific rules that apply to farmers and fishers are discussed in note (7).

(2) Federal and Quebec instalments for individuals are due on or before each payment due date. In the year of a taxpayer's death, instalments due on or after the date of death do not have to be paid.

(3) Individuals resident in a province or territory other than Quebec on December 31 are required to pay quarterly tax instalments during the year if their net tax owing is more than $3,000 in the current year and in either of the two preceding years.

Net tax owing generally includes federal taxes (net of applicable tax credits) that become payable on or before the individual's balance-due day for the year, the Old Age Security clawback tax, the Quebec abatement, provincial taxes excluding Quebec's (net of provincial credits), and investment tax credits. These amounts are reduced by the total taxes withheld at source to arrive at net tax owing. Net tax owing does not take into account losses carried back to previous years, Canada/Quebec Pension Plan (CPP/QPP) or Employment Insurance overpayments, employee and partner GST rebates, Canada Child Benefit payments or GST credits. Self-employed individuals must also include CPP/QPP contributions in their instalment payments.

(4) Individuals resident in Quebec on December 31 generally have to pay quarterly Quebec tax instalments when the difference between Quebec taxes payable and Quebec taxes deducted at source is more than $1,800 for the current year and in either of the two preceding years.

Individuals who have moved into or out of Quebec will be required to use the applicable federal or Quebec instalment threshold and formula for each relevant year to determine whether they are required to make instalment payments.

(5) Quarterly instalment requirements can be calculated by one of three instalment payment options, or by following the reminder notices sent by the tax authorities (see note (6)). The three instalment payment options are:

- Current year estimate—one-quarter of the current year's estimated net tax owing
- Prior year method—one-quarter of the preceding year's net tax owing
- Second preceding year method—For each of the first two instalments, one-quarter of the second preceding year's net tax owing and for the last two instalments, one-half of the difference between the preceding year's net tax owing and the total of the first two instalments made.

(6) Instalment interest will be charged if individuals who are required to pay instalments make late or deficient payments. However, if individuals make instalment payments based on the Canada Revenue Agency (CRA) or Revenu Québec notices, they will not be subject to interest charges or penalties, even if these payments fall short of their total tax liability.

Instalment interest is compounded daily using the applicable prescribed interest rate (see the table "Prescribed Interest Rates") and is determined using the instalment method that calculates the least amount of interest. Individuals can reduce or eliminate interest charges on deficient tax instalments by overpaying other instalments or paying other instalments before their due date. This interest offset can reduce a potential interest liability but cannot be used to earn interest.

For federal purposes, a penalty may also apply to individuals who are required to pay instalment interest in excess of $1,000 (see the table "Selected Federal Penalty and Offence Provisions" for details). For Quebec purposes, an additional interest charge of 10% may apply (see the table "Selected Provincial Penalty Provisions").

In February and August each year, the CRA and Revenu Québec send instalment reminder notices to individuals advising them of their quarterly instalment obligations. The February notice indicates the amounts to pay for the March 15 and June 15 instalments, while the August notice indicates the amounts to pay for the September 15 and December 15 instalments. The instalment amounts reflected in these reminder notices are generally calculated based on the individual's second preceding year payment method (see note (5)).

Individuals may choose to pay instalments based on the CRA's or Revenu Québec's instalment reminder notices, or they may calculate them using one of the other methods discussed in note (5).

Self-employed individuals must also include CPP/QPP contributions in these instalment calculations.

The final balance of federal and provincial tax owing for all individuals is due on or before April 30 of the following year.

Instalment Requirements

Notes, continued

(7) For federal purposes, farmers and fishers are required to make one instalment payment by December 31 if their net tax owing is more than $3,000 in the current year and in each of the two preceding years. Farmers and fishers resident in Quebec are required to make one instalment payment by December 31 if their net tax owing is more than $1,800 in the current year and in each of the two preceding years.

Instalment reminder notices reflecting the amount that has to be paid by the December 31 due date are sent each year in November.

Instalment requirements can be calculated by one of two instalment payment options:

- Current year estimate—two-thirds of the current year's estimated net tax owing
- Prior year method—two-thirds of the preceding year's net tax owing.

The final balance of federal and provincial tax owing is due on or before April 30 of the following year.

Filing and Payment Deadlines and Penalties—Personal Tax Returns

	Deadlines and Penalties
Filing of Returns[1]	
Federal and Quebec	
General	April 30
Self-employed person and spouse	June 15
Final Payment of Tax[2]	
Federal and Quebec	
General	April 30
Self-employed person and spouse	April 30
Late Filing Penalty	
Federal and Quebec	5% plus 1% per complete month while failure continues (not exceeding 12 months) of unpaid tax
Federal—Second occurrence	10% plus 2% per complete month while failure continues (not exceeding 20 months) of unpaid tax
Notice of Objection	
Federal and Quebec	Later of: (i) one year after filing deadline, or (ii) 90 days after Notice of Assessment

Notes

(1) Federal and Quebec personal income tax returns must be filed on or before April 30 of the following year. Self-employed individuals with professional income or income from an unincorporated business and their spouses/partners have until June 15 of the following year to file their returns.

Where an individual dies, the final personal income tax return must generally be filed on or before the regular filing deadline for the year or six months after the death of the individual, whichever is later.

(2) The final tax balance owing for all individuals, regardless of the filing deadline, must be paid by April 30 of the following year. If the due date falls on a Saturday, Sunday or public holiday, the payment must be received by the Canada Revenue Agency (CRA) or be postmarked by the next business day. Quebec residents must make their cheque or money order payable to the Minister of Revenue of Quebec. The return and payment must be sent to the Quebec Revenue Agency. For Quebec purposes, if the due date falls on a Sunday or public holiday, then the deadline is extended to the next business day.

The final tax balance owing on the federal personal income tax return of an individual who has died must be paid by April 30 of the following year, or six months after the death of the individual, whichever is later.

Corporations

Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC—2021 and 2022[1]

	Small Business Income up to $500,000[2]	Active Business Income[3]	Investment Income[4]
Federal rates			
General corporate rate	38.0%	38.0%	38.0%
Federal abatement	(10.0)	(10.0)	(10.0)
	28.0	28.0	28.0
Small business deduction[5]	(19.0)	0.0	0.0
Rate reduction[6]	0.0	(13.0)	0.0
Refundable tax[7]	0.0	0.0	10.7
	9.0	15.0	38.7
Provincial rates			
British Columbia	2.0%	12.0%	12.0%
Alberta	2.0	8.0	8.0
Saskatchewan[8]	0.0/1.0	12.0	12.0
Manitoba	0.0	12.0	12.0
Ontario	3.2	11.5	11.5
Quebec[9]	4.0/3.2	11.5	11.5
New Brunswick	2.5	14.0	14.0
Nova Scotia	2.5	14.0	14.0
Prince Edward Island[10]	2.0/1.0	16.0	16.0
Newfoundland and Labrador	3.0	15.0	15.0
Territorial rates			
Yukon[11]	0.0	12.0	12.0
Northwest Territories[12]	2.0	11.5	11.5
Nunavut	3.0	12.0	12.0

Refer to notes on the following pages.

All rates must be prorated for taxation years that straddle the effective date of the rate changes.

The 2021 federal budget proposed to temporarily reduce the small business tax rate to 4.5% (from 9%) and the general corporate tax rate to 7.5% (from 15%) on eligible zero-emission technology manufacturing and processing income. The reduced tax rates apply to taxation years beginning after 2021. The reduced rates are gradually phased out starting in taxation years that begin in 2029, and are fully phased out for taxation years that begin after 2031. Legislation to enact this proposal has not been released as of December 31, 2021. Finance accepted stakeholder comments on this proposal until June 18, 2021.

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC—2021 and 2022

	Small Business Income up to $500,000[2]	Active Business Income[3]	Investment Income[4]
Provincial rates			
British Columbia	11.0%	27.0%	50.7%
Alberta	11.0	23.0	46.7
Saskatchewan[8]	9.0/10.0	27.0	50.7
Manitoba	9.0	27.0	50.7
Ontario	12.2	26.5	50.2
Quebec[9]	13.0/12.2	26.5	50.2
New Brunswick	11.5	29.0	52.7
Nova Scotia	11.5	29.0	52.7
Prince Edward Island[10]	11.0/10.0	31.0	54.7
Newfoundland and Labrador	12.0	30.0	53.7
Territorial rates			
Yukon[11]	9.0	27.0	50.7
Northwest Territories[12]	11.0	26.5	50.2
Nunavut	12.0	27.0	50.7

Notes

(1) The federal and provincial/territorial tax rates shown in the tables apply to income earned by a Canadian-controlled private corporation (CCPC). In general, a corporation is a CCPC if the corporation is a private corporation and a Canadian corporation, provided it is not controlled by one or more non-resident persons, by a public corporation, by a corporation with a class of shares listed on a designated stock exchange, or by any combination of these, and provided it does not have a class of shares listed on a designated stock exchange. For tax rates applicable to general corporations, see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation".

(2) The small business threshold is $600,000 in Saskatchewan. Therefore, Saskatchewan's combined income tax rate on active business income between $500,000 and $600,000 is 15% (i.e., 15% federally and 0% provincially) until June 30, 2022 and 16% (i.e., 15% federally and 1% provincially) effective July 1, 2022 to June 30, 2023. See the table "Small Business Income Thresholds for 2021 and Beyond" for the federal and provincial/territorial small business income thresholds.

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC—2021 and 2022

Notes, continued

(3) The general corporate tax rate applies to active business income earned in excess of the small business threshold. See the table "Small Business Income Thresholds for 2021 and Beyond" for the federal and provincial/territorial small business income thresholds.

CCPCs that earn income from manufacturing and processing activities (M&P income) are subject to the same rates as those that apply to general corporations (see the table "Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation").

(4) The federal and provincial/territorial tax rates shown in the tables apply to investment income earned by a CCPC, other than capital gains and dividends received from Canadian corporations. The rates that apply to capital gains are one-half of the rates shown in the tables. Dividends received from Canadian corporations are deductible in computing regular Part I tax, but may be subject to Part IV tax, calculated at a rate of 38 1/3%.

(5) Corporations that are CCPCs throughout the year may claim the small business deduction (SBD). In general, the SBD is calculated based on the least of three amounts — active business income earned in Canada, taxable income and the small business income threshold.

(6) A general tax rate reduction is available on qualifying income. Income that is eligible for other reductions or credits, such as small business income, M&P income and investment income subject to the refundable provisions, is not eligible for this rate reduction.

Income of a corporation earned from a personal services business is not eligible for the general rate reduction and is subject to an additional 5% tax, which increases the federal tax rate on personal services business income to 33%.

(7) The refundable tax of 10 2/3% of a CCPC's investment income and taxable capital gains, as well as 20% of such income that is subject to regular Part I tax, is included in the corporation's non-eligible refundable divided tax on hand (NERDTOH) account. When non-eligible dividends are paid out to shareholders, a dividend refund equal to the lesser of 38 1/3% of the dividends paid or the combined balance in NERDTOH and eligible refundable dividend tax on hand (ERDTOH) accounts is refunded to the corporation. The dividend refund on non-eligible dividends must come out of the corporation's NERDTOH account before it comes out of the corporation's ERDTOH balance.

(8) Saskatchewan has temporarily reduced the province's small business income tax rate to 0% (from 2%) effective October 1, 2020 to June 30, 2022. The small business income tax rate will increase to 1% (from 0%) beginning July 1, 2022 and will be further increased to 2% (from 1%) beginning July 1, 2023.

(9) Quebec decreased the small business income tax rate to 4% (from 5%) effective January 1, 2021. Quebec further decreased the small business income tax rate to 3.2% (from 4%) effective after March 25, 2021.

Quebec's small business deduction is generally available to corporations only if their employees were paid for at least 5,500 hours in the taxation year (proportionally reduced for short taxation years) or if their employees and those of their associated corporations were paid for at least 5,500 hours in the previous taxation year, to a maximum of 40 hours a week per employee (excluding the hours paid to a subcontractor). The small business deduction is reduced linearly between 5,500 and 5,000 hours, and falls to zero at 5,000 hours. For a given taxation year that ended after June 30, 2020, but before July 1, 2021, a corporation may apply for the number of remunerated hours that were used to determine whether it was eligible for the small business deduction or to establish its small business deduction rate for its preceding taxation year.

(10) Prince Edward Island decreased the province's small business income tax rate to 2% (from 3%) effective January 1, 2021. The province's small business income tax rate will further decrease to 1% (from 2%), effective January 1, 2022.

(11) Yukon decreased the territory's small business income tax rate to 0% (from 2%) effective January 1, 2021.

(12) Northwest Territories decreased the territory's small business income tax rate to 2% (from 4%) effective January 1, 2021.

Substantively Enacted[1] Income Tax Rates for Income Earned by a CCPC for 2021 and Beyond—As at December 31, 2021

	Small Business Income[2]		Active Business Income[3]	
	2021	**2022 and Beyond**	**2021**	**2022 and Beyond**
Federal rates				
General corporate rate	38.0%	38.0%	38.0%	38.0%
Federal abatement	(10.0) 28.0	(10.0) 28.0	(10.0) 28.0	(10.0) 28.0
Small business deduction	(19.0)	(19.0)	0.0	0.0
Rate reduction[6]	0.0	0.0	(13.0)	(13.0)
	9.0	9.0	15.0	15.0
Provincial rates				
British Columbia	2.0%	2.0%	12.0%	12.0%
Alberta	2.0	2.0	8.0	8.0
Saskatchewan[7]	0.0	0.0/1.0/2.0	12.0	12.0
Manitoba	0.0	0.0	12.0	12.0
Ontario	3.2	3.2	11.5	11.5
Quebec[8]	4.0/3.2	3.2	11.5	11.5
New Brunswick	2.5	2.5	14.0	14.0
Nova Scotia	2.5	2.5	14.0	14.0
Prince Edward Island[9]	2.0	1.0	16.0	16.0
Newfoundland and Labrador	3.0	3.0	15.0	15.0
Territorial rates				
Yukon[10]	0.0	0.0	12.0	12.0
Northwest Territories[11]	2.0	2.0	11.5	11.5
Nunavut	3.0	3.0	12.0	12.0

Refer to notes on the following pages.

All rates must be prorated for taxation years that straddle the effective date of the rate changes. The tax rates in this table reflect federal and provincial/territorial income tax rate changes that were substantively enacted as at December 31, 2021.

The 2021 federal budget proposed to temporarily reduce the small business tax rate to 4.5% (from 9%) and the general corporate tax rate to 7.5% (from 15%) on eligible zero-emission technology manufacturing and processing income. The reduced tax rates apply to taxation years beginning after 2021. The reduced rates are gradually phased out starting in taxation years that begin in 2029, and are fully phased out for taxation years that begin after 2031. Legislation to enact this proposal has not been released as of December 31, 2021. Finance accepted stakeholder comments on this proposal until June 18, 2021.

	M&P Income[4]		Investment Income[5]	
	2021	2022 and Beyond	2021	2022 and Beyond
Federal rates				
General corporate rate	38.0%	38.0%	38.0%	38.0%
Federal abatement	(10.0) 28.0	(10.0) 28.0	(10.0) 28.0	(10.0) 28.0
M&P deduction[4]	(13.0)	(13.0)	0.0	0.0
Refundable Tax	0.0	0.0	10.7	10.7
	15.0	15.0	38.7	38.7
Provincial rates				
British Columbia	12.0%	12.0%	12.0%	12.0%
Alberta	8.0	8.0	8.0	8.0
Saskatchewan[7]	10.0	10.0	12.0	12.0
Manitoba	12.0	12.0	12.0	12.0
Ontario	10.0	10.0	11.5	11.5
Quebec[8]	11.5	11.5	11.5	11.5
New Brunswick	14.0	14.0	14.0	14.0
Nova Scotia	14.0	14.0	14.0	14.0
Prince Edward Island[9]	16.0	16.0	16.0	16.0
Newfoundland and Labrador	15.0	15.0	15.0	15.0
Territorial rates				
Yukon[10]	2.5	2.5	12.0	12.0
Northwest Territories[11]	11.5	11.5	11.5	11.5
Nunavut	12.0	12.0	12.0	12.0

Substantively Enacted[1] Income Tax Rates for Income Earned by a CCPC[2] for 2021 and Beyond—As at December 31, 2021

Notes

(1) For Accounting Standards for Private Enterprise (ASPE) and International Financial Reporting Standards (IFRS) purposes, a corporation's recorded income tax liabilities and assets in their financial statements should be measured using tax rates that are considered to be "substantively enacted" at the balance sheet date. In general, where there is a majority government, federal and provincial tax changes are considered to be "substantively enacted" for ASPE and IFRS purposes when a tax bill containing the detailed legislation is tabled for first reading in the House of Commons or the provincial legislature. In the case of a minority government, however, the "substantively enacted" test is more stringent and requires the enabling legislation to have passed third reading in the House of Commons or the provincial legislature.

For U.S. Generally Accepted Accounting Principles (U.S. GAAP) purposes, a corporation's recorded income tax liabilities and assets in their financial statements should be measured using tax rates that are considered to be enacted at the balance sheet date. In general, tax rate changes are considered enacted once the relevant bill has received Royal Assent.

When tax rate changes are considered enacted or "substantively enacted", the effect of the change in tax rate is reflected in the period in which the changes are enacted or "substantively enacted". The effect of the change is recorded in income as a component of deferred tax expense in the period that includes the date of enactment or substantive enactment. For example, if a bill becomes "substantively enacted" for ASPE or IFRS purposes (enacted for U.S. GAAP purposes) on December 31, the tax rate changes should be reflected in the corporation's financial statements for the quarter that includes December 31.

(2) The federal and provincial/territorial tax rates shown in the tables apply to income earned by a Canadian-controlled private corporation (CCPC). In general, a corporation is a CCPC if the corporation is a private corporation and a Canadian corporation, provided it is not controlled by one or more non-resident persons, by a public corporation, by a corporation with a class of shares listed on a designated stock exchange, or by any combination of these, and provided it does not have a class of shares listed on a designated stock exchange.

(3) The general corporate tax rate applies to active business income earned in excess of the small business income threshold. See the table "Small Business Income Thresholds for 2021 and Beyond" for the federal and provincial/territorial small business income thresholds.

(4) Corporations that derive at least 10% of their gross revenue for the year from manufacturing or processing goods in Canada for sale or lease can claim the manufacturing and processing (M&P) deduction against their M&P income. Please refer to the notes for the table "Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation—2021 and 2022" for the provincial and territorial M&P tax credits and rate reduction details for Saskatchewan, Ontario and Yukon.

(5) The federal and provincial/territorial tax rates shown in this table apply to investment income earned by a CCPC other than capital gains and dividends received from Canadian corporations. The rates that apply to capital gains are one-half of the rates shown in the table. Dividends received from Canadian corporations are generally deductible in computing regular Part I tax, but may be subject to Part IV tax, calculated at a rate of 38 1/3%.

(6) A general tax rate reduction is available on qualifying income. Income that is eligible for other reductions or credits, such as small business income, M&P income and investment income subject to the refundable provisions, is not eligible for this rate reduction.

Income of a corporation earned from a personal services business is not eligible for the general rate reduction and is subject to an additional 5% tax, which increases the federal tax rate on personal services business income to 33%.

(7) Saskatchewan has temporarily reduced the province's small business income tax rate to 0% (from 2%) effective October 1, 2020 to June 30, 2022. The small business income tax rate will increase to 1% (from 0%) beginning July 1, 2022 and will be further increased to 2% (from 1%) beginning July 1, 2023.

The small business threshold is $600,000 in Saskatchewan. Therefore, Saskatchewan's combined income tax rate on active business income between $500,000 and $600,000 is 15% (i.e., 15% federally and 0% provincially) until June 30, 2022 and 16% (i.e., 15% federally and 1% provincially) effective July 1, 2022 to June 30, 2023.

(8) Quebec decreased the small business income tax rate to 4% (from 5%) effective January 1, 2021. Quebec further decreased the small business income tax rate to 3.2% (from 4%) effective after March 25, 2021.

Quebec's small business deduction is generally available to corporations only if their employees were paid for at least 5,500 hours in the taxation year (proportionally reduced for short taxation years) or if their employees and those of their associated corporations were paid for at least 5,500 hours in the previous taxation year, to a maximum of 40 hours a week per employee (excluding the hours paid to a subcontractor). The small business deduction is reduced linearly between 5,500 and 5,000 hours, and falls to zero at 5,000 hours. For a given taxation year that ended after June 30, 2020, but before July 1, 2021, a corporation may apply for the number of remunerated hours that were used to determine whether it was eligible for the small business deduction or to establish its small business deduction rate for its preceding taxation year.

(9) Prince Edward Island decreased the province's small business income tax rate to 2% (from 3%) effective January 1, 2021. The province's small business income tax rate will further decrease to 1% (from 2%), effective January 1, 2022.

(10) Yukon decreased the territory's small business income tax rate to 0% (from 2%) effective January 1, 2021.

Yukon provides a manufacturing and processing tax credit that effectively reduces the corporate tax rate on the corporation's Canadian manufacturing and processing profits earned in the Yukon to 2.5%.

(11) Northwest Territories decreased the territory's small business income tax rate to 2% (from 4%) effective January 1, 2021.

Small Business Income Thresholds for 2021 and Beyond[1]

	2021 and beyond ($000)
Federal[2]	$500
British Columbia	500
Alberta	500
Saskatchewan	600
Manitoba	500
Ontario	500
Quebec[3]	500
New Brunswick	500
Nova Scotia	500
Prince Edward Island	500
Newfoundland and Labrador	500
Yukon	500
Northwest Territories	500
Nunavut	500

All thresholds must be prorated for taxation years that straddle the effective date of the threshold changes.

Notes

(1) The small business income thresholds shown in the table apply to active business income earned by a Canadian-controlled private corporation (CCPC) that is eligible for the small business rate of tax (see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC"). All thresholds must be shared by associated corporations.

(2) The federal small business threshold is reduced on a straight-line basis when the associated group's taxable capital employed in Canada in the preceding taxation year is between $10 million and $15 million, and nil if the taxable capital is $15 million or more. This clawback applies to all provinces/territories.

The small business limit is also reduced for CCPCs (and associated corporations) that earn passive investment income exceeding a certain threshold. Generally effective for taxation years that begin after 2018, the federal small business income threshold is also reduced on a straight-line basis when the associated corporate group's adjusted aggregate investment income in the preceding taxation year is between $50,000 and $150,000, and nil if the adjusted aggregate investment income is $150,000 or more.

The reduction in a corporation's federal small business income threshold will be the greater of the reductions under the taxable capital threshold and the investment income threshold.

(3) Quebec's small business deduction is available to CCPCs with paid-up capital (on an associated basis) of less than $10 million, and is gradually phased out for CCPCs with paid-up capital between $10 and $15 million.

Quebec's small business deduction is generally available to corporations only if their employees were paid for at least 5,500 hours in the taxation year (proportionally reduced for short taxation years) or if their employees and those of their associated corporations were paid for at least 5,500 hours in the previous taxation year, to a maximum of 40 hours a week per employee (excluding the hours paid to a subcontractor). The small business deduction is reduced linearly between 5,500 and 5,000 hours, and falls to zero at 5,000 hours. For a given taxation year that ended after June 30, 2020, but before July 1, 2021, a corporation may apply for the number of remunerated hours that were used to determine whether it was eligible for the small business deduction or to establish its small business deduction rate for its preceding taxation year.

Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation—2021 and 2022[1]

	M&P Income	Active Business Income	Investment Income[2]
Federal rates			
General corporate rate	38.0%	38.0%	38.0%
Federal abatement	(10.0)	(10.0)	(10.0)
	28.0	28.0	28.0
M&P deduction[3]	(13.0)	0.0	0.0
Rate reduction[4]	0.0	(13.0)	(13.0)
	15.0	15.0	15.0
Provincial rates			
British Columbia	12.0%	12.0%	12.0%
Alberta	8.0	8.0	8.0
Saskatchewan[5]	10.0	12.0	12.0
Manitoba	12.0	12.0	12.0
Ontario[6]	10.0	11.5	11.5
Quebec	11.5	11.5	11.5
New Brunswick	14.0	14.0	14.0
Nova Scotia	14.0	14.0	14.0
Prince Edward Island	16.0	16.0	16.0
Newfoundland and Labrador	15.0	15.0	15.0
Territorial rates			
Yukon[7]	2.5	12.0	12.0
Northwest Territories	11.5	11.5	11.5
Nunavut	12.0	12.0	12.0

Refer to notes on the following pages.

All rates must be prorated for taxation years that straddle the effective date of the rate changes.

The 2021 federal budget proposed to temporarily reduce the small business tax rate to 4.5% (from 9%) and the general corporate tax rate to 7.5% (from 15%) on eligible zero-emission technology manufacturing and processing income. The reduced tax rates apply to taxation years beginning after 2021. The reduced rates are gradually phased out starting in taxation years that begin in 2029, and are fully phased out for taxation years that begin after 2031. Legislation to enact this proposal has not been released as of December 31, 2021. Finance accepted stakeholder comments on this proposal until June 18, 2021.

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation—2021 and 2022

	M&P Income	Active Business Income	Investment Income[2]
Provincial rates			
British Columbia	27.0%	27.0%	27.0%
Alberta	23.0	23.0	23.0
Saskatchewan[5]	25.0	27.0	27.0
Manitoba	27.0	27.0	27.0
Ontario[6]	25.0	26.5	26.5
Quebec	26.5	26.5	26.5
New Brunswick	29.0	29.0	29.0
Nova Scotia	29.0	29.0	29.0
Prince Edward Island	31.0	31.0	31.0
Newfoundland and Labrador	30.0	30.0	30.0
Territorial rates			
Yukon[7]	17.5	27.0	27.0
Northwest Territories	26.5	26.5	26.5
Nunavut	27.0	27.0	27.0

Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation—2021 and 2022

Notes

(1) The federal and provincial/territorial tax rates shown in the tables apply to income earned by corporations other than Canadian-controlled private corporations (CCPCs). A general corporation typically includes public companies and their subsidiaries that are resident in Canada, and Canadian-resident private companies that are controlled by non-residents.

For tax rates applicable to CCPCs, see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC".

(2) The federal and provincial/territorial tax rates shown in the tables apply to investment income earned by general corporations other than capital gains and dividends received from Canadian corporations. The rates that apply to capital gains are one-half of the rates shown in the tables. Dividends received from Canadian corporations are deductible in computing regular Part I tax, but may be subject to Part IV tax, calculated at a rate of 38 1/3%.

(3) Corporations that derive at least 10% of their gross revenue for the year from manufacturing or processing goods in Canada for sale or lease can claim the manufacturing and processing (M&P) deduction against their M&P income.

(4) A general tax rate reduction is available on qualifying income. Income that is eligible for other reductions or credits, such as small business income and M&P income, is not eligible for this rate reduction.

Income of a corporation earned from a personal services business is not eligible for the general rate reduction and is subject to an additional 5% tax, which increases the federal tax rate on personal services business income to 33%.

(5) Saskatchewan provides a manufacturing and processing profits tax reduction that effectively reduces the corporate tax rate on eligible corporations' Canadian manufacturing and processing profits earned in the province to 10%.

(6) Ontario provides a manufacturing and processing tax credit that effectively reduces the corporate tax rate on the corporation's Canadian manufacturing and processing profits earned in the province to 10%.

(7) Yukon provides a manufacturing and processing tax credit that effectively reduces the corporate tax rate on the corporation's Canadian manufacturing and processing profits earned in the Yukon to 2.5%.

Substantively Enacted[1] Income Tax Rates for Income Earned by a General Corporation[2] for 2021 and Beyond—As at December 31, 2021

	Active Business Income	
	2021	**2022 and Beyond**
Federal rates		
General corporate rate	38.0%	38.0%
Federal abatement	(10.0)	(10.0)
	28.0	28.0
Rate reduction[4]	(13.0)	(13.0)
M&P deduction[5]	0.0	0.0
Gross federal rate	15.0	15.0
Provincial rates		
British Columbia	12.0%	12.0%
Alberta	8.0	8.0
Saskatchewan	12.0	12.0
Manitoba	12.0	12.0
Ontario	11.5	11.5
Quebec	11.5	11.5
New Brunswick	14.0	14.0
Nova Scotia	14.0	14.0
Prince Edward Island	16.0	16.0
Newfoundland and Labrador	15.0	15.0
Territorial rates		
Yukon[6]	12.0	12.0
Northwest Territories	11.5	11.5
Nunavut	12.0	12.0

Refer to notes on the following pages.

All rates must be prorated for taxation years that straddle the effective date of the rate changes. The tax rates in this table reflect federal and provincial/territorial income tax rate changes that were substantively enacted as at December 31, 2021.

The 2021 federal budget proposed to temporarily reduce the small business tax rate to 4.5% (from 9%) and the general corporate tax rate to 7.5% (from 15%) on eligible zero-emission technology manufacturing and processing income. The reduced tax rates apply to taxation years beginning after 2021. The reduced rates are gradually phased out starting in taxation years that begin in 2029, and are fully phased out for taxation years that begin after 2031. Legislation to enact this proposal has not been released as of December 31, 2021. Finance accepted stakeholder comments on this proposal until June 18, 2021.

	M&P Income		Investment Income[3]	
	2021	2022 and Beyond	2021	2022 and Beyond
Federal rates				
General corporate rate	38.0%	38.0%	38.0%	38.0%
Federal abatement	(10.0)	(10.0)	(10.0)	(10.0)
	28.0	28.0	28.0	28.0
Rate reduction[4]	0.0	0.0	(13.0)	(13.0)
M&P deduction[5]	(13.0)	(13.0)	0.0	0.0
Gross federal rate	15.0	15.0	15.0	15.0
Provincial rates				
British Columbia	12.0%	12.0%	12.0%	12.0%
Alberta	8.0	8.0	8.0	8.0
Saskatchewan	10.0	10.0	12.0	12.0
Manitoba	12.0	12.0	12.0	12.0
Ontario	10.0	10.0	11.5	11.5
Quebec	11.5	11.5	11.5	11.5
New Brunswick	14.0	14.0	14.0	14.0
Nova Scotia	14.0	14.0	14.0	14.0
Prince Edward Island	16.0	16.0	16.0	16.0
Newfoundland and Labrador	15.0	15.0	15.0	15.0
Territorial rates				
Yukon[6]	2.5	2.5	12.0	12.0
Northwest Territories	11.5	11.5	11.5	11.5
Nunavut	12.0	12.0	12.0	12.0

Substantively Enacted[1] Income Tax Rates for Income Earned by a General Corporation for 2021 and Beyond—As at December 31, 2021

Notes

(1) For Accounting Standards for Private Enterprise (ASPE) and International Financial Reporting Standards (IFRS) purposes, a corporation's recorded income tax liabilities and assets in their financial statements should be measured using tax rates that are considered to be "substantively enacted" at the balance sheet date. In general, where there is a majority government, federal and provincial tax changes are considered to be "substantively enacted" for ASPE and IFRS purposes when a tax bill containing the detailed legislation is tabled for first reading in the House of Commons or the provincial legislature. In the case of a minority government, however, the "substantively enacted" test is more stringent and requires the enabling legislation to have passed third reading in the House of Commons or the provincial legislature.

For U.S. Generally Accepted Accounting Principles (U.S. GAAP) purposes, a corporation's recorded income tax liabilities and assets in their financial statements should be measured using tax rates that are considered to be enacted at the balance sheet date. In general, tax rate changes are considered enacted once the relevant bill has received Royal Assent.

When tax rate changes are considered enacted or "substantively enacted", the effect of the change in tax rate is reflected in the period in which the changes are enacted or "substantively enacted". The effect of the change is recorded in income as a component of deferred tax expense in the period that includes the date of enactment or substantive enactment. For example, if a bill becomes "substantively enacted" for ASPE or IFRS purposes (enacted for U.S. GAAP purposes) on December 31, the tax rate changes should be reflected in the corporation's financial statements for the quarter that includes December 31.

(2) The federal and provincial/territorial tax rates shown in the tables apply to income earned by corporations other than Canadian-controlled private corporations (CCPCs). A general corporation typically includes public companies, and their subsidiaries, that are resident in Canada, and Canadian resident private companies that are controlled by non-residents.

(3) The federal and provincial/territorial rates shown in the tables apply to investment income earned by general corporations other than capital gains and dividends received from Canadian corporations. The rates that apply to capital gains are one-half of the rates shown in the table. Dividends received from Canadian corporations are generally deductible in computing regular Part I tax, but may be subject to Part IV tax, calculated at a rate of 38 1/3%.

(4) A general tax rate reduction is available on qualifying income. Income that is eligible for other reductions or credits, such as small business income, manufacturing and processing (M&P) income and investment income subject to the refundable provisions, is not eligible for this rate reduction.

Income of a corporation earned from a personal services business is not eligible for the general rate reduction and is subject to an additional 5% tax, which increases the federal tax rate on personal services business income to 33%.

(5) Corporations that derive at least 10% of their gross revenue for the year from manufacturing or processing goods in Canada for sale or lease can claim the (M&P) deduction against their M&P income.

(6) Yukon provides a manufacturing and processing tax credit that effectively reduces the corporate tax rate on the corporation's Canadian manufacturing and processing profits earned in the Yukon to 2.5%.

Integration—Cost and Benefit of Incorporation

	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.
Tax savings (cost) of incorporation[1]							
Investment income	(5.6%)	(3.5%)	(6.3%)	(6.9%)	(4.4%)	(4.9%)	(6.6%)
Capital gains	(2.8)	(1.8)	(3.2)	(3.5)	(2.2)	(2.4)	(3.3)
Dividends—Eligible[3]	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends—Non-eligible[3]	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ABI eligible for SBD	(1.0)	(0.7)	0.0	(1.1)	(0.6)	(1.2)	(0.5)
ABI in excess of SBD	(0.2)	(1.4)	(1.1)	(4.2)	(1.9)	(2.7)	0.5
Tax deferral (pre-payment) from incorporation[2]							
Investment income	2.8%	1.3%	(3.2%)	(0.3%)	3.4%	3.1%	0.6%
Capital gains	1.5	0.7	(1.6)	(0.1)	1.7	1.6	0.3
Dividends—Eligible[3]	(1.8)	(4.0)	(8.7)	(0.6)	1.0	1.8	(4.8)
Dividends—Non-eligible[3]	10.6	4.0	4.0	8.3	9.4	9.7	9.4
ABI eligible for SBD	42.5	37.0	38.5	41.4	41.3	40.9	41.8
ABI in excess of SBD	26.5	25.0	20.5	23.4	27.0	26.8	24.3

Refer to notes on the following pages.

	N.S.	P.E.I.	Nfld.	Y.T.	N.W.T.	Nvt.
Tax savings (cost) of incorporation[1]						
Investment income	(6.3%)	(9.1%)	(7.1%)	(7.2%)	(2.1%)	(5.7%)
Capital gains	(3.1)	(4.5)	(3.5)	(3.6)	(1.1)	(2.9)
Dividends—Eligible[3]	0.0	0.0	0.0	0.0	0.0	0.0
Dividends—Non-eligible[3]	0.0	0.0	0.0	0.0	0.0	0.0
ABI eligible for SBD	(0.2)	(0.8)	0.1	(1.1)	3.3	(0.8)
ABI in excess of SBD	(4.5)	(3.2)	(8.5)	(0.1)	(0.3)	(6.7)
Tax deferral (pre-payment) from incorporation[2]						
Investment income	1.3%	(3.3%)	(2.4%)	(2.7%)	(3.1%)	(6.2%)
Capital gains	0.7	(1.6)	(1.2)	(1.3)	(1.6)	(3.1)
Dividends—Eligible[3]	3.3	(4.1)	4.3	(9.4)	(10.0)	(5.3)
Dividends—Non-eligible[3]	9.9	7.9	6.3	5.7	(1.5)	(0.5)
ABI eligible for SBD	42.5	40.4	39.3	39.0	36.1	32.5
ABI in excess of SBD	25.0	20.4	21.3	21.0	20.6	17.5

Integration—Cost and Benefit of Incorporation for Investment Income

		B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.B.
Income earned through a corporation								
Corporate income		$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Corporate tax		(507)	(467)	(507)	(507)	(502)	(502)	(527)
After-tax amount	(A)	493	533	493	493	498	498	473
Dividend refund[4]		307	307	307	307	307	307	294
Available for distribution		800	840	800	800	805	805	767
Personal tax of individual		(391)	(355)	(338)	(373)	(384)	(387)	(366)
Net cash to individual	(B)	409	485	462	427	421	418	401
Income earned directly by an individual								
Personal income		$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Personal tax		(535)	(480)	(475)	(504)	(535)	(533)	(533)
Net cash to individual	(C)	465	520	525	496	465	467	467
Summary								
Tax savings (cost) of incorporation[1]	(B) – (C)	$(56)	$(35)	$(63)	$(69)	$(44)	$(49)	$(66)
Tax deferral (pre-payment)[2]	(A) – (C)	28	13	(32)	(3)	33	31	6

Refer to notes on the following pages.

		N.S.	P.E.I.	Nfld.	Y.T.	N.W.T.	Nvt.
Income earned through a corporation							
Corporate income		$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Corporate tax		(527)	(547)	(537)	(507)	(502)	(507)
After-tax amount	(A)	473	453	463	493	498	493
Dividend refund[4]		294	282	288	307	307	307
Available for distribution		767	735	751	800	805	800
Personal tax of individual		(371)	(340)	(335)	(352)	(296)	(302)
Net cash to individual	(B)	396	395	416	448	509	498
Income earned directly by an individual							
Personal income		$1,000	$1,000	$1,000	$1,000	$1,000	$1,000
Personal tax		(540)	(514)	(513)	(480)	(471)	(445)
Net cash to individual	(C)	460	486	487	520	529	555
Summary							
Tax savings (cost) of incorporation[1]	(B) – (C)	$(64)	$(91)	$(71)	$(72)	$(20)	$(57)
Tax deferral (pre-payment)[2]	(A) – (C)	13	(33)	(24)	(27)	(31)	(62)

Notes

(1) Earning income through a corporation involves two layers of taxation: taxation of the income at the corporate level and the subsequent personal taxation upon distribution of the corporation's after-tax income as a dividend to the shareholder. Theoretically, the Canadian income tax system is designed such that the total income tax (corporate and personal) incurred by using a corporation to earn income should be the same as the personal tax that would result if the income were earned directly by an individual who is taxable at the top marginal rate (the principle of integration). However, as the top part of the "Integration—Cost and Benefit of Incorporation" table demonstrates, in practice this is not the case. The top part of the table summarizes the 2021 income tax savings or cost of earning the following types of income through a corporation, as opposed to an individual earning the income directly:

- Investment income other than capital gains and dividends (see note (4) and the detailed calculations in the table "Integration—Cost and Benefit of Incorporation for Investment Income")
- Capital gains
- Dividend income from taxable Canadian corporations
- Active business income (ABI) eligible for the small business deduction (SBD)
- ABI not eligible for the SBD.

Eligible dividends are subject to lower rates of personal tax (see the table "Combined Top Marginal Tax Rates for Individuals—2021"). Canadian-controlled private corporations (CCPCs) may only pay such dividends to the extent that they have earned active business income subject to the general corporate tax rate. Therefore, CCPCs that earn only investment income, capital gains, or ABI eligible for the SBD cannot pay eligible dividends to their shareholders.

The calculations in the tables are based upon the following assumptions:

- The corporation is a CCPC with a taxation year beginning January 1, 2021
- The individual is in the top marginal tax bracket
- The CCPC may pay out eligible dividends to its shareholder only in respect of ABI in excess of the SBD.

(2) In some circumstances, it is possible to defer the payment of tax at the individual level by using a corporation to earn income that is not immediately paid out to the shareholder. The lower part of the table summarizes the 2021 tax deferral or pre-payment potential of earning income through a corporation, based on the same types of income and assumptions outlined in note (1).

(3) Dividends (both eligible and non-eligible) received from taxable Canadian corporations are generally deductible in computing Part I tax and are therefore treated differently from other investment income.

Dividends received by CCPCs from unconnected corporations, or from connected corporations that receive a dividend refund on the payment of the dividend, are subject to Part IV tax. Part IV tax is a refundable tax that is either added to a corporation's eligible refundable dividend tax on hand (ERDTOH) or non-eligible refundable dividend tax on hand (NERDTOH) account.

Part IV tax is added to the recipient corporation's ERDTOH account if it is paid on eligible dividends received from an unconnected corporation or on taxable dividends received from a connected corporation to the extent the dividends triggered a dividend refund from the connected corporation's ERDTOH account in the year. Part IV tax paid in the year less the Part IV tax added to the ERDTOH account is added to the recipient corporation's NERDTOH account. The NERDTOH account of a CCPC also includes the refundable portion of Part I tax on aggregate investment income.

When eligible dividends are paid by the corporation to its shareholders, the corporation may receive a dividend refund from its ERDTOH account. When non-eligible dividends are paid by the corporation to its shareholders, the corporation may receive a dividend refund from its NERDTOH account and/or its ERDTOH account (but only if its NERDTOH balance is nil).

Private corporations that are not CCPCs, and certain closely held public companies, must also pay Part IV tax on dividends they receive from taxable Canadian corporations, and may receive a dividend refund when they pay dividends to their shareholders. Other public companies and their subsidiaries are not subject to this tax and therefore do not receive a dividend refund when they pay dividends to their shareholders.

There is no tax savings or tax cost to earning Canadian dividend income (both eligible and non-eligible) through a corporation as opposed to earning it directly, as all corporate level tax on such income is refundable. However, there is potentially a tax deferral or pre-payment based on the difference between the top individual marginal rate applicable to dividend income and the refundable Part IV tax rate.

(4) The amount of after-tax cash available to pay dividends (including the dividend refund received as a result of the payment of the dividend) is sufficient to obtain a full refund of the corporation's NERDTOH account in all provinces/territories, with the exception of New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

For example, if a corporation in Newfoundland and Labrador earns interest income and pays out all of its after-tax income (including its dividend refund) as a dividend, an amount equal to 1.9% of its income will remain in its NERDTOH account, calculated as follows:

Amount available for distribution	
Corporate income	$1,000
Corporate tax	(537)
After-tax amount	463
Dividend refund	288
Available for distribution	$751
NERDTOH account	
Refundable tax (30 2/3% × $1,000)	$307
Dividend refund (38 1/3% of $751 dividend)	(288)
NERDTOH balance	$19

Capital Tax Rates—Financial Institutions[1]

	Federal Part VI Tax[2]	Sask.[3]	Man.	Ont.[4]
Type of Entity				
Bank	✓	✓	✓	
Loan or trust	✓	✓	✓	
Life insurance	✓			✓
Investment dealer		✓		
Tax rates[9]				
2019	1.25%	0.7/4.0%	6.0%	1.25%
2020	1.25	0.7/4.0	6.0	1.25
2021	1.25	0.7/4.0	6.0	1.25
Capital deduction or exemption	$1 billion	$10 + $10 million	N/A	$10 million + certain adjustments
Allocation of capital deduction or exemption among related companies	✓		✓	✓

Notes

(1) Credit unions may be subject to Federal capital tax if they meet the federal definition of a financial institution. Credit unions are generally not subject to provincial capital tax.

(2) Financial institutions for Part VI tax purposes also include certain holding companies. The amount of Part VI capital tax payable is reduced by the corporation's income tax payable under Part I.

(3) Financial institutions in Saskatchewan are subject to a capital tax rate of 0.7% on the first $1.5 billion of their taxable capital (i.e., rate for small financial institutions).

Saskatchewan's $10 million capital exemption is available to all corporations. An additional exemption of up to $10 million is available to companies that pay all or a portion of their salaries and wages to employees of a permanent establishment in the province.

(4) Life insurance corporations that carry on business in Ontario must pay a capital tax equal to 1.25% of their taxable capital allocable to Ontario. The capital allowance of $10 million is adjusted depending on the company's taxable capital. The capital tax may be reduced by the company's Ontario income or corporate minimum tax payable for the year.

	Que.[5]	N.B.[6]	N.S.[7]	P.E.I.	Nfld.[8]
Type of Entity					
Bank		✓	✓	✓	✓
Loan or trust		✓	✓	✓	✓
Life insurance	✓				
Investment dealer					
Tax rates[9]					
2019	1.25%	5.0/4.0%	4.0%	5.0%	6.0%
2020	1.25	5.0/4.0	4.0	5.0	6.0
2021	1.25	5.0/4.0	4.0	5.0	6.0
Capital deduction or exemption	$10 million + certain adjustments	$10 million	$0.5/30 million	$2 million	$0/5 million
Allocation of capital deduction or exemption among related companies	✓				✓

(5) Life insurance corporations that carry on business in Quebec must pay a capital tax equal to 1.25% of their taxable capital employed in Quebec. The capital allowance of $10 million is adjusted depending on the company's taxable capital. The capital tax may be reduced by the company's Quebec income tax payable for the year.

Certain financial institutions in Quebec must also pay an additional compensation tax (see the table "Quebec Compensation Tax for Financial Institutions").

(6) Banks that have a permanent establishment in New Brunswick are subject to a capital tax rate of 5%, while trust or loan companies are subject to a capital tax rate of 4%.

(7) A $30 million capital deduction is available to loan or trust companies with head offices in Nova Scotia. Other banks, loan or trust companies are entitled to a $500,000 capital deduction. The maximum Nova Scotia capital tax payable by a financial institution is $12 million annually.

(8) Corporations in Newfoundland and Labrador with aggregate paid-up capital of $10 million or less may claim a capital deduction of $5 million. If aggregate paid-up capital is greater than $10 million, no capital deduction is permitted.

(9) Except where noted, the rates must be prorated for taxation years that straddle the effective date of the rate changes.

Quebec Compensation Tax for Financial Institutions

Type of Entity	Calculation of Tax[1] April 1 to March 31	
	2020 to 2022	2022 to 2024
Banks, loan or trust corporations, and corporations trading in securities[2]	4.14%	2.80%
Insurance corporations subject to Quebec capital tax	0.48%	0.30%
Credit and savings unions[3]	3.26%	2.20%
Independent loan corporations, independent trust corporations and independent corporations trading in securities[4]	1.32%	0.90%
Other financial institutions[5,6]	1.32%	0.90%

Notes

(1) Compensation tax on financial institutions in Quebec is reduced gradually from April 1, 2018 to April 1, 2022 and was to be eliminated as of April 1, 2024. Quebec's budget 2021-2022 announced that the compensation tax would be maintained until further notice.

For insurance corporations, the percentages noted in the table apply to premiums payable. For all other entities, the percentages apply to Quebec wages.

(2) For banks, loan corporations, trust corporations and corporations trading in securities, the maximum amount of Quebec wages subject to compensation tax is $1.1 billion.

(3) For credit and savings unions, the maximum amount of Quebec wages subject to compensation tax is $550 million.

(4) Quebec's Bill 74 introduced three new entity definitions for the purposes of the compensation tax for financial institutions. Corporations that meet these definitions are subject to the compensation tax for financial institutions effective April 1, 2020 and the maximum amount of Quebec wages subject to the tax will be $275 million.

(5) For other financial institutions, the maximum amount of Quebec wages subject to compensation tax is $275 million.

(6) This category only includes corporations that have jointly elected under section 150 of the Excise Tax Act with the following financial institutions: banks, loan or trust corporations, corporations trading in securities, savings and credit unions, insurance companies, or professional orders (but excludes an insurance company and a professional order that created a professional liability insurance fund under the Professional Code).

Federal Research and Development (R&D) Tax Incentives

Federal Investment Tax Credits (ITCs)[1]					
Type of Entity	Nature of Expenditure[2]	ITC Rate on Total Expenditures up to Expenditure Limit[3]	Refund Rate	ITC Rate on Total Expenditures in Excess of Expenditure Limit[3]	Refund Rate
Qualifying CCPCs	Current	35%	100%	15%	40%
Other corporations	Current	15	—	15	—
Individuals and unincorporated businesses	Current	15	40	15	40

Notes

(1) Federal research and development (R&D) ITCs can either be applied against federal taxes payable in that taxation year, refunded to the claimant (if applicable), carried forward and claimed in the 20 subsequent taxation years or carried back and applied against federal taxes payable in the three prior taxation years.

ITC claims must be identified on a prescribed form (T2 Schedule 31) and filed with the Canada Revenue Agency (CRA) within 12 months of the entity's filing due date for its income tax return. The related prescribed forms (Forms T661, T661 Part 2 and Schedule 31) must also be filed within this timeframe, to ensure a complete R&D filing.

ITCs claimed in a taxation year are deducted from the entity's R&D expenditure pool in the subsequent taxation year. The current portion of provincial ITCs, which are considered to be government assistance, are deducted from the R&D pool in the taxation year claimed. The portion of federal ITCs that related to qualifying Ontario R&D expenditures was not deducted from the entity's R&D pool for Ontario purposes, for taxation years ending before 2009. Under the single corporate tax administration system in Ontario (applicable for taxation years ending after 2008), Ontario replaced this treatment with a 4.5% non-refundable Ontario tax credit on R&D expenses incurred in Ontario that qualify for the federal ITC (reduced to 3.5% effective June 1, 2016).

(2) Expenditures for R&D capital property (including the right to use such property) made after 2013 are excluded for ITC purposes.

(3) The expenditure limit is generally $3 million and applies to current expenditures (capital expenditures are no longer eligible for taxation years after 2013). The expenditure limit must be shared and allocated among associated corporations. However, CCPCs that are associated due to a group of unconnected investors, such as venture capital investors, do not have to share the limit provided that the CRA is satisfied that the group of investors was not formed to gain access to multiple expenditure limits.

The expenditure limit is phased out for CCPCs with taxable capital employed in Canada of between $10 and $50 million in the prior year (on an associated group basis). The expenditure limit is reduced by $0.75 for every $10 by which taxable capital exceeds $10 million. The ability to claim the 35% ITC rate and related 100% ITC refund on current expenditures is eliminated once prior year taxable capital exceeds $50 million.

Federal R&D expenditure pool

Eligible Canadian R&D expenditures, which include current expenditures only, are aggregated in a pool each year and may be deducted in whole or in part. Expenditures for R&D capital property (including the right to use such property) made after 2013 are excluded from the federal R&D expenditures pool. These expenditures can still be claimed as regular business expenditures (presuming they qualify as such).

Any allowable amounts not deducted from the R&D pool in the current year may be carried forward indefinitely.

Foreign current expenditures may also be deducted as current R&D expenditures in the year they are incurred. Such expenditures generally do not give rise to federal ITCs. However, R&D labour expenditures incurred outside Canada may result in federal ITCs, as discussed below.

Government assistance (which includes provincial ITCs), non-government assistance and contract payments reduce the amount of eligible expenditures in the year. Eligible

expenditures are also reduced when R&D assets, for which the taxpayer received an ITC in any of the 20 previous years (for taxation years after 1997), are converted to commercial use or sold during the year. In such instances the related recaptured ITCs will increase eligible expenditures.

Eligible expenditures incurred in the year, as well as project technical narratives and related project information, must be identified on prescribed forms (Forms T661, T661 Part 2 and Schedule 31) and filed with the CRA within 12 months of the entity’s filing due date for its income tax return.

Qualifying current R&D expenditures

Qualifying Canadian current expenditures include the following:

- Salaries and wages of employees directly engaged in R&D—salaries and wages of specified employees (those individuals who directly or indirectly own greater than 10% of the shares of any class of the capital stock of the company, or who do not deal at arm’s length with the taxpayer) are limited to five times the year’s maximum CPP pensionable earnings and exclude remuneration based on profits or bonuses
- Salaries and wages of Canadian-resident employees carrying on R&D activities outside Canada—these salaries and wages (limited to 10% of the total R&D salary and wages carried on in Canada in the year) are eligible provided the R&D activities are directly undertaken by the taxpayer and done solely in support of R&D carried on by the taxpayer in Canada
- Cost of materials consumed or transformed in R&D
- Capital expenditures used in R&D incurred before 2014
- Lease costs of machinery and equipment used in R&D incurred before 2014
- Eligible expenditures incurred by contractors performing R&D directly on behalf of the taxpayer (restricted for ITC purposes to only 80% of contractor R&D expenditures and excluding any R&D contractor expenditures that are considered R&D capital expenditures (also see note (2), for expenditures incurred on or after January 1, 2013)
- Contracts for services that are directly related to SR&ED activities
- Payroll burden (not included if proxy election made)
- Eligible expenditures incurred by certain third parties where the taxpayer may exploit the results of the R&D (to be restricted for ITC purposes to only 80% of the third party payments for expenditures incurred on or after January 1, 2013).

Proxy election for overhead expenses

The proxy election adds 55% of qualifying R&D salaries and wages (excluding bonuses, taxable benefits and stock option benefits) to the expenditures eligible for federal ITCs (but not to the R&D pool itself). This "notional overhead" amount replaces non-SR&ED service contracts, payroll burden, administration and other overhead costs that are often difficult to support. Other less significant costs that are so replaced include utilities, office and other types of supplies. Once the election is made, it is irrevocable for that taxation year.

The salary of specified employees (as discussed above) is limited in a number of ways when calculating the amount of salaries and wages eligible for the proxy election. Only 75% of such employees' salaries can be included as eligible salaries, and the maximum per employee is

2.5 times the year's maximum CPP pensionable earnings. Remuneration based on profits and bonuses are excluded from the proxy computation for both specified and non-specified employees.

Provincial/Territorial Research and Development (R&D) Tax Incentives

	Rate	Description
British Columbia[1]	10%	Refundable and non-refundable tax credit for eligible expenditures incurred in British Columbia by a corporation with a permanent establishment (PE) in the province
Alberta[2]	8%/20%	Refundable tax credit for eligible expenditures incurred in Alberta by a corporation with a PE in the province
Saskatchewan[3]	10%	Refundable and non-refundable tax credit for eligible expenditures incurred in Saskatchewan by a corporation with a PE in the province
Manitoba[4]	15%	Non-refundable and refundable tax credit for eligible expenditures incurred in Manitoba by a corporation with a PE in the province
Ontario Innovation Tax Credit (OITC)[5]	8%	Refundable tax credit for eligible expenditures incurred in Ontario by a corporation with a PE in the province
Ontario Business-Research Institute Tax Credit (OBRITC)[6]	20%	Refundable tax credit for eligible expenditures incurred in Ontario by a corporation with a PE in the province as part of an eligible contract with an eligible research institute
Ontario Research and Development Tax Credit (ORDTC)[7]	3.5%	Non-refundable tax credit for eligible expenditures incurred in Ontario by a corporation with a PE in the province
Quebec Credit for contract payments to/for R&D entities and projects[8]	14%/30%	Refundable tax credit for contract and other payments to certain eligible entities (only 80% of payments to unrelated persons are eligible), subject to expenditure exclusion threshold
Quebec R&D Wage Tax Credit[9,10]	Canadian-controlled corporations—30%	Refundable tax credit for R&D wages of Quebec-based employees of a corporation that carries on business in Canada and performs R&D in Quebec, or has such work carried out on their behalf in Quebec. The corporation does not need to have a PE in Quebec
	Others—14%	This credit is also available for 50% of amounts paid to an unrelated subcontractor for R&D performed by employees in Quebec and for 100% of amounts attributed to wages paid to employees of a related subcontractor in Quebec

Refer to notes on the following pages.

Current as of April 30, 2021

	Rate	Description
New Brunswick[11]	15%	Refundable tax credit for eligible expenditures incurred in New Brunswick by a corporation with a PE in the province
Nova Scotia[11]	15%	Refundable tax credit for eligible expenditures incurred in Nova Scotia by a corporation with a PE in the province
Newfoundland and Labrador[11]	15%	Refundable tax credit for eligible expenditures incurred in Newfoundland and Labrador by a corporation with a PE in the province
Yukon[11]	15%/20%	Refundable tax credit for eligible expenditures incurred in Yukon by a corporation with a PE in the territory

Notes

(1) Eligible expenditures in British Columbia are those that qualify for federal investment tax credit (ITC) purposes. Canadian-controlled private corporations (CCPCs) are eligible for the refundable credit on expenditures up to their expenditure limit (as it is defined for federal purposes). The credit is not refundable for other corporations or for a CCPC's expenditures in excess of the expenditure limit. Corporations that are active members of a partnership that incurs qualifying expenditures are also entitled to claim their proportionate share of the credit. Expenditures incurred by an individual or trust do not qualify.

The credit is considered to be government assistance and reduces federal expenditures for both the R&D deduction and ITCs. The credit can be claimed only once all other tax credits have been claimed. Unused non-refundable credits may be carried back three taxation years or carried forward ten taxation years. All or part of the non-refundable credit can be renounced each year.

British Columbia's provincial R&D tax credit is available for eligible expenditures incurred before September 1, 2022.

(2) Open as of January 1, 2021, the new Innovation Employment Grant is a refundable tax credit that replaces the Alberta SR&ED tax credit program terminated at the end of 2019. Those small and medium-sized Alberta-based companies who qualify for the grant could receive an amount equal to 8% of their base R&D expenditures (calculated as the company's average qualifying R&D spending over the previous two years), and 20% of spending that is above that base amount. Expenditures must qualify for the federal SR&ED program and relate to R&D carried out in Alberta after December 31, 2020 in order to be eligible for the grant.

Corporations may qualify for the grant on up to $4 million in annual R&D spending. Where the corporation is associated with one or more corporations, this annual limit must be shared among the associated group. The amount of the grant is gradually reduced for corporations or associated corporations with taxable capital between $10 million and $50 million, and is completely eliminated when taxable capital reaches $50 million.

Notes, continued

(3) Eligible expenditures in Saskatchewan are determined by reference to the definition of "qualified expenditures" for federal ITC purposes. For eligible expenditures made between April 1, 2015 and March 31, 2017, the Saskatchewan ITC is a 10% non-refundable tax credit for all corporations. Effective April 1, 2017, qualifying R&D expenditures by Saskatchewan CCPCs are eligible for a 10% refundable R&D tax credit for the first $1 million of annual qualifying expenditures. Qualifying expenditures in excess of the annual limit and qualifying expenditures by other corporations continue to be eligible for the 10% non-refundable R&D tax credit. The total refundable and non-refundable R&D tax credits that may be claimed by a corporation will be limited to $1 million per year.

The credit is considered to be government assistance and reduces federal expenditures for both the R&D deduction and ITCs. Unused non-refundable credits may be carried back three taxation years or carried forward ten taxation years.

(4) Eligible expenditures in Manitoba are those that qualify for federal ITC purposes, with the following differences:

- Capital expenditures continue to be eligible expenditures in Manitoba
- Contract payments to eligible educational institutions in Manitoba are fully claimable (for all other contract payments, only 80% of the payments is claimable).

The 15% tax credit is fully refundable if the eligible expenditures are incurred after 2009 and by a corporation with a PE in Manitoba and where the research and experimental development is carried on in Manitoba under contract with a qualifying research institute in Manitoba. The rate decreased to 15% (from 20%) for eligible expenditures made after April 11, 2017.

The credit is 100% refundable for R&D performed under contract with a prescribed Manitoba institution, including post-secondary institutions, and 50% refundable otherwise.

Unused non-refundable credits earned in taxation years ending after 2005 may be carried back three taxation years or carried forward ten taxation years.

The tax credit (refundable and non-refundable) is considered to be government assistance and reduces federal expenditures for both the R&D deduction and ITCs. All or part of the credit can be renounced each year, however, the renunciation must be made in the year the credit was earned and no later than 12 months after the filing due date of the corporate income tax return. The tax implications for federal purposes are different depending on whether the credit is renounced by the filing due date or after the filing due date. Requests to renounce the Manitoba ITCs after the deadline will be denied.

(5) The OITC is an 8% refundable tax credit for small to medium-sized companies on eligible R&D expenditures. The OITC rate decreased to 8% (from 10%) effective June 1, 2016. The tax credit rate is prorated for taxation years straddling June 1, 2016. Eligible expenditures in Ontario are those that qualify for federal ITC purposes and are not in excess of the $3 million expenditure limit. The credit is available to corporations with taxable income of less than $500,000 and taxable paid-up capital (for Ontario capital tax purposes) of less than $25 million, in the preceding year. The corporation's expenditure limit will be reduced where this restriction is exceeded by the associated group and, for taxation years ending after 2009, will be eliminated once taxable income exceeds $800,000 or paid-up capital exceeds $50 million, in the preceding year.

(6) In Ontario, an eligible research institute contract is an R&D contract with an eligible research institute (i.e., certain post-secondary and hospital research institutions, and prescribed non-profit research organizations). Eligible expenditures, as defined for federal ITC purposes, are limited to $20 million per year.

(7) The ORDTC rate decreased to 3.5% (from 4.5%) effective June 1, 2016. The tax credit rate is prorated for taxation years straddling June 1, 2016. Eligible expenditures in Ontario are those that qualify for federal ITC purposes. The credit is non-refundable and is applicable for taxation years ending after 2008. Unused credits may be carried forward 20 years and carried back three years (but only back to taxation years ending after 2008).

(8) The tax credit rate has been harmonized for contracts concluded after December 4, 2014. After this date, payments will be subject to the same tax credit rate earned under the R&D Wage Tax Credit (see note (9) below).

In Quebec, eligible entities include universities, public research centres, and private research consortiums. These entities must carry on business in Canada and perform R&D in Quebec, or have such work carried out on their behalf in Quebec. An advance ruling from the Quebec Ministry of Revenue is required in order to qualify. Claimants do not need to have a permanent establishment in Quebec.

See note (10) for expenditure exclusion thresholds in effect for taxation years beginning after December 2, 2014.

Other types of eligible payments include expenditures in respect of pre-competitive research projects. An advance ruling from the Quebec Ministry of Revenue is required in order to qualify. Claimants do not need to have a permanent establishment in Quebec.

The March 10, 2020 Quebec budget confirmed the removal of the application of the expenditure exclusion threshold to pre-competitive projects.

(9) In Quebec, to be eligible for the 30% rate in respect of a maximum of $3 million in qualifying expenditures, the CCPC must have less than $50 million in assets on an associated worldwide basis in the preceding year. For corporations with assets between $50 million and $75 million, this rate is proportionally reduced to 14%. The limit must be shared by associated corporations.

The credit reduces eligible expenditures for federal purposes. The credit is taxable in Quebec.

Claimants do not need to have a permanent establishment in Quebec to claim eligible expenditures incurred in Quebec.

See note (10) for expenditure exclusion thresholds in effect for taxation years beginning after December 2, 2014.

(10) Quebec Information Bulletin 2014-11 introduced an exclusion threshold amount that reduces the expenditures that qualify for the tax credit. The threshold is prorated among the different Quebec R&D tax credits claimed.

The exclusion threshold amount varies depending on the taxpayer's assets, and is calculated on a non-consolidated basis:

- $50,000 for corporations with assets of $50 million or less
- An amount that increases linearly between $50,000 and $225,000 for corporations with assets between $50 million and $75 million
- $225,000 for corporations with assets of $75 million or more.

(11) In New Brunswick, Nova Scotia, Newfoundland and Labrador and the Yukon, eligible expenditures are those that are considered qualified expenditures for federal purposes. The credit is considered to be government assistance and reduces federal expenditures for both the R&D deduction and ITCs.

The Yukon R&D tax credit is refundable at a rate of 15% of eligible expenditures. An additional tax credit of 5% is available on amounts paid or payable to the Yukon College. The Yukon credit cannot be carried back or forward.

(12) There are no provincial/territorial R&D tax incentives in Prince Edward Island, Northwest Territories and Nunavut.

Net After-Tax Cost of Performing Research and Development (R&D)

CCPCs[1]	**B.C.**	**Alta.**[2]	**Sask.**	**Man.**	**Ont.**[3]
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Provincial/territorial ITC	(141)	(113)	(141)	(212)	(158)
Federal ITC @ 35%	(445)	(455)	(445)	(420)	(439)
Federal tax deduction	414	432	414	368	403
Federal taxes saved	$37	$39	$37	$33	$36
Provincial/territorial taxes saved	$8	$9	$0	$0	$13
Total tax savings					
Federal tax savings	$482	$494	$482	$453	$475
Provincial/territorial tax savings	149	122	141	212	171
Total savings	$631	$616	$623	$665	$646
Net after-tax cost of R&D	$369	$384	$377	$335	$354

Refer to notes on the following pages.

CCPCs[1]	**Que.**[4]	**N.B.**	**N.S.**	**P.E.I.**	**Nfld.**
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Provincial/territorial ITC	(225)	(212)	(212)	0	(212)
Federal ITC @ 35%	(416)	(420)	(420)	(494)	(420)
Federal tax deduction	359	368	368	506	368
Federal taxes saved	$32	$33	$33	$46	$33
Provincial/territorial taxes saved	$14	$9	$9	$10	$11
Total tax savings					
Federal tax savings	$448	$453	$453	$540	$453
Provincial/territorial tax savings	239	221	221	10	223
Total savings	$687	$674	$674	$550	$676
Net after-tax cost of R&D	$313	$326	$326	$450	$324

Net After-Tax Cost of Performing Research and Development (R&D)

CCPCs[1]	Y.T.[5]	N.W.T.	Nvt.
R&D expenditures	$1,000	$1,000	$1,000
Provincial/territorial ITC	(212)	0	0
Federal ITC @ 35%	(420)	(494)	(494)
Federal tax deduction	368	506	506
Federal taxes saved	$33	$46	$46
Provincial/territorial taxes saved	$0	$10	$15
Total tax savings			
Federal tax savings	$453	$540	$540
Provincial/territorial tax savings	212	10	15
Total savings	$665	$550	$555
Net after-tax cost of R&D	$335	$450	$445

Notes

(1) This table calculates the net after-tax cost to a Canadian-controlled private corporation (CCPC) of performing research and development (R&D) in the various provinces/territories. The calculations are based on the following assumptions:

- The CCPC's federal and provincial/territorial tax rates are those that apply to active business income eligible for the small business deduction. The provincial/territorial tax rates used in the calculations are those in effect on January 1, 2021 (see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC"). If the province's/territory's tax rate changes during the year, the calculations will need to be updated.
- The CCPC's R&D expenditures are eligible for the 35% federal investment tax credit (ITC).
- Three quarters of the expenditures relate to R&D salaries and the proxy election has been made by the corporation. The other quarter of the expenditures relate to materials. The calculations in the table assume incremental R&D expenditures have been incurred by the corporation.
- The corporation is able to fully claim federal and provincial/territorial investment tax credits in the year.
- The effects of all ITCs have been shown in the current year's deduction, even though federal ITCs are actually deducted from the R&D pool in the subsequent year.

(2) The calculation assumes a tax credit rate of 8% of base R&D expenditures (calculated as an Alberta company's average qualifying R&D spending over the previous two years). The enhanced tax credit rate is 20% of spending that is above the base amount.

(3) If the CCPC is also eligible to claim the Ontario Business Research Institute Tax Credit, the net after-tax cost would be $328.

(4) The exclusion threshold amount that reduces the expenditures that qualify for the Quebec tax credit is not included in the calculations.

(5) The calculation assumes a tax credit rate of 15% of eligible expenditures. An additional tax credit of 5% is available on amounts paid or payable to the Yukon College.

Net After-Tax Cost of Performing Research and Development (R&D)

General Corporations[6]	B.C.	Alta.	Sask.	Man.	Ont.[7]
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Provincial/territorial ITC	(141)	0	(141)	(212)	(49)
Federal ITC @ 15%	(191)	(212)	(191)	(180)	(205)
Federal tax deduction	668	788	668	608	746
Federal taxes saved	$100	$118	$100	$91	$112
Provincial/territorial taxes saved	$80	$63	$80	$73	$86
Total tax savings					
Federal tax savings	$291	$330	$291	$271	$317
Provincial/territorial tax savings	221	63	221	285	135
Total savings	$512	$393	$512	$556	$452
Net after-tax cost of R&D	$488	$607	$488	$444	$548

Refer to notes on the following pages.

General Corporations[6]	Que.[4]	N.B.	N.S.	P.E.I.	Nfld.
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Provincial/territorial ITC	(105)	(212)	(212)	0	(212)
Federal ITC @ 15%	(196)	(180)	(180)	(212)	(180)
Federal tax deduction	699	608	608	788	608
Federal taxes saved	$105	$91	$91	$118	$91
Provincial/territorial taxes saved	$80	$85	$85	$126	$91
Total tax savings					
Federal tax savings	$301	$271	$271	$330	$271
Provincial/territorial tax savings	185	297	297	126	303
Total savings	$486	$568	$568	$456	$574
Net after-tax cost of R&D	$514	$432	$432	$544	$426

Net After-Tax Cost of Performing Research and Development (R&D)

General Corporations[6]	**Y.T.**[5]	**N.W.T.**	**Nvt.**
R&D expenditures	$1,000	$1,000	$1,000
Provincial/territorial ITC	(212)	0	0
Federal ITC @ 15%	(180)	(212)	(212)
Federal tax deduction	608	788	788
Federal taxes saved	$91	$118	$118
Provincial/territorial taxes saved	$73	$91	$95
Total tax savings			
Federal tax savings	$271	$330	$330
Provincial/territorial tax savings	285	91	95
Total savings	$556	$421	$425
Net after-tax cost of R&D	$444	$579	$575

Notes

(6) This table calculates the net after-tax cost to a general corporation of performing R&D in the various provinces/territories. The calculations are based on the following assumptions:

- The federal and provincial/territorial tax rates are those that apply to active business income earned by a general corporation. The provincial/territorial tax rates used in the calculations are those in effect on January 1, 2021 (see the table "Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation"). If the province's/territory's tax rate changes during the year, the calculations will need to be updated.
- The corporation, including all associated companies, has assets and taxable paid-up capital in excess of $75 million and $50 million respectively in the prior year.
- The corporation's R&D expenditures are eligible for the 15% federal investment tax credit (ITC).
- Three quarters of the expenditures relate to R&D salaries and the proxy election has been made by the corporation. The other quarter of the expenditures relate to materials. The calculations in the table assume that incremental R&D expenditures have been incurred by the corporation, and all eligible expenditures have been fully deducted in the current taxation year.
- The corporation is able to fully claim federal and provincial/territorial investment tax credits in the year.
- The effects of all ITCs have been shown in the current year's deduction, even though federal ITCs are actually deducted from the R&D pool in the subsequent year.

(7) If the corporation is also eligible to claim the Ontario Business Research Institute Tax Credit, the net after-tax cost would be $518.

Ontario Corporate Minimum Tax (CMT)—At a Glance

Who is subject to CMT?[1]	Corporations with annual gross revenues in excess of $100 million and assets in excess of $50 million (on an associated group basis) are subject to CMT
What is the base for CMT?[2]	Corporation's CMT adjusted net income, which is book income before taxes calculated in accordance with Accounting Standards for Private Enterprises (ASPE) or the International Financial Reporting Standards (IFRS) adjusted for specific items that would otherwise double-count intercorporate profits
CMT adjustments to financial statement income include:[3]	• The reversal of equity or consolidation methods of accounting • The deduction of dividends included in financial statement income to the extent they are deducted for income tax purposes • The inclusion of the corporation's share of partnership income, calculated in accordance with ASPE or IFRS • Unrealized gains and losses included in accounting income and accounting gains arising from corporate reorganizations or the replacement of assets are exempt from CMT
CMT rate[4]	2.7%
CMT payable	CMT in excess of the corporation's regular Ontario income tax liability
CMT eligible losses[5] Carry forward period Carry back period	 20 years None
CMT paid in year[6] Carry forward period Carry back period	 20 years None

Notes

(1) Religious organizations and investment, mutual fund, mortgage investment and deposit insurance corporations are exempt from CMT.

(2) By basing CMT on financial statement income, certain tax preference items are ignored such as capital cost allowance claims in excess of book depreciation, the untaxed portion of capital gains, non-taxable life insurance proceeds included in book income, and items deducted for tax purposes, but ignored for accounting purposes, such as capital gains reserves.

Also, certain expenses deducted for financial statement purposes are not required to be added back to income, such as warranty provisions, pension expenses, financing or share issue costs, and real estate soft costs required to be capitalized for income tax purposes.

(3) CMT is calculated based on financial statement income, therefore certain adjustments must be made in order to ensure that profits are taxable only in the corporation that earned them and are not double-counted. Adjustments include those shown in the table.

(4) The CMT rate applies to the amount by which CMT adjusted net income exceeds CMT losses carried forward (see note (5)), multiplied by the Ontario allocation factor.

(5) CMT losses (based on the corporation's book losses and adjusted in the same way as income) can be carried forward and applied to reduce CMT income in any of the subsequent 20 years. CMT losses cannot be carried back to offset a prior year's CMT income.

(6) Net CMT paid may be carried forward and applied against a corporation's regular Ontario income tax liability in the subsequent 20 years to the extent that regular income tax (net of all credits) exceeds gross CMT in those years. The carryforward period is also 20 years for CMT credits outstanding at the beginning of a corporation's first taxation year ending after 2008. There is no ability to carry back CMT paid to reduce a prior year's regular Ontario income tax liability.

If CMT applies in a year, it will form part of the corporation's instalment base for the following year.

Federal Income Tax Instalments

Payment Due Dates

Type of Corporation	Thresholds[1]	Payment Due Dates[2]
General corporations	$3,000	Monthly
CCPCs		
Eligible[3]	3,000	Quarterly
Other	3,000	Monthly

Tax Instalment Choices

Tax Instalment Choices	General Monthly Payments	Eligible CCPC Quarterly Payments
Current year estimate	1/12 on monthly due date[4,6]	¼ on quarterly due date[5,6]
Preceding year method	1/12 on monthly due date[4,6]	¼ on quarterly due date[5,6]
Second preceding year method	First 2 months based on second preceding year, and remaining 10 months based on prior year[4,6]	First payment based on second preceding year, and remaining three payments based on prior year[5,6]

Notes

(1) Corporations are required to pay monthly tax instalments during the year if their total taxes payable, under Parts I (Income Tax), VI (Tax on Capital of Financial Institutions), VI.1 (Tax on Corporations Paying Dividends on Taxable Preferred Shares) and XIII.1 (Additional Tax on Authorized Foreign Banks), prior to the deduction of current year refundable tax credits, for the current or preceding taxation year are more than $3,000. However, eligible Canadian-controlled private corporations (CCPCs) may pay quarterly tax instalments if certain criteria are met (see note (3)).

A new corporation is not required to make instalment payments in its first taxation year.

Special rules apply to the calculation of instalments under Part XII.1 (Tax on Carved-out Income) and Part XII.3 (Tax on Investment Income of Life Insurers).

(2) If the taxation year-end is the last day of the month, instalment payments are due on or before the last day of each month or each quarter. Otherwise, the first instalment is due one month/quarter less a day from the first day of the corporation's taxation year and subsequent instalments are due on the same day of each of the following months/quarters.

For example, if a corporation had a year ending October 9, 2020, its instalments for its 2021 taxation year are due on the ninth day of each month (e.g., November 9, December 9, etc.). If the corporation is an eligible CCPC (see note (3)), the payments are due on the ninth day of each quarter (January 9, April 9, etc.).

If the payment due date falls on a Saturday, Sunday or public holiday, the payment is due by the next business day. Corporations are not required to segregate or identify the type of tax that is being paid (i.e., Parts I, VI, VI.1 or XIII.1 tax) as all payments are included in one corporate account.

A final tax payment based on the estimated balance of the tax liability for the year is due within two months after the end of the taxation year (called the balance due day). Certain CCPCs have three months in which to make their final tax payment (see the table "Filing and Payment Deadlines").

All federal tax instalments and final tax payments must be received by the Receiver General or processed by a Canadian financial institution on or before the due date. Payments are not considered received on the postmark date of first-class mail.

Payments may be made electronically over the internet (see canada.ca/guide-taxes-payments). Late and deficient instalments are charged interest at the prescribed rate (see the table "Prescribed Interest Rates").

Corporations are responsible for determining the amount of instalments needed. The Canada Revenue Agency does not calculate instalment payments for corporations until their tax return has been assessed.

(3) Eligible CCPCs may pay quarterly tax instalments if the corporation has met all of the following conditions:

- Taxable income (together with associated corporations) for either the current or previous year does not exceed $500,000
- A small business deduction claim was made in either the current or previous year
- Taxable capital employed in Canada (together with associated corporations) does not exceed $10 million in either the current or previous year, and
- Generally no compliance irregularities exist under the *Income Tax Act, Employment Insurance Act, Canada Pension Plan* and the GST/HST section of *the Excise Tax Act* during the preceding 12 months.

Notes, continued

(4) Corporations, other than eligible CCPCs, must calculate and pay monthly instalments for Parts I, VI, VI.1 and XIII.1 tax using one of the following three methods:

- Current year estimate—1/12 of the estimated tax liability for the current year
- Preceding year method—1/12 of the preceding year's tax liability (first instalment base), or
- Second preceding year method—1/12 of the second preceding year's tax liability (second instalment base) for the first two months, and for the remaining 10 months, 1/10 of the difference between the first instalment base and the total of the first two payments.

For all three methods, a corporation must also include the tax liability associated with each applicable province and/or territory, other than Alberta and Quebec (see the table "Provincial Income Tax Instalments"). When calculating instalment payments the federal payments must also include Ontario corporate income and minimum taxes (see the table "Ontario Corporate Minimum Tax (CMT)—At a Glance").

A special adjustment to the tax instalment base is required where at least one of the two preceding taxation years is a short fiscal year.

(5) Eligible CCPCs (discussed in note (3)) will calculate their quarterly instalments for Parts I and VI.1 tax using one of the following three methods:

- Current year estimate—1/4 of the estimated tax liability for the current year
- Preceding year method—1/4 of the preceding year's tax liability (first instalment base), or
- Second preceding year method—1/4 of the second preceding year's tax liability (second instalment base) for the first instalment, and for the remaining three payments, 1/3 of the difference between the first instalment base and the first payment.

See the comments in note (4) for the payment of provincial and/or territorial taxes.

A special adjustment to the tax instalment base is required where at least one of the two preceding taxation years is a short fiscal year.

(6) Corporations may redirect tax instalments that have already been made to a different taxation year. It may also be possible to transfer amounts to another account of the corporation or to an account of a related corporation. However, a payment cannot be transferred after the taxation year has been assessed. Transferred payments will keep their original payment date for purposes of calculating interest charges.

Provincial and Territorial Income Tax Instalments[1]

	Alberta		Quebec	
Type of Corporation	**Threshold[2]**	**Payment Due Dates**	**Threshold[2]**	**Payment Due Dates**
General corporation	2,000	Monthly[3]	3,000	Monthly[3]
CCPC				
Eligible[5,6]	2,000	Exempt	3,000	Quarterly[4]
Other	2,000	Monthly[3]	3,000	Monthly[3]

Notes

(1) Alberta and Quebec are the only provinces that collect their own corporate income taxes. Corporate taxpayers in the remaining provinces and territories remit their income tax payments to the Canada Revenue Agency as one payment. Tax instalments for the provinces and territories that do not collect their own corporate income taxes are calculated using the same basis as that used for federal purposes (see the table "Federal Income Tax Instalments"). A new corporation is not required to make instalment payments in its first taxation year.

(2) A corporation is not required to make instalment payments if its tax liability for the current year or immediately preceding year is not greater than the threshold noted.

(3) Monthly instalments must be calculated using one of the following three methods:

- Current year estimate—1/12 of the estimated tax liability for the current year
- Prior year method—1/12 of the preceding year's tax liability (first instalment base), or
- Second preceding year method—1/12 of the second preceding year's tax liability (second instalment base) for the first two months, and for the remaining 10 months, 1/10 of the difference between the first instalment base and the total of the first two payments.

Notes, continued

(4) Quarterly instalments must be calculated using one of the following three methods:

- Current year estimate—1/4 of the estimated tax liability for the current year
- Prior year method—1/4 of the preceding year's tax liability (first instalment base), or
- Second preceding year method—1/4 of the second preceding year's tax liability (second instalment base) for the first instalment, and for the remaining three payments, 1/3 of the difference between the first instalment base and the first payment.

(5) Eligible CCPCs in Alberta may be exempt from paying instalments throughout the year if the corporation meets one of the following conditions:

- Taxable income for the current year does not exceed $500,000 and the Alberta small business deduction is claimed in the current year, or
- Taxable income for the previous year did not exceed $500,000 and the Alberta small business deduction was claimed in the previous year.

(6) Eligible CCPCs in Quebec may pay quarterly instalments if the corporation meets all of the following conditions:

- Taxable income (together with associated corporations) for either the current year or previous year does not exceed $500,000
- The corporation has income from a business it actively carried on during the current year or had such income in the previous year
- Paid-up capital (together with associated corporations) does not exceed $10 million in either the current or previous year, and
- All tax obligations in the last 12 months have been met.

Filing and Payment Deadlines

	Filing Deadline	Payment Deadline
Federal Corporate income tax returns[1]	Returns are due within six months after year-end	The balance of taxes payable is due within two months after year-end For certain CCPCs, the deadline is extended to three months[2]
Alberta Corporate income tax returns	Returns are due (and must be received) within six months after year-end	The balance of taxes payable is due within two months after year-end For certain CCPCs, the deadline is extended to three months[3]
Quebec Corporate income tax returns	Returns are due within six months after year-end	The balance of taxes payable is due within two months after year-end The same applies to the balance of the compensation tax[4]
Other provincial Capital tax returns[5]	Returns are due within six months after year-end	The balance of taxes payable is due within six months after year-end
Federal Notice of Objection[6]	Form T400A or equivalent letter must be filed within 90 days from the date of mailing of the Notice of Assessment or Reassessment	Large corporations must remit one-half of the disputed amount within 90 days of the date of mailing of the Notice of Assessment or Reassessment
Provincial Notice of Objection[7]	Prescribed form or equivalent letter must be filed within 90 days from the date of mailing of the Notice of Assessment or Reassessment	Some provinces require prepayment of the amount in dispute even if a Notice of Objection is filed

Notes

(1) The corporate income tax returns for all provinces and territories (with the exception of Alberta and Quebec) follow the federal filing and payment deadlines.

(2) For federal purposes, in order to qualify for the extension, the corporation must be a Canadian-controlled private corporation (CCPC) throughout the year, must have taxable income not exceeding the small business income threshold (see the table "Small Business Income Thresholds for 2021 and Beyond") on an associated group basis in the preceding year, and must claim the small business deduction in the current or the preceding year.

(3) For Alberta purposes, in order to qualify for the extension, the corporation must be a CCPC throughout the year and, in either the current or the preceding year, must have claimed the Alberta small business deduction and had taxable income of not more than $500,000. The extension is also available for CCPCs with a tax liability of $2,000 or less in either the current or the preceding year.

(4) Listed financial institution corporations must complete Form CO-1159.2—*Calcul de la taxe compensatoire des institutions financières* and file it with their corporate income tax returns.

(5) This applies to Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Prince Edward Island. Ontario's special additional tax on life insurance corporations and Newfoundland and Labrador's capital tax on financial institutions are included in the federal income tax return. Quebec's capital tax on insurance and life insurance corporations is included in the Quebec income tax return.

(6) Corporations can file an objection by using Form T400A—*Notice of Objection – Income Tax Act*, a signed letter, or the "Register my formal dispute" option on the Canada Revenue Agency website. The objection should clearly explain what is being objected to and set out the facts and reasons for the objection. An objection filed by a large corporation must also reasonably describe each issue to be decided, specify the relief sought, detail the amount of the change in any balance, and provide facts and reasons relied on for each issue. A corporation is treated as a large corporation if the total taxable capital employed in Canada at the end of the taxation year by it and its related corporations exceeds $10 million.

(7) Some provinces require the use of a prescribed form, while others will accept a written statement detailing all pertinent facts and reasons. Most provinces follow the federal rules in respect of large corporations.

Notices of Objection for Alberta must be received by the Alberta Tax and Revenue Administration within 90 days. In Alberta, "large corporations" (as defined for federal purposes) must file Form AT97—*Notice of Objection*, for all objections (including federal-parallel objections). Large corporations must reasonably describe each issue to be decided, specify the relief sought, detail the amount of the change in any balance and provide facts and reasons relied on for each issue. Where the federal and Alberta objections are for the same issue, corporations that are not considered "large corporations" may instead file a copy of only the federal objection with the Alberta Tax and Revenue Administration provided that it includes all information required on Form AT97. Supporting documents should be provided in all cases.

In Quebec, Form MR-93.1.1-V—*Notice of Objection* must be filed for all objections (including federal-parallel objections). Form MR-93.1.1-V must state the reasons for the objection and all relevant facts. Large corporations also have to describe each issue in dispute and provide an estimate of the dollar amount of each issue in dispute. Supporting documents should be provided in all cases.

Payroll Source Deductions

Type of Remitter	Thresholds[1]	Payment Deadline[2]
Quarterly[3]		
New small employers	< $1,000 and perfect compliance history	15th day of the month following the end of each calendar quarter
Small employers	< $3,000 and perfect compliance history	
Monthly[4]		
New and regular employers	< $25,000	15th day of the following month
Semi-monthly[5]		
Accelerated – Threshold 1	$25,000 to $99,999.99	25th day of the same month 10th day of the following month
Weekly[6]		
Accelerated – Threshold 2	$100,000 or more	Third working day after the end of each weekly period

Notes

(1) Thresholds are generally determined based on the average monthly withholdings of Canada Pension Plan (CPP) contributions, Employment Insurance (EI) premiums and employees' income tax in the second preceding calendar year. Special rules apply to small employers and new small employers (see note (3) and (4)). The source deductions of all associated corporations are combined to determine the range in which average monthly withholding amounts fall. If, for example, this amount is $25,000 or more, then all associated corporations will be considered accelerated remitters.

The Canada Revenue Agency (CRA) considers an employer to have a perfect compliance history if there have been no compliance irregularities, outstanding GST/HST returns or outstanding T4 information returns in the preceding 12 months.

(2) If the due date for the remittance falls on a Saturday, Sunday or public holiday recognized by the CRA, the remittance is due on the next business day. Remittances must be received by the CRA on or before the due date. All payments made after the due date are assessed a penalty calculated based on graduated rates.

(3) New small employers who will pay remuneration for the first time have the option to remit quarterly instead of monthly for the first year, if they have monthly withholdings of less than $1,000 and a perfect compliance history (see note (1)). When the employer's required monthly withholdings become greater than $1,000, the CRA will classify the employer as a weekly, semi-monthly, monthly or quarterly remitter in accordance with the existing rules.

Small employers who have had their payroll account for at least a year may remit their source deductions on a quarterly basis if they have average monthly withholdings of less than $3,000 in either the first or second preceding calendar year, and a perfect compliance history (see note (1)).

Quarterly remittance periods end on March 31, June 30, September 30 and December 31. Remittances may be made either electronically, at a Canadian financial institution or by mail.

(4) New employers (not including new small employers) or employers with average monthly withholdings of less than $25,000 in the second preceding calendar year may remit their payments either electronically, at a Canadian financial institution or by mail.

(5) Employers with average monthly withholding amounts between $25,000 and $100,000 in the second preceding calendar year must remit their source deductions in the following manner:

- For remuneration paid during the first 15 days of the month, remittances must be received by the 25th day of that same month
- For remuneration paid during the balance of the month, remittances must be received by the 10th day of the following month.

Threshold 1 remitters may remit their payments either electronically, at a Canadian financial institution or by mail.

(6) Employers with average monthly withholding amounts of $100,000 or more in the second preceding calendar year must remit their source deductions four times a month. The remittances must be received by the third working day after the last day of the following periods:

- 1st to the 7th day of the month
- 8th to the 14th day of the month
- 15th to the 21st day of the month
- 22nd to the last day of the month.

Threshold 2 remitters must remit their source deductions either electronically or at a Canadian financial institution. Payments received by the CRA at least one full day before the due date will be considered to have been made at a financial institution. Payments made on the due date but not at a financial institution may be charged a penalty of 3% of the amount due.

Income tax administration and policy

3

Prescribed Interest Rates—2021[1]

	Jan. to Mar. (Q1)	Apr. to Jun. (Q2)	Jul. to Sept. (Q3)	Oct. to Dec. (Q4)
Federal[2]				
Base rate	1.0%	1.0%	1.0%	1.0%
Tax debts	5.0	5.0	5.0	5.0
Tax refunds – corporations	1.0	1.0	1.0	1.0
Tax refunds – other taxpayers	3.0	3.0	3.0	3.0
Alberta[3]				
Tax debts	4.5	4.5	4.5	4.5
Tax refunds	0.5	0.5	0.5	0.5
Quebec[4]				
Tax debts	5.0	5.0	5.0	5.0
Tax refunds	1.0	1.0	0.8	0.8

Notes

(1) The rates in these tables do not apply to underpaid and overpaid capital taxes. For the applicable prescribed interest rates for capital tax debts and refunds see the tables "Prescribed Interest Rates for Capital Taxes".

(2) The federal base rate applies to taxable benefits for employees and shareholders, low-interest loans and other related-party transactions. The rate for tax debts applies to all tax debts, penalties, insufficient instalments, and unpaid employee income tax, Canada Pension Plan contributions and Employment Insurance premiums.

All provinces other than Alberta and Quebec use the federal interest rates for corporate income tax refunds and debts. All provinces other than Quebec use the federal interest rates for individual income tax refunds and debts.

Interest charged on tax debts is not deductible in calculating taxable income. Interest received on tax refunds must be included in taxable income in the year received. For any period of time where interest is calculated both on tax refunds and debts, the two amounts may be offset. Interest will be payable only on the net balance owing, with the rate of interest depending on whether there is a net overpayment or underpayment.

Prescribed Interest Rates—2022[1]

	Jan. to Mar. (Q1)	Apr. to Jun. (Q2)	Jul. to Sept. (Q3)	Oct. to Dec. (Q4)
Federal[2]				
Base rate	1.0%	TBA	TBA	TBA
Tax debts	5.0	TBA	TBA	TBA
Tax refunds – corporations	1.0	TBA	TBA	TBA
Tax refunds – other taxpayers	3.0	TBA	TBA	TBA
Alberta[3]				
Tax debts	4.5	TBA	TBA	TBA
Tax refunds	0.5	TBA	TBA	TBA
Quebec[4]				
Tax debts	5.0	TBA	TBA	TBA
Tax refunds	0.6	TBA	TBA	TBA

TBA = To be announced

(3) The Alberta rates indicated in the table apply to corporate income taxes.

(4) The Quebec rates indicated in the table apply to personal income taxes, as well as corporate income and capital taxes. Quebec also charges an additional 10% per year on underpaid instalments if less than 75% of the required amount (90% for corporations) is paid.

Prescribed Interest Rates for Capital Taxes—2021[1]

	Jan. to Mar. (Q1)	Apr. to Jun. (Q2)	Jul. to Sept. (Q3)	Oct. to Dec. (Q4)
Saskatchewan				
Tax Debts	5.45%	5.45%	5.45%	5.45%
Tax Refunds	2.45	2.45	2.45	2.45
Manitoba[2]				
Tax Debts	6.45	6.45	6.45	6.45
Tax Refunds	N/A	N/A	N/A	N/A
Ontario[3]				
Tax Debts	5.0	5.0	5.0	5.0
Tax Refunds	1.0	1.0	1.0	1.0
Quebec[4]				
Tax Debts	5.0	5.0	5.0	5.0
Tax Refunds	1.0	1.0	0.8	0.8
New Brunswick[2]				
Tax Debts	0.7591% per month	0.7591% per month	0.7591% per month	0.7591% per month
Tax Refunds	N/A	N/A	N/A	N/A
Nova Scotia				
Tax Debts	5.0	5.0	5.0	5.0
Tax Refunds	1.0	1.0	1.0	1.0
Prince Edward Island[5]				
Tax Debts	1.5% per month	1.5% per month	1.5% per month	1.5% per month
Tax Refunds	1.5% per month	1.5% per month	1.5% per month	1.5% per month
Newfoundland and Labrador				
Tax Debts	5.0	5.0	5.0	5.0
Tax Refunds	1.0	1.0	1.0	1.0

Refer to notes on the following pages.

Prescribed Interest Rates for Capital Taxes—2022[1]

	Jan. to Mar. (Q1)	Apr. to Jun. (Q2)	Jul. to Sept. (Q3)	Oct. to Dec. (Q4)
Saskatchewan				
Tax Debts	5.45%	5.45%	TBA	TBA
Tax Refunds	2.45	2.45	TBA	TBA
Manitoba[2]				
Tax Debts	5.45	5.45	TBA	TBA
Tax Refunds	N/A	N/A	TBA	TBA
Ontario[3]				
Tax Debts	5.0	TBA	TBA	TBA
Tax Refunds	1.0	TBA	TBA	TBA
Quebec[4]				
Tax Debts	5.0	TBA	TBA	TBA
Tax Refunds	0.6	TBA	TBA	TBA
New Brunswick[2]				
Tax Debts	0.7591% per month	0.7591% per month	TBA	TBA
Tax Refunds	N/A	N/A	TBA	TBA
Nova Scotia				
Tax Debts	5.0	TBA	TBA	TBA
Tax Refunds	1.0	TBA	TBA	TBA
Prince Edward Island[5]				
Tax Debts	1.5% per month	1.5% per month	TBA	TBA
Tax Refunds	1.5% per month	1.5% per month	TBA	TBA
Newfoundland and Labrador				
Tax Debts	5.0	TBA	TBA	TBA
Tax Refunds	1.0	TBA	TBA	TBA

TBA = To be announced

Prescribed Interest Rates for Capital Taxes

Notes

(1) The rates in these tables apply only to underpaid and overpaid capital taxes. Only financial institutions are subject to capital tax (see the table "Capital Tax Rates — Financial Institutions"). For the applicable prescribed interest rates for personal and corporate income tax debts and refunds, as well as for employee and shareholder taxable benefits, low-interest loans and other related-party transactions, see the tables "Prescribed Interest Rates".

(2) Manitoba and New Brunswick do not pay refund interest on overpaid capital tax.

(3) The federal government administers Ontario's capital tax, therefore interest on underpaid and overpaid Ontario capital tax is calculated based on the federal prescribed rates.

(4) Quebec also charges an additional 10% per year on underpaid corporate instalments if less than 90% of the amount is paid.

(5) Prince Edward Island only pays refund interest if it arises as a result of an objection or appeal.

Prescribed Interest Rates for Leasing Rules

	2019	2020	2021
January	3.39%	2.57%	2.06%
February	3.12	2.67	2.13
March	3.11	2.42	2.32
April	3.10	2.32	2.77
May	2.76	2.25	2.90
June	2.90	1.99	2.96
July	2.75	1.92	TBA
August	2.70	1.95	TBA
September	2.67	1.86	TBA
October	2.34	2.01	TBA
November	2.54	1.99	TBA
December	2.60	2.01	TBA

TBA = To be announced

Notes

- The Canada Revenue Agency (CRA) has established prescribed interest rates, under Regulation 4302, to determine and limit both the amount of capital cost allowance that a lessor may claim in respect of "specified leasing property" and the interest portion of payments by a lessee. The rate for these purposes, in any month, is one percentage point greater than the average long-term Government of Canada bonds rate on the last Wednesday of the month before the preceding month.

Other Selected Federal Filing Deadlines

Type of Return	Filing Deadline[1]
Payer Information Returns (T4, T4A, T4A-NR, T5)	On or before the last day of February following the calendar year to which the information returns apply If the business or activity has been discontinued, no later than 30 days after the discontinuance
Trust Income Tax and Information Return[2] (T3), including related slips and summaries	Within 90 days of trust's year-end 90 days after a graduated rate estate's wind-up or discontinuance
Partnership Information Return[3] (T5013), including related schedules	Where all members are corporations, no later than five months from the end of the partnership's fiscal period Where all members are individuals (including trusts), no later than March 31 of the calendar year following the year in which the partnership's fiscal period ended In any other case, the earlier of these two dates If the business or activity of the partnership has been discontinued, the earlier of 90 days after the discontinuance or the date that the partnership would otherwise have to file
Non-profit Organization Information Return (T1044)	Within six months of non-profit organization's year-end
Tax Shelter Information Return (T5003)	On or before the last day of February of the year following the year in which any tax shelter interests were sold by the promoter to an investor If the tax shelter business or activity has been discontinued, on or before the earlier of the above date and 30 days after the discontinuance
Reportable Transactions Information Return[4] (RC312)	On or before June 30 of the calendar year following the calendar year in which the transaction first became a reportable transaction
NR4 Information Return—Amounts Paid or Credited to Non-residents of Canada	On or before March 31 or within 90 days after the end of the estate's or trust's year-end If the business or activity has been discontinued, no later than 30 days after the discontinuance
T1159—Income Tax Return for Electing under Section 216	If Form NR6—Undertaking to File an Income Tax Return by a Non-resident Receiving Rent from Real or Immovable Property or Receiving a Timber Royalty has been filed and approved, by June 30 of the calendar year following that year If the non-resident taxpayer disposed of the rental property during the year for which capital cost allowance (CCA) had previously been claimed and recapture of the CCA is being included in that year, by April 30 of the calendar year following that year (regardless of NR6 filing) In any other case, within two years of the non-resident taxpayer's year-end
T106—Information Return of Non-arm's Length Transactions with Non-residents	Same filing due date as taxpayer's income tax return For partnerships, same filing due date as the partnership information return

Refer to notes on the following pages.

Type of Return	Filing Deadline
Schedule 91—Information Concerning Claims for Treaty-based Exemptions	Same filing due date as taxpayer's income tax return
Schedule 97—Additional information on Non-Resident Corporations in Canada	Same filing due date as taxpayer's income tax return
T1134—Information Return Relating to Controlled and Not-Controlled Foreign Affiliates	Within 12 months of taxpayer's year-end[5]
T1135—Foreign Income Verification Statement	Same filing due date as taxpayer's income tax return For partnerships, same filing due date as the partnership information return
T1141—Information Return in Respect of Contributions to Non-Resident Trusts, Arrangements or Entities	Same filing due date as taxpayer's income tax return
T1142—Information Return in Respect of Distributions from and Indebtedness to a Non-resident Trust	Same filing due date as taxpayer's income tax return For partnerships, same filing due date as the partnership information return
RC4649 Country-by-Country Report	Within 12 months of taxpayer's year-end

Other Selected Federal Filing Deadlines

Notes

(1) Generally, filing deadlines that fall on a Saturday, Sunday or a statutory holiday are extended to the next business day.

(2) The tax year-end of an inter vivos trust is December 31, except for a mutual fund trust that elects to have a December 15 year-end. The tax year-end of a testamentary trust is December 31, except for graduated rate estates. The tax year-end of a graduated rate estate must be within 12 months after the date of the individual's death.

A public trust is also required to disclose certain information in prescribed form by the following filing deadlines: within 60 days after the end of the taxation year, or where the public trust is, at any time in the taxation year, a public investment trust, within 67 days after the end of the calendar year in which the taxation year ends.

The 2018 federal budget proposed to require certain trusts to report additional information on an annual basis, including identity of all trustees, beneficiaries, settlors of the trust and each person who has the ability to exert control over trustee decisions regarding the appointment of income or capital of the trust. The proposed new reporting requirements will apply to returns required to be filed for taxation years that end after December 30, 2021.

(3) Every member of a partnership that is, at any time in the fiscal period, a public partnership is also required to disclose certain information in prescribed form by the following filing deadlines: the earlier of 60 days after the end of the calendar year in which the fiscal period ends and four months after the end of the fiscal period, or where the public partnership is, at any time in the fiscal period, a public investment partnership, within 67 days after the end of the calendar year in which the fiscal period ends.

(4) The 2021 federal budget announced a consultation on certain proposals to enhance Canada's mandatory disclosure rules to implement recommendations from Action Item 12 of the OECD's Base Erosion and Profit Shifting Project.

Reportable and notifiable transactions—The budget proposed changes to the existing reportable transactions rules so that only one generic hallmark needs to be present in order for a transaction to be reportable (in contrast to the current rules which require two of three generic hallmarks to be present). In addition, the budget amends the definition of an "avoidance transaction" for purposes of these rules to include a transaction where it can reasonably be concluded that one of the main purposes of entering into the transaction is to obtain a tax benefit. The budget also proposed a category of specific hallmarks known as "notifiable transactions" that would include both transactions that the CRA has found to be abusive as well as transactions identified as transactions of interest.

Uncertain tax treatments—The budget proposed that an uncertain tax positions regime be implemented in Canada that would require specified corporate taxpayers to report particular uncertain tax treatments to the CRA.

Reassessment period—The budget proposed that where a taxpayer has a reporting requirement in respect of a transaction relevant to the income tax return for a taxation year, the normal reassessment period would not commence in respect of the transaction until the taxpayer has complied with the reporting requirement.

The federal government intends to release draft legislation on these proposed measures and additional information and invites stakeholders to provide feedback by September 3, 2021.

Taxpayers residing or operating in Quebec must disclose information about four types of specified transactions (if undertaken in a certain manner): avoidance of deemed disposal of trust property; payment to a non-treaty country; multiplication of the capital gains deduction; and tax attribute trading. Taxpayers who have undertaken any of these transactions must complete and file form TP-1079.DI-V, "Mandatory or Preventive Disclosure of Tax Planning" by the later of July 15, 2021 or 60 days from the date that the obligation to disclose arises.

(5) The T1134 filing deadline is now 12 months (rather than 15 months) from the end of the reporting taxpayer's taxation year, for taxation years that begin in 2020. The deadline will be 10 months from the end of the reporting taxpayer's taxation year, for taxation years that begin after 2020.

Selected Federal Penalty and Offence Provisions

Description	Penalty/Offence
Failure and repeated failure to file income tax returns	First occurrence—5% plus 1% per complete month while failure continues (not exceeding 12 months) of unpaid tax Second occurrence—10% plus 2% per complete month while failure continues (not exceeding 20 months) of unpaid tax[1]
Failure to file a return or to comply with certain provisions of the Income Tax Act	On summary conviction, fine between $1,000 and $25,000, or both the fine and imprisonment for a term not exceeding 12 months
Failure to file certain information returns	Greater of $100 and $25 per day, to a maximum of 100 days[2]
Failure to file foreign-based information returns	Up to 24 months—$500[3] per month less any penalty imposed for failure to file an information return as indicated above Over 24 months—an additional penalty equal to 5% of certain property amounts less any penalty imposed above or for failure to file an information return
Failure to provide information on prescribed forms	$100 for every occurrence (includes failure to disclose Social Insurance Number)[4]
Failure to file in appropriate manner	$25 for each failure for an individual; $100 for each failure made by a corporation[5]
Failure to report income in year and in any of three preceding years	Lesser of 10% of amount not reported and 50% of difference between the tax payable on unreported income and any tax paid for unreported income[6]
False statements or omissions	Greater of $100 and 50% of the tax payable on understatement of income
False statements or omissions on foreign-based information returns	Greater of $24,000 and 5% of certain property amounts[7]

Refer to notes on the following pages.

Description	Penalty/Offence
Late or deficient instalment payments	50% of the amount by which the interest payable on instalments for the year exceeds the greater of $1,000 and 25% of interest payable computed as if no instalments had been made
Failure to deduct or withhold tax	First occurrence—10% of amount not deducted or withheld[8] Second occurrence—20% of amount not deducted or withheld[9]
False information on tax shelter application or sale of tax shelter before identification number is issued	$500 or 25% of the greater of the total cost of shelters sold before filing correct information or issuance of identification number and the total value that an investor in the tax shelter could donate under a gifting arrangement (as defined in the Income Tax Act) before filing correct information or issuance of identification number, whichever is greater
Wilfully providing incorrect tax shelter identification number	On summary conviction, fine from 100% to 200% of cost of tax shelter, imprisonment for up to two years, or both
Tax evasion	On summary conviction, fine from 50% to 200% of tax sought to be evaded, or both the fine and imprisonment for up to two years On indictment, fine from 100% to 200% of tax sought to be evaded and imprisonment for up to five years
Third-party participation in a misrepresentation	Greater of $1,000 and penalty levied for a false statement or omission, capped at a total of $100,000 plus third-party's compensation
Third-party misrepresentation in tax planning arrangements	Greater of $1,000 and 100% of the gross revenue derived from the arrangement in respect of a planning or valuation activity

Notes

(1) This penalty applies only where the taxpayer has been subject to the "first occurrence" penalty within the three preceding taxation years and a demand for the income tax return has been made by the Canada Revenue Agency (CRA).

(2) In respect of the Partnership Information Return, where there has previously been a "first occurrence" penalty within the three preceding taxation years and a demand for the return has been made by the CRA, an additional penalty of $100 per partner is levied for each month or partial month (not exceeding 24 months) that the failure continues.

In respect of the Trust Income Tax and Information Return, the 2018 federal budget proposed to require certain trusts to report additional information on an annual basis (see the table "Other Selected Federal Filing Deadlines"). If a failure to file the return was made knowingly, or due to gross negligence, an additional penalty will apply. The additional penalty is 5% of the maximum fair market value of property held during the year by the trust, with a minimum penalty of $2,500. The proposed new reporting requirements and related penalties will apply to returns required to be filed for taxation years that end after December 30, 2021.

There is also a penalty for failure to file a tax shelter information return equal to 25% of the greater of the total cost of shelters sold before the demand for the return was made by the CRA and the total value that an investor in the tax shelter could donate under a gifting arrangement (as defined in the Income Tax Act).

(3) These penalties are imposed where a taxpayer knowingly, or under circumstances amounting to gross negligence, fails to file certain foreign-based information returns (i.e., Forms T106, T1134, T1135, T1141 and T1142, as discussed in the table "Other Selected Federal Filing Deadlines").

(4) This penalty is not applicable where a reasonable attempt was made to obtain the outstanding information, or where a Social Insurance Number was applied but not received at the time the return was filed.

(5) This penalty applies to preparers who are paid to prepare more than 10 income tax returns (for either corporations or individuals) who do not file such tax returns with the CRA in electronic format.

(6) The penalty for a repeated failure to report income applies if a taxpayer fails to report at least $500 of income in the year and in any of the three preceding years. This penalty does not apply if the penalty for false statements or omissions has been levied.

(7) For T1142 information returns, the penalty is the greater of $2,500 and 5% of certain property amounts. For T106 information returns, the penalty is $24,000 (see the table "Other Selected Federal Filing Deadlines").

(8) Late employer payroll remittances are subject to the following penalties: 3% for remittances that are less than four days late, 5% for remittances that are four or five days late, 7% for remittances that are six or seven days late and 10% for remittances that are more than seven days late. Late employer payroll remittances are also subject to a 20% "second occurrence" penalty (see note (9) below).

(9) The penalty for a "second occurrence" is imposed where a taxpayer is subject to a "first occurrence" penalty in the same calendar year and the failure was made knowingly or under circumstances amounting to gross negligence.

Selected Provincial/Territorial Penalty Provisions

Province/Territory	Description	Penalty
British Columbia[1]	None prescribed	
Alberta[2]	Failure to file returns	5% plus 1% per complete month while failure continues (not exceeding 12 months) of unpaid tax
	Late or deficient instalment payments	50% of the amount by which the interest payable on instalments for the year exceeds the greater of $1,000 and 25% of interest payable computed as if no instalments had been made
	Failure to report errors in returns, or receipt of a federal or other provincial assessments and reassessments to Alberta within 90 days of discovery or mailing, respectively	5% of incremental tax owing on the 90th day plus 1% per complete month while failure continues (not exceeding 12 months) plus loss of right to appeal for an arrears interest waiver
	False statements or omissions under circumstances amounting to gross negligence	Greater of $100 and 50% of the tax payable on understatement of income
Saskatchewan[1]	Failure to file returns	First offence—fine of up to $1,000
	Failure to pay tax when due	Second or subsequent offence—fine of up to $5,000, imprisonment for up to three months, or both
	False statements or omissions	Additional fine equal to amount of tax owing
Manitoba[1]	Failure to file returns	Maximum of $200 per day while failure continues
	Failure to pay tax when due	10% of unpaid tax at the time payment was required

Notes

(1) The penalties indicated in the table apply to the province's capital tax legislation. Penalties for personal and corporate income tax returns and payments that are the same as those that apply federally are listed below (see the table "Selected Federal Penalty and Offence Provisions"):

- Failure and repeated failure to file returns
- Failure to file certain information returns
- Failure to provide information on prescribed forms
- Failure to report income in the year and in any of the three preceding years
- False statements or omissions, and
- Late or deficient instalment payments.

British Columbia and Manitoba also have third-party penalties similar to those that apply federally.

Province/Territory	Description	Penalty
Ontario[1]	Failure and repeated failure to file returns	Same as federal
	Failure to report income in year and in any of three preceding years	Same as federal
	False statements or omissions	Same as federal
	Late or deficient instalments	Same as federal
Quebec[3]	Failure to file returns	5% plus 1% per complete month while failure continues (not exceeding 12 months) of the unpaid tax
	False statements or omissions	Greater of $100 and 50% of the tax payable on understatement of income
	Late or deficient instalment payments	Additional interest charge of 10% per year on unpaid amounts[4]
New Brunswick[1]	Failure to file returns or pay tax	Greater of $10 or 10% of unpaid tax
Nova Scotia[1]	Failure to file returns	Maximum of $100 per day while failure continues
	Tax evasion	Maximum of 50% of tax evaded
	False or misleading statements	$1,000 plus twice the amount of tax evaded, plus $1,000 per day for a continuing offence
Prince Edward Island[1]	Failure to file returns	Minimum of $100 for each return not filed
	False statements	Between $250 and $5,000
	Failure to pay tax	5% of tax payable (if tax payable is less than $5,000), or $250 in any other case
Newfoundland and Labrador[1,5]	None prescribed	
Yukon	None prescribed	
Northwest Territories	None prescribed	
Nunavut	None prescribed	

(2) These penalties apply to Alberta's corporate income tax legislation. Penalties under the province's personal income tax legislation are the same as those that apply federally.

(3) These penalties apply to Quebec's personal and corporate income and capital tax legislation. Quebec also has third-party penalties similar to those that apply federally.

(4) These penalties apply only if a corporation's payment is less than 90% of the amount owed or an individual's payment is less than 75% of the amount owed.

(5) The Canada Revenue Agency administers Newfoundland and Labrador's financial institutions capital tax. For applicable penalties, see "Selected Federal Penalty and Offence Provisions".

International

4

Foreign Exchange Rates—Monthly Averages

	U.S. Dollar	U.K. Pound Sterling	European Euro	Australian Dollar
2020				
January	1.3087	1.7106	1.4523	0.8968
February	1.3286	1.7210	1.4494	0.8854
March	1.3953	1.7239	1.5417	0.8671
April	1.4058	1.7453	1.5276	0.8865
May	1.3970	1.7188	1.5236	0.9105
June	1.3550	1.6969	1.5257	0.9348
July	1.3499	1.7135	1.5499	0.9502
August	1.3222	1.7374	1.5646	0.9527
September	1.3228	1.7126	1.5591	0.9558
October	1.3215	1.7150	1.5553	0.9413
November	1.3068	1.7262	1.5471	0.9512
December	1.2808	1.7209	1.5586	0.9645
2021				
January	1.2724	1.7352	1.5484	0.9826
February	1.2699	1.7605	1.5356	0.9844
March	1.2574	1.7427	1.4962	0.9691
April	1.2496	1.7298	1.4963	0.9627

Notes

- The European Euro is the currency used in the following countries: Andorra, Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Monaco, Montenegro, the Netherlands, Portugal, San Marino, Slovakia, Slovenia, Spain and the Vatican City.

	Japanese Yen	Norwegian Krone	Swedish Krona	Swiss Franc
2020				
January	0.0120	0.1461	0.1376	1.3495
February	0.0121	0.1429	0.1371	1.3610
March	0.0130	0.1367	0.1419	1.4555
April	0.0131	0.1348	0.1403	1.4484
May	0.0130	0.1385	0.1437	1.4411
June	0.0126	0.1422	0.1456	1.4240
July	0.0127	0.1455	0.1498	1.4466
August	0.0125	0.1480	0.1518	1.4534
September	0.0125	0.1445	0.1495	1.4457
October	0.0126	0.1422	0.1496	1.4484
November	0.0125	0.1440	0.1512	1.4351
December	0.0123	0.1471	0.1532	1.4417
2021				
January	0.0123	0.1495	0.1534	1.4347
February	0.0121	0.1492	0.1522	1.4140
March	0.0116	0.1476	0.1472	1.3522
April	0.0115	0.1490	0.1472	1.3566

- This information is available on the Bank of Canada's web site at www.bank-banque-canada.ca.

Foreign Exchange Rates—Annual Averages

	U.S. Dollar	U.K. Pound Sterling	European Euro	Australian Dollar
2000	1.4852	2.2499	1.3704	0.8633
2001	1.5484	2.2297	1.3868	0.8008
2002	1.5704	2.3582	1.4832	0.8535
2003	1.4015	2.2883	1.5826	0.9105
2004	1.3015	2.3842	1.6169	0.9582
2005	1.2116	2.2067	1.5090	0.9243
2006	1.1341	2.0886	1.4237	0.8543
2007	1.0748	2.1487	1.4691	0.8982
2008	1.0660	1.9617	1.5603	0.9002
2009	1.1420	1.7804	1.5855	0.8969
2010	1.0299	1.5918	1.3661	0.9470
2011	0.9891	1.5861	1.3767	1.0206
2012	0.9996	1.5840	1.2850	1.0353
2013	1.0299	1.6113	1.3681	0.9966
2014	1.1045	1.8190	1.4671	0.9963
2015	1.2787	1.9540	1.4182	0.9604
2016	1.3248	1.7962	1.4660	0.9852
2017	1.2986	1.6720	1.4650	0.9951
2018	1.2957	1.7299	1.5302	0.9687
2019	1.3269	1.6945	1.4856	0.9228
2020	1.3415	1.7199	1.5298	0.9247

Notes

- The European Euro is the currency used in the following countries: Andorra, Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Kosovo, Latvia, Lithuania, Luxembourg, Malta, Monaco, Montenegro, the Netherlands, Portugal, San Marino, Slovakia, Slovenia, Spain and the Vatican City.

	Japanese Yen	Norwegian Krone	Swedish Krona	Swiss Franc
2000	0.0138	0.1689	0.1624	0.8793
2001	0.0128	0.1723	0.1500	0.9184
2002	0.0126	0.1977	0.1619	1.0112
2003	0.0121	0.1982	0.1735	1.0418
2004	0.0120	0.1931	0.1772	1.0473
2005	0.0110	0.1882	0.1628	0.9746
2006	0.0098	0.1769	0.1539	0.9050
2007	0.0091	0.1832	0.1589	0.8946
2008	0.0104	0.1900	0.1623	0.9840
2009	0.0122	0.1815	0.1493	1.0505
2010	0.0118	0.1706	0.1432	0.9896
2011	0.0124	0.1765	0.1525	1.1187
2012	0.0125	0.1718	0.1476	1.0662
2013	0.0106	0.1753	0.1581	1.1117
2014	0.0105	0.1757	0.1614	1.2078
2015	0.0106	0.1585	0.1516	1.3286
2016	0.0122	0.1578	0.1550	1.3450
2017	0.0116	0.1570	0.1520	1.3189
2018	0.0117	0.1594	0.1492	1.3246
2019	0.0122	0.1509	0.1404	1.3352
2020	0.0126	0.1427	0.1459	1.4294

- This information is available on the Bank of Canada's web site at www.bank-banque-canada.ca.

Non-Resident Withholding Tax Rates for Treaty Countries[1]

Country[2]	Interest[3]	Dividends[4]	Royalties[5]	Pensions/ Annuities[6]
Algeria	15%	15%	0/15%	15/25%
Argentina[7]	12.5	10/15	3/5/10/15	15/25
Armenia	10	5/15	10	15/25
Australia	10	5/15	10	15/25
Austria	10	5/15	0/10	25
Azerbaijan	10	10/15	5/10	25
Bangladesh	15	15	10	15/25
Barbados	15	15	0/10	15/25
Belgium[8]	10	5/15	0/10	25
Brazil	15	15/25	15/25	25
Bulgaria[7]	10	10/15	0/10	10/15/25
Cameroon	15	15	15	25
Chile[7]	10	10/15	15	15/25
China, People's Republic	10	10/15	10	25
Colombia[7]	10	5/15	10	15/25
Croatia	10	5/15	10	10/15/25
Cyprus	15	15	0/10	15/25
Czech Republic	10	5/15	10	15/25
Denmark	10	5/15	0/10	25
Dominican Republic	18	18	0/18	18/25
Ecuador[7]	15	5/15	10/15	15/25
Egypt	15	15	15	25
Estonia[7]	10	5/15	0/10	10/15/25
Finland	10	5/15	0/10	15/20/25

Refer to notes on the following pages.

Country[2]	Interest[3]	Dividends[4]	Royalties[5]	Pensions/ Annuities[6]
France	10%	5/15%	0/10%	25%
Gabon	10	15	10	25
Germany	10	5/15	0/10	15/25
Greece	10	5/15	0/10	15/25
Guyana	15	15	10	25
Hong Kong	10	5/15	10	25
Hungary	10	5/15	0/10	10/15/25
Iceland	10	5/15	0/10	15/25
India	15	15/25	10/15/20	25
Indonesia	10	10/15	10	15/25
Ireland	10	5/15	0/10	15/25
Israel	10	5/15	0/10	15/25
Italy	10	5/15	0/5/10	15/25
Ivory Coast	15	15	10	15/25
Jamaica	15	15	10	15/25
Japan	10	5/15	10	25
Jordan	10	10/15	10	25
Kazakhstan[7]	10	5/15	10	15/25
Kenya	15	15/25	15	15/25
Korea, Republic of	10	5/15	10	10/15/25
Kuwait	10	5/15	10	15/25
Kyrgyzstan[7]	15	15	0/10	15/25
Latvia[7]	10	5/15	10	10/15/25
Lebanon[9]	(10)	(5/15)	(5/10)	(15/25)

Non-Resident Withholding Tax Rates for Treaty Countries[1]

Country[2]	Interest[3]	Dividends[4]	Royalties[5]	Pensions/ Annuities[6]
Lithuania[7]	10%	5/15%	10%	10/15/25%
Luxembourg	10	5/15	0/10	25
Madagascar	10	5/15	5/10	15/25
Malaysia	15	15	15	15/25
Malta	15	15	0/10	15/25
Mexico	10	5/15	0/10	15/25
Moldova	10	5/15	10	15/25
Mongolia	10	5/15	5/10	15/25
Morocco	15	15	5/10	25
Namibia[9]	(10)	(5/15)	(0/10)	(0/25)
Netherlands	10	5/15	0/10	15/25
New Zealand	10	5/15	5/10	15/25
Nigeria	12.5	12.5/15	12.5	25
Norway	10	5/15	0/10	15/25
Oman	10	5/15	0/10	15/25
Pakistan	15	15	0/15	25
Papua New Guinea	10	15	10	15/25
Peru[7]	15	10/15	15	15/25
Philippines	15	15	10	25
Poland	10	5/15	5/10	15/25
Portugal	10	10/15	10	15/25
Romania	10	5/15	5/10	15/25
Russian Federation	10	10/15	0/10	25
Senegal	15	15	15	15/25

Refer to notes on the following pages.

Country[2]	Interest[3]	Dividends[4]	Royalties[5]	Pensions/ Annuities[6]
Serbia	10%	5/15%	10%	15/25%
Singapore	15	15	15	25
Slovak Republic	10	5/15	0/10	15/25
Slovenia	10	5/15	10	10/15/25
South Africa	10	5/15	6/10	25
Spain	10	5/15	0/10	15/25
Sri Lanka	15	15	0/10	15/25
Sweden	10	5/15	0/10	25
Switzerland	10	5/15	0/10	15/25
Taiwan	10	10/15	10	15/25
Tanzania	15	20/25	20	15/25
Thailand	15	15	5/15	25
Trinidad & Tobago	10	5/15	0/10	15/25
Tunisia	15	15	0/15/20	25
Turkey	15	15/20	10	15/25
Ukraine	10	5/15	0/10	25
United Arab Emirates	10	5/15	0/10	25
United Kingdom[10]	10	5/15	0/10	0/10/25
United States[11]	0	5/15	0/10	15/25
Uzbekistan	10	5/15	5/10	25
Venezuela[7]	10	10/15	5/10	25
Vietnam[7]	10	5/10/15	7.5/10	15/25
Zambia	15	15	15	15/25
Zimbabwe	15	10/15	10	15/25

Notes

(1) The relevant treaty should be consulted to determine if specific conditions, exemptions or tax-sparing provisions apply for each type of payment. In addition, the multilateral instrument (MLI) should be considered when determining treaty benefits under Canada's tax treaties as it entered into force for Canada on December 1, 2019 and began to affect a significant portion of Canada's treaties beginning in 2020.

Among other provisions adopted by Canada, the MLI includes preamble text that clarifies the purpose of the treaty and adds a principal purposes test (PPT) that could deny treaty benefits where one of the principal purposes of any arrangement or transaction is to obtain a treaty benefit. The MLI may impact the availability of reduced treaty withholding tax rates starting as early as January 1, 2020 if the treaty partner has also deposited its instrument of ratification with the OECD by September 30, 2019 and has listed its treaty with Canada as covered for purposes of the MLI.

The rates indicated in the table apply to payments from Canada to the treaty country. In some cases, a treaty may provide for a different rate of withholding tax on payments from the other country to Canada.

(2) As of April 30, 2021, Canada is negotiating or renegotiating tax treaties or protocols with the following countries:

- Australia
- Brazil
- China (PRC)
- Germany
- Malaysia
- Netherlands
- San Marino
- Switzerland

(3) Canada imposes no domestic withholding tax on certain arm's length interest payments, however non-arm's length payments are subject to a 25% withholding tax.

(4) Dividends subject to Canadian withholding tax include taxable dividends (other than capital gains dividends paid by certain entities) and capital dividends.

The withholding tax rate on dividends under the terms of Canada's tax treaties generally varies depending on the percentage ownership of the total issued capital or voting rights in respect of shares owned by the recipient. For tax treaties covered by the MLI, the withholding tax rate on dividends may also be impacted by the 365-day holding period test in addition to other provisions in the MLI as early as January 1, 2020.

(5) Royalties generally include:

- Payments received as consideration for the use of or the right to use any property, invention, patent, trademark, design or model, plan, secret formula or process
- Payments received as consideration for the use of or the right to use industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience
- Payments in respect of motion picture films, and works on film or videotape for use in connection with television
- In some cases, technical assistance in respect of these items is also included.

Canada generally exempts from withholding tax cultural royalties or similar payments for copyrights in respect of the production or reproduction of any literary, dramatic, musical or artistic work, other than motion-picture films and videotapes or other means of reproduction for use in connection with television. However, several treaties exempt all cultural royalties from tax.

Canada announced in its treaty negotiations that it is prepared to eliminate the withholding tax on arm's-length payments in respect of rights to use patented information or information concerning scientific experience. It also stated that it is prepared to negotiate, on a bilateral basis, exemptions from withholding taxes for payments for the use of computer software. As such, many treaties contain an exemption for such payments.

(6) In general, the terms "pension," "periodic pension payment" and "annuity" are defined in the applicable treaty. However, if they are defined in the treaty by reference to the laws of Canada, or are not specifically defined therein, the definition in the Income Tax Conventions Interpretation Act must be used.

Section 217 of the Income Tax Act allows non-residents who earn certain types of pension and other retirement benefits to elect to file a Canadian tax return and pay Part I tax thereon, rather than being subject to Canada's 25% withholding tax on the income.

The withholding tax rate varies depending on, among other attributes, whether the payment is a lump-sum or periodic payment, or if the payment is a pension or annuity.

Some treaties provide for an exemption for certain types of pensions or for an exemption up to a threshold amount. Some pensions are taxable only in the source country.

(7) The treaty currently in effect with these countries includes a Most Favoured Nation clause, which may provide for reduced withholding rates if the other country signs a treaty with another country and that treaty includes a lower withholding rate. This clause allows the lower rate to apply to the Canadian treaty. The items of income to which the clause applies vary by treaty. The lower withholding rate in the other country's treaty will apply to Canada if that treaty is signed after the date that Canada's treaty with the particular country is signed.

(8) A protocol or replacement treaty is signed but not yet ratified. If there are changes to withholding tax rates in the protocol or replacement treaty, the new rates are indicated in parentheses. Otherwise, the rates in the table continue to apply.

(9) A new treaty is signed but not yet in effect. The rates in the new treaty are indicated in parentheses. Until ratification, the withholding tax rate is generally 25%.

(10) The following terms apply under the provisions of the Canada-U.K. treaty, including the protocol to amend the tax treaty which entered into force on December 18, 2014:

Interest—Interest is defined as income from debt claims of every kind, whether or not secured by mortgage, and income from government securities, bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income that is subject to the same tax treatment as income from money lent by the tax laws of Canada or the U.K., as the case may be. There are certain exemptions under the treaty. See also note (3).

Notes, continued

Dividends—The 5% withholding tax rate applies if the recipient of the dividend is a company that controls, directly or indirectly, at least 10% of the voting power of the payer. The protocol introduces an exemption from withholding tax for certain dividends received by organizations that operate exclusively to administer benefits under recognized pension plans. See also note (4).

Royalties—Cultural royalties, excluding royalties in respect of motion pictures and works on film, videotape or other media for use in television broadcasting, are taxable only in the resident country. This treatment also applies to payments for the use of any patent or for information concerning industrial, commercial or scientific experience, as well as payments for the use of computer software. See also note (5).

Pensions—Pensions are defined to include any payment under a superannuation, pension or retirement plan, and certain other amounts including payments made under social security legislation. Periodic pension payments are taxable only in the resident country.

Annuities—Annuities are defined as periodic payments payable during a person's lifetime or for a specified period of time, under an obligation to make the payments in return for money or money's worth. The definition excludes payments under pension or income-averaging annuity contracts. Annuities are subject to withholding tax in the payer country at a rate of 10%. See also note (6).

(11) The protocol to the Canada-U.S. treaty entered into force on December 15, 2008.

It introduced a number of provisions that do not exist in Canada's other treaties, including the following:

- Treaty benefits apply to certain "fiscally transparent entities" (FTEs) such as limited liability companies, where the owner is resident in one country, the income of the FTE is subject to tax in the owners' hands, and the FTE is not resident in the other country
- Treaty benefits are denied to certain FTEs, for example, if they are treated as flow-through entities under the laws of one country and as regular taxable entities under the laws of the other country
- The permanent establishment provisions cover certain Canadian or U.S. service providers who are present in the other country for more than 183 days in any 12-month period
- The 5% treaty withholding tax rate on dividends applies to corporate members of FTEs that hold at least 10% of the voting shares in the company paying the dividends
- The treaty includes a limitation-on-benefits (LOB) clause that generally allows treaty benefits to be claimed only by certain "qualifying" persons, or entities carrying on connected active business activities in both countries.

The following terms apply under the provisions of the Canada-U.S. treaty:

Interest—Interest is defined as income from debt claims of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's profits, and income from government securities, bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income assimilated to income from money lent by the tax laws of Canada or the U.S., as the case may be. Contingent interest arising in the U.S. that does not qualify as portfolio interest will be subject to a withholding rate of 15%. As well, interest arising in Canada that is determined by reference to receipts, sales, income, profits or other cash flow of the debtor will also be subject to a 15% withholding rate. See also note (3).

Dividends—The 5% withholding tax rate applies if the recipient of the dividends is a company that is the beneficial owner of at least 10% of the voting stock of the payer. The rate of Canadian branch tax is also limited to 5% on cumulative branch profits exceeding Cdn$500,000. The first Cdn$500,000 of cumulative branch profits are exempt from branch tax. See also note (4).

Royalties—Royalties are generally defined as payments for the use of, or right to use, any cultural property and any copyright of scientific work; any patent, trademark, design or model, plan, secret formula or process; and information concerning industrial, commercial or scientific experience. The definition also includes gains from the alienation of any intangible property or rights described in this paragraph to the extent that such gains are contingent on the productivity, use or subsequent disposition of such property or rights. See also note (5).

The following royalties are exempt from withholding tax:

- Cultural royalties, excluding royalties in respect of motion pictures and works on film, videotape or other media for use in television broadcasting
- Payments for the use of, or right to use, computer software
- Payments for the use of, or right to use, any patent or information concerning industrial, commercial or scientific experience (excluding any such information in relation to a rental or franchise agreement)
- Payments with respect to broadcasting as may be agreed between the countries.

Pensions—Pensions are defined to include any payment under a superannuation, pension, or other retirement arrangement and certain other amounts, but exclude payments under income-averaging annuity contracts. The definition of pensions also includes Roth IRAs and similar arrangements. Payments of Old Age Security and Canada/Quebec Pension Plan benefits to U.S. residents are taxable only in the U.S. and are not subject to Canadian withholding tax. The U.S. does not withhold tax on social security benefits paid to Canadian residents, and only 85% of such benefits are taxable in Canada.

Annuities—Annuities are defined as periodic payments payable during a person's lifetime or for a specified period of time, under an obligation to make the payments in return for adequate and full consideration (other than services rendered). The definition excludes non-periodic payments or any annuity the cost of which was tax deductible in the country in which it was acquired. See also note (6).

International Social Security Agreements[1]

	Federal		Quebec	
Country[1]	**Date in Force**[2]	**CPT Form Number**	**Date in Force**[2]	**Form Number**
Antigua & Barbuda	Jan. 1, 1994	111		
Australia[3]	Jan. 1, 2003	N/A		
Austria	Dec. 1, 1996	112	May 1, 1997	QUÉ/A 1
Barbados	Jan. 1, 1986	113	Jan. 1, 1986	QUÉ/BAR 3
Belgium	Jan. 1, 1987	121	Nov. 1, 2010	QUÉ/BE 101 QUÉ/BE 128
Brazil	Aug. 1, 2014	168	Oct. 1, 2016	QUÉ/BRA 3
Bulgaria	Mar. 1, 2014	170	Sept. 1, 2020	QUÉ/BG 1
Chile	June 1, 1998	114	Nov. 1, 1999	QUÉ/CHL 1
China	Jan. 1, 2017	171		
Croatia	May 1, 1999	115	May 1, 2001	QUÉ/HR 1
Cyprus	May 1, 1991	116	Sept. 1, 1991	QUÉ/CY 1
Czech Republic	Jan. 1, 2003	137	Nov. 1, 2003	QUÉ/RTC 1
Denmark	Jan. 1, 1986	117	Apr. 1, 1988	QUÉ/DAN 1
Dominica	Jan. 1, 1989	118	Jun. 1, 1989	QUÉ/DOM 1
Estonia	Nov. 1, 2006	142		
Finland	Jan. 1, 1997	128	Sept. 1, 1998	QUÉ/SF 1
France	Aug. 1, 2017	52	Dec. 1, 2017	SE 401-Q-201
Germany	Dec. 1, 2003	130	Apr. 1, 2014	QUÉ/D 101
Greece	Dec. 1, 1997	54	Jan. 1, 1988	QUÉ/GR 1
Grenada	Feb. 1, 1999	119		

Refer to notes on the following pages.

	Federal		Quebec	
Country[1]	**Date in Force**[2]	**CPT Form Number**	**Date in Force**[2]	**Form Number**
Hungary	Oct. 1, 2003	141	July 1, 2006	QUÉ/HU 101
Iceland	Oct. 1, 1989	49		
India	Aug. 1, 2015	169	Apr. 1, 2017	QUÉ/IN 1
Ireland	Jan. 1, 1992	50	Oct. 1, 1994	QUÉ/IRL 1
Israel[4]	Sept. 1, 2003	140		
Italy	Oct. 1, 2017	51	Jan. 1, 1979	QUÉ/IT 3
Jamaica	Jan. 1, 1984	57	Jan. 1, 1989	QUÉ/JAM 1
Japan	Mar. 1, 2008	122		
Jersey & Guernsey	Jan. 1, 1994	120		
Korea	May 1, 1999	58	Sept. 1, 2017	QUÉ/KOR 1
Latvia	Nov. 1, 2006	143		
Lithuania	Nov. 1, 2006	144		
Luxembourg	Jan. 1, 1994	60	Nov. 1, 1993	QUÉ/LUX 1
Macedonia	Nov. 1, 2011	163		
Malta	Mar. 1, 1992	61	Mar. 1, 1992	QUÉ/MLT 1
Mexico	May 1, 1996	62		
Morocco	Mar. 1, 2010	166	Dec. 1, 2010	QUÉ/MAR 1
Netherlands	Apr. 1, 2004	63	Jan. 1, 2004	QUÉ/PB 1
New Zealand[5]	May 1, 1997	N/A		
Norway	Jan. 1, 2014	127	Apr. 1, 1988	QUÉ/NOR 1

International Social Security Agreements[1]

	Federal		Quebec	
Country[1]	Date in Force[2]	CPT Form Number	Date in Force[2]	Form Number
Peru	Mar. 1, 2017	172		
Philippines	July 1, 2001	64	Dec. 1, 2000	QUÉ/PHI 1
Poland	Oct. 1, 2009	161	Sept. 1, 2018	QUÉ/PL 1
Portugal	May 1, 1981	55	QUÉ/PL 1	QUÉ/POR 3
Romania	Nov. 1, 2011	165	Mar. 1, 2016	QUÉ/RO 101
St. Kitts & Nevis	Jan. 1, 1994	65		
Saint Lucia	Jan. 1, 1988	67	Jan. 1, 1988	QUÉ/STL 1
Saint Vincent & the Grenadines	Nov. 1, 1998	66		
Serbia	Dec. 1, 2014	162		
Slovakia	Jan. 1, 2003	138	Aug. 1, 2005	QUÉ/SK 1
Slovenia	Jan. 1, 2001	68	May 1, 2001	QUÉ/SI 1
Spain	May 1, 1997	125		
Sweden	Apr. 1, 2003	129	Apr. 1, 1988	QUÉ/S 1
Switzerland	Oct. 1, 1995	69	Oct. 1, 1995	QUÉ/CH 1
Trinidad & Tobago	July 1, 1999	70		
Turkey	Jan. 1, 2005	72	Jan. 1, 2005	QUÉ/TR 1
United Kingdom[6]	Apr. 1, 1998	71		
United States	Oct. 1, 1997	56	Aug. 1, 1984	QUÉ/USA 101
Uruguay	Jan. 1, 2002	136	Jan. 1, 2002	QUÉ/URU 1

Notes

(1) Bilateral social security agreements allow residency in either of the countries to be taken into account in determining eligibility for benefits. These agreements are intended to eliminate cases where a worker may have to contribute to the Canada Pension Plan (CPP) and to the social security system of the other country for the same work. They also guarantee that a worker's CPP coverage is properly maintained when he or she is seconded to another country, or when itinerant workers live or work in each country.

A foreign employer who does not have a place of business in Canada may apply to have the employment of employees working in Canada covered under the CPP. This coverage is optional. Even if the country where the foreign employer is located does not have a social security agreement with Canada, the employer can apply for coverage by completing Form CPT13—Application for an Employer Resident Outside Canada to Cover Employment in Canada Under the Canada Pension Plan.

An employer operating in Canada can apply for coverage under the CPP of the employment of employees working in a country with which Canada has not signed a social security agreement by completing Form CPT8—Application and Undertaking to Cover Employment Outside Canada under the Canada Pension Plan.

(2) The "Date in Force" is the date of the original agreement or the most recent revised or supplementary agreement, protocol or convention.

(3) While Australia and Canada have a social security agreement, it is not considered to be a tax arrangement by the Canada Revenue Agency. As such, it is administered exclusively by Service Canada. Form AUS140CA should be used to apply for benefits under Australia's social security system. Once completed, the form should be sent to:

International Operations
Service Canada
P.O. Box 250
Fredericton, NB E3B 4Z6
Canada

(4) This is a limited agreement dealing only with contributions; it does not include benefits.

(5) While New Zealand and Canada have a social security agreement, it is not considered to be a tax arrangement by the Canada Revenue Agency. As such, it is administered exclusively by Service Canada. Form CAN-NZ_1 should be used to apply for benefits under New Zealand's social security system. Once completed, the form should be sent to:

International Operations
Service Canada
P.O. Box 250
Fredericton, NB E3B 4Z6
Canada

(6) This is a limited agreement dealing only with contributions; it does not include benefits or the indexing of U.K. pensions paid in Canada. Canada and the United Kingdom also have consolidated arrangements in place (in force on December 1, 1995) that allow residents of the United Kingdom to use periods of residence in Canada as if they were periods of contribution to the U.K. National Insurance Scheme in order to determine eligibility for U.K. social security benefits.

U.S. Federal Personal Income Tax Rates—2021

Single taxpayers

If Taxable Income Is Over	But Not Over	The Tax Rate Is	Of the Amount Over
$0	$9,950	10%	$0
9,950	40,525	$995.00 + 12%	9,950
40,525	86,375	4,664.00 + 22%	40,525
86,375	164,925	14,751.00 + 24%	86,375
164,925	209,425	33,603.00 + 32%	164,925
209,425	523,600	47,843.00 + 35%	209,425
523,600		157,804.25 + 37%	523,600

Married individuals filing joint returns

If Taxable Income Is Over	But Not Over	The Tax Rate Is	Of the Amount Over
$0	$19,900	10%	$0
19,900	81,050	$1,990.00 + 12%	19,900
81,050	172,750	9,328.00 + 22%	81,050
172,750	329,850	29,502.00 + 24%	172,750
329,850	418,850	67,206.00 + 32%	329,850
418,850	628,300	95,686.00 + 35%	418,850
628,300		168,993.50 + 37%	628,300

Refer to notes on the following pages.

Married individuals filing separate returns

If Taxable Income Is Over	But Not Over	The Tax Rate Is	Of the Amount Over
$0	$9,950	10%	$0
9,950	40,525	$995.00 + 12%	9,950
40,525	86,375	4,664.00 + 22%	40,525
86,375	164,925	14,751.00 + 24%	86,375
164,925	209,425	33,603.00 + 32%	164,925
209,425	314,150	47,843.00 + 35%	209,425
314,150		84,496.75 + 37%	314,150

Heads of households

If Taxable Income Is Over	But Not Over	The Tax Rate Is	Of the Amount Over
$0	$14,200	10%	$0
14,200	54,200	$1,420.00 + 12%	14,200
54,200	86,350	6,220.00 + 22%	54,200
86,350	164,900	13,293.00 + 24%	86,350
164,900	209,400	32,145.00 + 32%	164,900
209,400	523,600	46,385.00 + 35%	209,400
523,600		156,355.00 + 37%	523,600

Notes

All amounts referred to in the table and the notes are denominated in U.S. dollars.

Ordinary income tax rates

The Tax Cuts and Jobs Act ("TCJA") signed into law on December 22, 2017 temporarily modifies the individual tax brackets and rates effective for tax years beginning in 2018 until December 31, 2025. Beginning in the 2026 tax year, the brackets and rates would revert to 2017 law, as adjusted for inflation.

The top federal individual income tax rate under the temporary rules decreased to 37% (from 39.6%), and the rules significantly increase the income level for the top tax bracket, meaning that a given amount of taxable income will generally attract a lower effective tax rate under the temporary rules.

Proposed tax measures in the American Families Plan were released on April 28, 2021. The tax measures propose to raise the top individual income tax rate to 39.6% (from 37%).

Taxation of capital gains

Under the TCJA, capital gains remain taxable at either 0%, 15%, or 20% for net long-term capital gains, which applies to the sale of capital assets held for more than 12 months. For 2021, the 15% breakpoint is $80,800 for married taxpayers filing jointly, $54,100 for head of household filers, and $40,400 for all other filers. The 20% breakpoint is $501,600 for married taxpayers filing jointly, $250,800 for married taxpayers filing separately, $473,750 for head of household filers, and $445,850 for all other filers.

Gains from collectibles such as art, rugs or coins are not eligible for the full reduced rates, and neither are gains from the sale of qualified small business ("QSB") stock (in excess of any excluded gains) and of real estate, generally to the extent of depreciation previously claimed. The top tax rate is 28% for collectibles and QSB stock and 25% for recaptured depreciation.

Special rules also apply to sales of principal residences. Individuals are generally permitted to exclude from taxable income up to $250,000 of gain ($500,000 for married individuals filing joint returns) realized on the sale or exchange of a residence provided it was owned and occupied as a principal residence for at least two years out of the five years prior to the sale or exchange. Only one sale in any two-year period qualifies for the exclusion.

The proposed tax measures in the American Families Plan released on April 28, 2021 propose to raise the tax on capital gains and qualified dividends for households with income over $1 million to 39.6%.

Taxation of dividends

Qualified dividends are taxed as net long-term capital gains at the rates and breakpoints outlined above. Dividends which are not eligible for the capital gains rates are taxed as ordinary income.

Qualified dividends are eligible for these reduced tax rates if the shares are held for at least 60 days.

In general, dividends received from domestic and certain foreign corporations from treaty countries are eligible for the reduced rates. Those received from passive foreign investment companies are specifically excluded.

The proposed tax measures in the American Families Plan released on April 28, 2021 propose to raise the tax on capital gains and qualified dividends for households with income over $1 million to 39.6%.

Net Investment Income Tax

Starting in 2013, individuals are subject to a Net Investment Income Tax ("NIIT") equal to 3.8% of the lesser of:

1) Net investment income; or
2) The excess (if any) of modified adjusted gross income over the threshold amount.

In general, net investment income includes but is not limited to interest, dividends, certain net gains, and rental and royalty income.

The NIIT does not apply to any capital gain recognized on the sale of a principal residence that is exempt from tax (see "Taxation of capital gains" above).

The threshold amounts with respect to the NIIT are as follows:

Filing Status	Threshold Amount
Single or head of household	$200,000
Married filing jointly	250,000
Married filing separately	125,000
Qualifying widow(er) with a child	250,000

U.S. Federal Insurance Contribution Act (FICA) Tax Rates[1]

Social Security and Medicare Taxes

	Wage Base Limit	Tax Rate		Maximum Annual Contribution	
		Employee	Employer	Employee	Employer
2019	Up to $132,900	7.65%	7.65%	$10,167	$10,167
	132,901 to 200,000[2]	1.45	1.45	973[3]	973[3]
	Over 200,000[2]	2.35	1.45	N/A	N/A
2020	Up to $137,700	7.65	7.65	$10,534	$10,534
	137,701 to 200,000[2]	1.45	1.45	903[4]	903[4]
	Over 200,000[2]	2.35	1.45	N/A	N/A
2021	Up to $142,800	7.65	7.65	$10,924	$10,924
	142,801 to 200,000[2]	1.45	1.45	829[5]	829[5]
	Over 200,000[2]	2.35	1.45	N/A	N/A

Self-employment Tax

	Net Earnings Limit	Self-employed Tax Rate	Maximum Annual Contribution
2019	Up to $132,900	15.3%	$20,334
	132,901 to 200,000[2]	2.9	1,946[3]
	Over 200,000[2]	3.8	N/A
2020	Up to $137,700	15.3	$21,068
	137,701 to 200,000[2]	2.9	1,807[4]
	Over 200,000[2]	3.8	N/A
2021	Up to $142,800	15.3	$21,848
	142,801 to 200,000[2]	2.9	1,659[5]
	Over 200,000[2]	3.8	N/A

Notes

(1) All amounts referred to in the tables and the notes are denominated in U.S. dollars.

(2) The threshold for the higher rate of the Medicare portion of the FICA tax (an additional 0.9%) is $200,000 of wages or self-employment income for a single filer, $250,000 for married taxpayers filing a joint return and $125,000 for married taxpayers filing separately.

This additional Medicare tax is only charged to the employee—the employer is not responsible for this tax.

(3) 2019 Maximum Annual Contribution for the lower rate of the Medicare portion of the FICA tax for compensation or self-employment income in excess of $132,900 is as follows:

	Employee	**Employer**	**Self-employed**
Single filer	$972.95	$972.95	$1,945.90
Married taxpayers filing a joint return	$1,697.95	$1,697.95	$3,395.90
Married taxpayers filing separately	N/A	N/A	N/A

(4) 2020 Maximum Annual Contribution for the lower rate of the Medicare portion of the FICA tax for compensation or self-employment income in excess of $137,700 is as follows:

	Employee	**Employer**	**Self-employed**
Single filer	$903.35	$903.35	$1,806.70
Married taxpayers filing a joint return	$1,628.35	$1,628.35	$3,256.70
Married taxpayers filing separately	N/A	N/A	N/A

(5) 2021 Maximum Annual Contribution for the lower rate of the Medicare portion of the FICA tax for compensation or self-employment income in excess of $142,800 is as follows:

	Employee	**Employer**	**Self-employed**
Single filer	$829.39	$829.39	$1,658.78
Married taxpayers filing a joint return	$1,554.39	$1,554.39	$3,108.78
Married taxpayers filing separately	N/A	N/A	N/A

U.S. Federal Estate, Gift and Generation-Skipping Transfer Tax Rates

If the Amount Is Over	But Not Over	The Tentative Tax Is	Of the Amount Over
$0	$10,000	18%	$0
10,000	20,000	$1,800 + 20%	10,000
20,000	40,000	3,800 + 22%	20,000
40,000	60,000	8,200 + 24%	40,000
60,000	80,000	13,000 + 26%	60,000
80,000	100,000	18,200 + 28%	80,000
100,000	150,000	23,800 + 30%	100,000
150,000	250,000	38,800 + 32%	150,000
250,000	500,000	70,800 + 34%	250,000
500,000	750,000	155,800 + 37%	500,000
750,000	1,000,000	248,300 + 39%	750,000
1,000,000		345,800 + 40%	1,000,000

Notes

- All amounts referred to in the table and the notes are denominated in U.S. dollars.
- Taxable gifts made during one's lifetime and from their estate upon death are combined in determining the exempt amount and the applicable tax rate.
- In 2021, most U.S. citizens and U.S. domiciled decedents will be allowed an estate exemption of $11,700,000, effectively exempting estates of less than that amount from tax. The gift tax exemption amount for 2021 is also $11,700,000. This temporary increase is the result of the Tax Cuts and Jobs Act.
- The federal gift tax exemption amount is shared with the estate exemption amount. In addition, this estate and gift tax exemption is portable to a surviving U.S. citizen spouse. This allows the surviving spouse to utilize any exemption amount not utilized by the decedent spouse. The increased lifetime estate and gift exemption will be indexed for inflation on an annual basis and will revert back to $5,490,000 in 2026.
- Non-resident aliens are allowed a credit of only $13,000, effectively exempting U.S. situs assets of $60,000 or less from U.S. estate tax.
- The individual annual exclusion for gifts in 2021 is $15,000 per donee.
- Gifts made to U.S. citizen spouses are unlimited. The annual exclusion for gifts made to non-U.S. citizen spouses in 2021 is $159,000.

- The Canada–U.S. Tax Treaty increases the credit for residents of Canada from the $13,000 allowed under U.S. law up to the amount of the credit allowed to U.S. citizens. However, the credit must be prorated by the ratio of the FMV of the individual's U.S. situs assets over their worldwide estate.
- In 2021, a generation-skipping transfer tax of 40% will apply in addition to any estate or gift tax payable on certain transfers to individuals or trusts that are more than one generation below the transferor. Each U.S. individual will be entitled to a lifetime exemption for generation-skipping transfers of $11,700,000 (shared with the estate and gift taxes), but an election may be required on a gift or estate tax return to provide the intended utilization of the exemption.
- The following table summarizes both the exemption amounts and the highest tax rates for estate and gift taxes, for the years 2017 to 2021. The 'estate exempt amount' is indexed for inflation.

	Lifetime Estate and Gift Exempt Amount	**Highest Estate and Gift Tax Rate**
2017	$5,490,000	40%
2018	11,180,000	40
2019	11,400,000	40
2020	11,580,000	40
2021	11,700,000	40

- The American Families Plan announced on April 28, 2021 proposed to tax unrealized capital gains at death and eliminate stepped-up basis for gains in excess of $1 million, with exceptions for donations to charity.

Withholding of U.S. Tax on the Disposition of U.S. Real Property

Withholding requirements

The United States requires a purchaser to withhold tax upon the acquisition of a U.S. real property interest (USRPI) from a foreign (non-U.S.) vendor. The objective of such withholding is to ensure that tax is paid by the foreign vendor on the gain (if there is one).

In general, a 15% federal withholding obligation will be imposed on anyone who purchases a USRPI from a foreign vendor. Forms 8288 and 8288-A are to be used in reporting and remitting the tax withheld. In most cases, these forms must be filed, and the tax withheld remitted within 20 days from the date of sale. A purchaser failing to withhold can be held liable for the amount that should have been withheld and any applicable penalties and interest.

Many states impose a withholding tax in addition to the federal withholding tax when property in the state is being sold.

Exemptions from withholding

There are several exceptions to the general withholding requirements, including the following:

(1) Purchase of a residence for $300,000 or less—The requirement to withhold does not apply if the purchaser acquires the property for use as a residence and its acquisition price is $300,000 or less. A property is considered to have been acquired for use as a principal residence if, on the date of transfer, the purchaser has definite plans to reside at the property for at least 50% of the number of days that the property is in use during each of the first two 12-month periods following the date of the transfer. The purchaser will be considered to reside at a property on any day on which a member of his or her family resides at the property.

Purchases of a residence for an amount realized over $300,000 but $1,000,000 or less are withheld upon at a reduced rate of 10%.

(2) Vendor is not a foreign person—No tax needs to be withheld if an affidavit is provided stating the vendor's U.S. taxpayer identification number and the fact that the vendor is not a foreign person. A qualified foreign pension fund is not considered a foreign person for purposes of this rule.

(3) Withholding certificate is issued by the IRS—No tax needs to be withheld if the purchaser receives the appropriate certificate/qualifying statement from the vendor. Generally, a withholding certificate can be applied for on Form 8288-B.The IRS will ordinarily act upon a request for a withholding certificate within 90 days after its receipt.

A withholding certificate may be issued where:

- The vendor has reached an agreement with the IRS for the payment of any tax resulting from the disposition of the USRPI, and adequate security for its payment has been provided, or
- The vendor's gain from the sale is exempt from U.S. tax or a reduced withholding tax amount is appropriate, and any previously unsatisfied withholding liability of the vendor has been satisfied.

Filing requirements

A non-U.S. person disposing of a USRPI is generally required to file federal and state income tax returns reporting the disposition of the property. The requirement to file applies whether or not the proper withholding has been made by the purchaser at the time of the sale.

U.S. Federal Corporate Income Tax Rates—2021

The U.S. federal corporate income tax rate is a flat rate of 21%. This rate also applies to personal services companies. The federal corporate income tax system changed from graduated rates to a flat rate beginning January 1, 2018 under The Tax Cuts and Jobs Act. President Biden has proposed an increase to a flat rate of 28%. Any actual change in rate will be determined through the legislative process and any potential change in rate will face numerous legislative hurdles. It is expected that any rate increase would be prospective only.

Personal holding companies continue to be subject to an additional Federal Income Tax of 20% levied on their undistributed income at the end of each taxation year.

U.S. State Maximum Personal and Corporate Tax Rates[1]—2021

	Personal Tax Rate	Corporate Tax Rate
Alabama	5.000%	6.500%
Alaska	no income tax	9.400
Arizona	8.000[2]	4.900
Arkansas	5.900[3]	6.200[3]
California	13.300	8.840
Colorado	4.550[4]	4.550[4]
Connecticut	6.990	7.500
Delaware	6.600	8.700
District of Columbia	8.950	8.250
Florida	no income tax	4.458[5]
Georgia	5.750	5.750[6]
Hawaii	11.000	6.400
Idaho	6.925	6.925
Illinois	4.950	9.500
Indiana	3.230	5.250/4.900[7]
Iowa	8.530	9.800[8]
Kansas	5.700	7.000

Refer to notes on the following pages.

	Personal Tax Rate	Corporate Tax Rate
Kentucky	5.000%	5.000%
Louisiana	6.000	8.000
Maine	7.150	8.930
Maryland	5.750	8.250
Massachusetts	5.000[9]	8.000
Michigan	4.250	6.000
Minnesota	9.850	9.800
Mississippi	5.000	5.000
Missouri	5.400	4.000
Montana	6.900	6.750[10]
Nebraska	6.840	7.810
Nevada	no income tax	no income tax[11]
New Hampshire	5.000% of dividend & interest income	7.700
New Jersey	10.750	11.500[12]
New Mexico	5.900[13]	5.900
New York	10.900[14]	7.250[14]
North Carolina	5.250	2.500

U.S. State Maximum Personal and Corporate Tax Rates[1]—2021

	Personal Tax Rate	Corporate Tax Rate
North Dakota	2.900%	4.310%
Ohio	4.797	no income tax[11]
Oklahoma	5.000	6.000
Oregon	9.900	7.600
Pennsylvania	3.070	9.990
Rhode Island	5.990	7.000
South Carolina	7.000	5.000
South Dakota	no income tax	no income tax
Tennessee	no income tax[15]	6.500
Texas	no income tax	0.375% or 0.750% of taxable margin[16]
Utah	4.950	4.950
Vermont	8.750	8.500
Virginia	5.750	6.000
Washington	no income tax	no income tax[11]
West Virginia	6.500	6.500
Wisconsin	7.650	7.900
Wyoming	no income tax	no income tax

Notes

(1) These rates should only be used for general information purposes as many states have graduated rates that apply at lower levels of taxable income. Furthermore, county (e.g., Indiana and Maryland) and municipal taxes (e.g., New York City) may also be added to State individual income tax returns and thereby increase the overall individual tax rate in some States. State tax rates apply to taxable income as determined for state tax purposes. Many states also impose an alternative minimum tax, a gross receipts tax, a capital tax or an intangibles tax. Most states tax capital gains at different rates than ordinary income for individuals but not for corporations.

(2) Arizona's top marginal personal tax rate increased to 8% (from 4.5%) effective January 1, 2021.

(3) Arkansas' top marginal personal tax rate decreased to 5.9% (from 6.6%) effective January 1, 2021. Arkansas' top marginal corporate tax rate decreased to 6.2% (from 6.5%) effective January 1, 2021. The state's top marginal corporate tax rate will further decrease to 5.9% (from 6.2%) effective January 1, 2022.

(4) In November 2020, Colorado's personal tax rate decreased to 4.55% (from 4.63%) retroactive to January 1, 2020. In November 2020, Colorado's corporate tax rate decreased to 4.55% (from 4.63%) retroactive to January 1, 2020.

(5) Florida's corporate tax rate will increase to 5.5% (from 4.458%) effective January 1, 2022.

(6) Georgia's corporate tax rate will increase to 6% (from 5.75%) effective January 1, 2026.

(7) Indiana's corporate tax rate will decrease to 4.9% (from 5.25%) effective July 1, 2021.

(8) Iowa's top marginal corporate tax rate decreased to 9.8% (from 12%) effective January 1, 2021.

(9) Massachusetts taxes individual's short-term capital gains, as well as long-term capital gains arising from the sale of collectibles (with a 50% deduction) at a flat rate of 12%.

(10) Montana's corporate tax rate decreased to 6.75% (from 7%) effective January 1, 2021.

(11) Some states, such as Nevada, Ohio and Washington which do not impose a corporate income tax, do impose a tax on business activity in the state based upon a measure (usually gross receipts) other than corporate net income.

(12) In September 2020, New Jersey's corporate tax rate increased to 11.5% (from 10.5%) retroactive to January 1, 2020. The state's corporate tax rate will remain at 11.5% through 2023.

(13) New Mexico's top marginal personal tax rate increased to 5.9% (from 4.9%) effective January 1, 2021.

(14) New York's top marginal personal tax rate increased to 10.9% (from 8.82%) effective January 1, 2021. The state's top marginal personal tax rate will remain at 10.9% through 2027. New York's corporate tax rate increased to 7.25% (from 6.5%) effective January 1, 2021. The state's corporate tax rate will remain at 7.25% through 2023.

(15) Tennessee's personal tax rate decreased to 0% (from 1% on dividend and interest income) effective January 1, 2021.

(16) Texas franchise tax rate is 0.375% of taxable margin for retailers and wholesalers and 0.75% of taxable margin for other taxpayers. Entities with revenues of $1,180,000 or less owe no tax.

Commercial imports

An importer of commercial goods must declare all goods imported into Canada to the Canada Border Services Agency (CBSA). The applicable duties and taxes are assessed on the Canadian value of the goods at the time of import. Importers can complete the clearance procedure themselves, or they can engage the services of a licensed customs broker to act on their behalf. There are various systems in place to assist importers and their agents with the reporting, release, and accounting procedures of the imported goods. Documents are submitted to the CBSA either in hard copy format or more frequently, via electronic data interchange, or a combination of the two, depending on the release service option used.

Examples of documents which may be required by the CBSA when importing commercial goods include:

- Sales invoice from the vendor, exporter or shipper
- Canada Customs Invoice (CCI)
- Cargo Control document (which is the carrier's responsibility to provide)
- Canada Customs Coding Form (Form B3), accounting for the duties and taxes owing on the goods
- Any required permits, licenses or certificates
- Certificate of origin, if a preferential duty rate is being claimed.

All documentation must contain a proper description of the goods, the country of origin, the price paid or payable, and the quantity shipped.

Rates of duty

The Customs Act provides authority for the collection of duties on goods imported into Canada while the Customs Tariff sets out the duty rates applicable to the various classifications of goods. The duty rates vary and are based on the nature and origin of the goods imported, as well as the place of export. Preferential duty rates are accorded to countries who have signed trade agreements with Canada.

Goods and Services Tax on Imports

Most goods imported into Canada are subject to the federal goods and services tax (GST), which is calculated at the rate of 5% of the duty-paid value of the shipment. This tax must be paid at time of entry and is collected at the border, unless the goods are going directly to a bonded warehouse. In this case, the GST is collected when the goods leave the warehouse and become eligible for sale in Canada.

Canada-United States-Mexico Agreement (CUSMA)

Canada, the United States and Mexico signed the Canada-United States-Mexico Agreement (CUSMA) on November 30, 2018. This agreement replaced the North American Free Trade Agreement (NAFTA) and came into effect on July 1, 2020. Several changes were made to various industry sectors including but not limited to changes for automakers, labour and environmental standards, intellectual property protection, and digital trade. Other key changes to note are the following:

- A mandatory joint review of CUSMA within the first 6 years of its implementation in order to prevent the agreement from becoming outdated.
- Importers now have 4 years (instead of one year under NAFTA) to request the refund of overpaid duties that qualify for CUSMA.
- Simplified Certification of Origin allows exporters, producers, or importers to complete, sign and submit electronically the minimum set of data elements to qualify goods.
- Canada agreed to increase its de minimis thresholds for courier import shipments to $150 CAD (duty free) and $40 CAD (GST exempt).

Other Free Trade Agreements

The Government of Canada has embarked on an aggressive trade negotiation agenda with many of Canada's trading partners. As a result, goods shipped directly to Canada from certain countries may be entitled to benefit from lower or "free" duty rates.

Canada also has trade agreements in place with Chile, Colombia, Costa Rica, Honduras, Israel, South Korea, Peru, Panama, Jordan, the European Free Trade Association (which includes Iceland, Liechtenstein, Norway and Switzerland), the European Union, and Ukraine.

In addition to the above trade agreements, Canada signed the Comprehensive & Progressive Trans Pacific Partnership (CPTPP) on March 8, 2018. The CPTPP is a free trade agreement between Canada and 10 other countries in the Asia-Pacific region. On December 31, 2018, the CPTPP entered into force for Canada, Australia, Japan, Mexico, New Zealand and Singapore. The agreement entered into force for Vietnam on January 14, 2019.

Because the United Kingdom is no longer part of the European Union, the Canada-U.K. trade relationship is no longer governed by the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). As a result, Canada and the United Kingdom have signed and ratified the Canada-United Kingdom Trade Continuity Agreement (Canada-U.K. TCA). This agreement came into effect on April 1, 2021.

The Canada-U.K. TCA provides continuity, predictability and stability for trade between Canada and the United Kingdom. It preserves the main benefits of CETA and Canada's competitive advantage in the U.K. market, including the elimination of tariffs on 98% of Canadian products exported to the U.K.

Similar to CUSMA, under these other free trade agreements, the exporter or producer of the goods must provide the Canadian importer with proof that the goods meet the specific requirements of the free trade agreement, which may be in a form of a Certificate of Origin or a statement depending on the requirements of the agreement.

Customs Self-Assessment (CSA)

The CSA program is a release and accounting system developed by CBSA that helps qualifying Canadian importers reduce costs that are typically associated with cross-border trading by investing in compliance.

Approved importers can use their own commercial business system to trigger customs accounting documentation. Importers self-assess the duties and GST owing on imported goods through

a financial institution of their choice. The CBSA expects that CSA will result in increased compliance with customs requirements as well as improved competitiveness for Canadian businesses.

In addition to self-assessment accounting, the CBSA offers CSA approved importers a clearance option. This option gives importers the opportunity to eliminate costs associated with the release of CSA eligible goods. As some restrictions do apply to the release program, importers may choose to apply for one or both options within the CSA program.

eManifest

As part of the CBSA's mandate to strengthen Canada's border security and improve the commercial border process, the CBSA has implemented eManifest.

eManifest requires that all importers, carriers and freight forwarders provide advance trade data to the CBSA electronically within designated timelines, prior to the goods arriving at the border, regardless of mode of transport. This improves CBSA's ability to detect high-risk shipments before they arrive at the border, which allows low-risk, legitimate trade to cross the border more efficiently.

Failure to comply with some of these requirements may result in penalties under the Administrative Monetary Penalty System (AMPS).

Trade Compliance Verifications (Verifications)

CBSA relies on a post-release verification process to review import transactions and penalize violations. The CBSA releases a list semi-annually outlining verification priorities in areas such as tariff classification, origin and valuation. This list is not exhaustive, and a company can be subject to random verifications in any or all the three areas.

As part of a verification CBSA might send questionnaires and request the following information:

- All documentation relating to imports during the audit period, including a copy of the purchase order, sales invoice, customs documentation, shipping documents, accounting records, etc.

CBSA also imposes monetary penalties for importers who are in violation of customs legislation. In most cases these penalties are assessed for violations discovered during a verification.

The Administrative Monetary Penalty System (AMPS)

It is the responsibility of the importer and exporter of record to ensure compliance with customs legislation on all import and export transactions. AMPS is designed to ensure compliance with customs legislation by imposing monetary penalties for non-compliance.

AMPS apply to contraventions of the Customs Act, the Customs Tariff, and the regulations thereunder, as well as contraventions of the terms and conditions of licensing agreements and undertakings. AMPS impose monetary penalties proportionate to the type, frequency, and severity of the infraction. Most penalties are graduated, with consideration being given to the compliance history of the importer or exporter.

Starting April 1, 2019, the minimum penalty for these contraventions increased to $500 (from $150) and now range from $500 to a maximum of $25,000 per infraction for a single contravention; however, if there is more than one contravention the amount may exceed $25,000.

To ensure accuracy and completeness of all trade transactions, and to avoid AMPS penalties for non-compliance, importers and exporters should have written procedures in place to ensure declarations being made to the CBSA are accurate and complete.

Areas of responsibility include, but are not limited to:

- Release of imported goods
- Duty and GST payable
- Reporting of exports
- Documentation
- Transmission of information
- Maintenance of records
- Responsiveness to queries from the CBSA after payment.

In most cases, penalties will be issued against the importer or exporter of record, regardless of which supply chain partner or service provider committed the infraction.

CBSA Assessment and Revenue Management (CARM)

CARM is a multi-year project that will facilitate trade compliance and enhance the use of data analytics to streamline business processes. When fully implemented, CARM will:

- Simplify the overall importing process
- Provide a modern interface for importing into Canada
- Give importers self-service access to their own information
- Improve consistency in trade rules and decisions.

Using the CARM portal will be mandatory for all companies importing into Canada. Failure to register a company who imports into Canada in the portal will result in shipments being denied entry at the border. The CARM portal is being introduced in two phases beginning May 25, 2021:

CARM Release 1 – May 25, 2021
CARM Client Portal onboarding opens to importers, customs brokers and trade consultants only and, if not already in place, will require each to have a Business Number (BN). The CARM Client Portal will be web-based and include functions such as:

- Delegation of Authority procedures that provide importers the ability to grant portal access to third-party services providers
- New online payments options (credit cards, pre-authorized debit etc.)
- Tariff classification tools and estimated duty and tax calculator
- Application Program Interface (API) to retrieve importer past transaction tariff data from portal
- Electronic ruling request capability and status updates.

CARM Release 2 – May 2022
CARM Client Portal onboarding opens to the entire trade community, including those not previously included in Release 1 and becomes mandatory requiring all importers not enrolled in the CSA stream to be enrolled or shipments will be denied customs clearance entry into Canada. Additional portal functionality will include:

- Electronic Commercial Accounting Declarations (CAD) replacing the current B3 process
- Electronic corrections and adjustments replacing current B2 process
- All importers to have their own account security to support their Release Prior to Payment authorization
- Harmonized monthly billing cycles
- New offsetting options of duty owing against duty refunds
- Electronic management for appeals and compliance actions.

Trusted Traders

Partners in Protection (PIP)
Canada's security program enlists the cooperation of private industry in an effort to enhance border security and combat organized crime and terrorism. This is a voluntary program that is designed to streamline and make border processes more efficient for low-risk, pre-approved businesses recognized as trusted traders. It is also intended to help detect and prevent contraband smuggling while at the same time increasing awareness of customs compliance issues.

When PIP is used in conjunction with CSA, importers/exporters can participate in the Free and Secure Trade (FAST) program, which helps streamline imports into Canada from trusted traders.

Customs-Trade Partnership Against Terrorism (C-TPAT)
C-TPAT is the U.S.'s voluntary government-business initiative designed to strengthen and improve overall international supply chains and U.S. border security. Through this program, businesses are asked to ensure the integrity of their security practices and communicate and verify the security guidelines of their business partners within the supply chain. Currently, participation in the C-TPAT program is open to U.S. importers, Canadian and Mexican manufacturers, licensed U.S. customs brokers, consolidators, carriers, and third-party logistics providers.

Trusted Trader Renewal - Canada Border Services Agency (CBSA) proposal
The CBSA Trusted Trader Renewal Working Group started discussions on new priorities to strengthen minimum security requirements to align with the US Customs Trade Partnership Against Terrorism (CTPAT) and WCO SAFE framework of standards, focusing among others on:

- Risk assessments and planning
- Personnel security
- Cyber security
- Agricultural security
- Forced labour
- Money laundering and terrorism financing.

Discussions are ongoing with no definitive timeline yet established for any updated Trusted Trader standards.

Personal Imports—Personal Exemptions[1]

Length of Absence[2]	Value of Goods	Alcohol	Tobacco[3]
Less than 24 hours	Personal exemption does not apply	N/A	N/A
24 hours or more[4]	Up to $200	N/A	N/A
48 hours or more[5]	Up to $800	1.5L wine or 1.14L alcoholic beverages or 8.5L of beer or ale	200 cigarettes and 50 cigars/cigarillos and 200 tobacco sticks and 200 grams of manufactured tobacco
7 days or more[5]	Up to $800	1.5L wine or 1.14L alcoholic beverages or 8.5L of beer or ale	200 cigarettes and 50 cigars/cigarillos and 200 tobacco sticks and 200 grams of manufactured tobacco

Notes

(1) If you are a Canadian resident returning from travel outside Canada, a former resident returning to live in Canada, or a temporary resident of Canada returning from a trip outside of Canada, you are entitled to a personal exemption which allows the import of goods into Canada without paying the applicable customs duty, GST/HST, and excise tax. The amount of your exemption is based on the length of your time outside of Canada. A personal exemption can be used any number of times throughout the year, however, personal exemptions cannot be combined with, or transferred to another person.

(2) When calculating the number of days away, the date of departure from Canada is not included but the date of return is.

(3) Cigarettes, tobacco sticks or manufactured tobacco included in the personal exemption may receive only a partial exemption. Tobacco that exceeds the personal exemption will be subject to regular assessments on the excess amount. These regular assessments may include duty and taxes, as well as provincial or territorial fees. An allowance will be given for products that have an excise stamp "DUTY PAID CANADA DROIT ACQUITTÉ". Canadian-made products with this mark are sold at duty-free shops.

(4) If the length of absence is 24 hours or more and the value of the goods purchased abroad exceeds CDN$200 the personal exemption of $200 cannot be claimed. Instead, the applicable duty and tax must be paid on the total value of the goods being brought into Canada. You must have the goods with you when you arrive in Canada and this personal exemption does not include alcohol or tobacco products.

(5) If the length of absence is 48 hours or more and the value of goods purchased abroad exceeds the personal exemption of CDN$800, duty will be assessed on the amount by which the value of the goods exceeds the personal exemption amount. For example, if $1,000 of goods was purchased while on a three-day trip, duty and tax would be calculated and must be paid on the amount exceeding the $800 personal exemption amount (i.e., $200). However, on the first CDN$300 over your exemption, you are entitled to a beneficial duty rate of 7% on all goods that would not be duty-free in the Customs Tariff. You must have the goods with you when you arrive in Canada. However, if the length of the stay outside Canada is 7 days or greater the goods, with the exception of tobacco products and alcoholic beverages, are not required to be with you when entering but may be declared as goods to follow. All goods, including those to follow, must be reported to the Canada Border Services Agency when you enter Canada.

Currency

There are no restrictions on the amount of monetary instruments or cash that can be brought into or taken out of Canada. However, importing or exporting monetary instruments of CDN$10,000 or more (or the equivalent in a foreign currency), must be reported to the Canada Border Services Agency (CBSA) upon arrival to Canada or prior to departure from Canada. If you transport currency or monetary instruments that belong to you, you must complete Form E677—Cross-Border Currency or Monetary Instruments Report—Individuals. If you transport currency or monetary instruments on someone else's behalf, you must complete Form E667—Cross-Border Currency or Monetary Instruments Report—General.

Monetary instruments or cash not reported to the CBSA may be subject to seizure, forfeiture or an assessment of penalties. Penalties range from $250 to $5,000.

Gifts

While you are outside Canada, you can send gifts free of duty and taxes to friends within Canada. To qualify, each gift must not be worth more than CDN$60 and cannot be a tobacco product, an alcoholic beverage or advertising matter. If the gift is worth more than CDN$60, the recipient will have to pay regular duty and taxes on the excess amounts. Gifts that you send from outside Canada do not count as part of your personal exemption, but gifts that are brought back in personal luggage do count against your exemption limits.

Prohibited or restricted goods

The following items are prohibited or subject to import restrictions:

- Firearms and weapons
- Replica firearms
- Explosives, fireworks, and ammunition
- Vehicles, import restrictions apply mostly to used or second-hand vehicles that are not manufactured in the current year and imported from a country other than the United States
- Food products
- Animals, plants, and their products
- Endangered species
- Cultural property
- Prohibited consumer products, as outlined by Health Canada
- Health products (prescription drugs)
- Used or second hand mattresses
- Goods subject to import controls
- Posters and handbills depicting scenes of crime or violence
- Photographic, film, video or other visual representations that are child pornography under the Criminal Code
- Firewood
- Good contaminated with soil
- Books, printed paper, drawings, paintings, prints, photographs or representations of any kind that, under the Criminal Code:
  - are deemed to be obscene
  - constitute hate propaganda
  - are of treasonable character, or
  - are of a seditious character.

Cannabis

Bringing cannabis (marijuana) products across the border remains a criminal offence. Importing and exporting cannabis and/or cannabis products remains illegal if not permitted by Health Canada. Permits or exemptions may be issued for certain purposes, including cannabis for scientific or medical purposes. Despite the legalization of cannabis in Canada, unauthorized cross-border movement of cannabis remains a serious criminal offence subject to arrest and prosecution and could be punishable by imprisonment. Additionally, receiving or sending cannabis in any form into or out of Canada by mail or courier is also illegal.

Indirect taxes

5

Federal and Provincial/Territorial Sales Tax Rates[1]

Provinces and Territories	GST	PST/RST/QST	HST
British Columbia	5% GST	7% PST	
Alberta	5% GST		
Saskatchewan	5% GST	6% PST[2]	
Manitoba	5% GST	7% RST[3]	
Ontario			13% HST
Quebec	5% GST	9.975% QST[4]	
New Brunswick			15% HST
Nova Scotia			15% HST
Prince Edward Island			15% HST
Newfoundland and Labrador			15% HST
Yukon	5% GST		
Northwest Territories	5% GST		
Nunavut	5% GST		

Notes

(1) Canada's Goods and Services Tax (GST) applies at a rate of 5% to most goods acquired and services rendered in Canada. The Harmonized Sales Tax (HST) is comprised of a 5% federal component and a provincial component that varies by province. Canada is proposing a new luxury tax at a rate of 10 to 20% on certain new luxury cars and personal aircraft selling for over $100,000 and boats selling over $250,000.

Canada has introduced new GST/HST rules that require many distribution platform operators and non-resident businesses located outside of Canada to register and collect the GST/HST from certain customers on the sales of services, intangibles and goods in certain circumstances, effective July 1, 2021.

Canada is proposing a new 3% digital services tax (DST) on certain revenue streams of certain large businesses effective January 1, 2022. The new DST applies to certain revenues from online business models including online marketplaces, social media, online advertising, and user data. The 2021 federal budget only contains highlights of the new DST proposal, but does not include draft legislation. The government invites stakeholder comments by June 18, 2021.

The Provincial Sales Tax (PST)/Retail Sales Tax (RST) is a single-stage tax that generally applies to the retail sales of goods and certain services to persons who use those goods or services. The rates and rules vary among the provinces.

Quebec applies the Quebec Sales Tax (QST). The QST is generally the same as the GST/HST in application, with certain exceptions.

Other rates and sales taxes may apply.

(2) Saskatchewan has implemented PST rules that require many operators of digital platforms to register and collect PST from customers on sales facilitated through their platforms effective January 1, 2020.

(3) Manitoba plans to introduce new RST rules that will require many operators of digital platforms to register and collect RST from customers on sales facilitated through their platforms effective December 1, 2021. Manitoba reduced the province's RST rate to 7% (from 8%) effective July 1, 2019.

(4) Quebec has implemented QST rules that require many businesses located outside of Quebec, as well as operators of certain digital platforms, to register and collect QST from certain customers either on January 1, 2019 or September 1, 2019, depending on their circumstances. Quebec plans to introduce further QST changes, similar to the new GST/HST rules, for supplies of goods effective July 1, 2021.

Rebates for Public Service Bodies[1]

			Provincial component of the HST				
Type of Organization	**GST**	**QST**	**Ont.**	**N.B.**	**N.S.**	**P.E.I.**	**Nfld.**
Charities and qualifying non-profit organizations	50%	50%	82%	50%	50%	35%	50%
Hospital authorities, facility operators or external suppliers	83	51.5	87	0	83[2]	0	0
Municipalities	100	50	78	57.14	57.14	0	57.14
School authorities	68	47	93	0	68	0	0
Universities and public colleges	67	47	78	0	67	0	0

Notes

(1) Some entities may qualify to claim public service bodies' rebates for the GST, the provincial component of the HST or the QST paid on eligible purchases and expenses. This table summarizes most of these rebates.

(2) In Nova Scotia, the rebate for the provincial component of the HST of 83% applies to hospital authorities only.

Elimination of Restrictions on QST Input Tax Refunds and HST Recapture Input Tax Credit Requirements for Large Businesses and Financial Institutions

Prior to January 1, 2021, certain large businesses were not entitled to claim full input tax refunds (ITRs) for QST paid on specified goods and services. Prior to April 1, 2021, affected businesses were also required to recapture some input tax credits (ITCs) claimed for the provincial component of the HST paid in respect of similar types of specified goods and services in Prince Edward Island. These QST restrictions and HST recaptured ITC rules are no longer in force but are still subject to audit by the tax authorities.

A QST and GST/HST registrant was generally considered to be a large business for a given fiscal year if the value of the taxable sales made in Canada by the registrant and the registrant's associates exceed $10 million during the immediately preceding fiscal year. Various financial institutions were also considered large businesses regardless of the value of their taxable sales.

The rules for the recaptured input tax credits (RITCs) were similar to the restrictions for ITRs for QST purposes. However, one significant difference was that a business subject to these rules could not simply forego claiming the ITCs subject to the RITCs. The business had to claim the ITCs and recapture the ITCs in the appropriate reporting period. Large businesses were generally required to show the RITCs separately when filing their returns.

Specified Goods and Services that Were Subject to ITR Restrictions and RITCs

Specified Goods and Services	Que.[1]	Ont.[2]	N.S.	N.B.	P.E.I.[3]	Nfld.
Qualifying motor vehicles under 3,000kg, fuel (other than diesel fuel) and some property or services relating to such vehicles	ITR restrictions	N/A	N/A	N/A	RITCs	N/A
Electricity, gas, combustibles and steam	ITR restrictions	N/A	N/A	N/A	RITCs	N/A
Telephone and other telecommunication services (excluding services related to 1-800, 1-888 or 1-877 telephone services and Internet access)	ITR restrictions	N/A	N/A	N/A	RITCs	N/A
Meals and entertainment	ITR restrictions	N/A	N/A	N/A	RITCs	N/A

Notes

(1) Quebec phased out its ITR restrictions. The phase out, which began January 1, 2018 was completed December 31, 2020.

(2) Ontario phased out its RITC requirements from July 1, 2015 to June 30, 2018.

(3) Prince Edward Island phased out its RITC requirements from April 1, 2018 to March 31, 2021.

Prescribed Interest Rates—GST/HST and QST

	GST/HST		QST	
	Tax Refunds	Tax Debts	Tax Refunds	Tax Debts
2019				
January to March	2.0/4.0%	6.0%	2.0%	7.0%
April to June	2.0/4.0	6.0	2.0	7.0
July to September	2.0/4.0	6.0	1.8	7.0
October to December	2.0/4.0	6.0	1.8	7.0
2020				
January to March	2.0/4.0	6.0	1.7	7.0
April to June	2.0/4.0	6.0	1.7	7.0
July to September	1.0/3.0	5.0	1.4	5.0
October to December	1.0/3.0	5.0	1.4	6.0
2021				
January to March	1.0/3.0	5.0	1.0	5.0
April to June	1.0/3.0	5.0	1.0	5.0

GST/HST and QST Filing and Assessment Periods[1]

	Annual Level of Taxable Supplies[2]		
	Up to $1,500,000	**$1,500,000 to $6,000,000**	**Over $6,000,000**
Reporting period[3]	Annually	Quarterly	Monthly
Optional reporting period[4]	Monthly or quarterly	Monthly	None available
Filing due date	Three months after end of annual reporting period[5]	One month after end of reporting period	One month after end of reporting period
Assessment period[6]	4 years	4 years	4 years
Period for Notice of Objection	90 days	90 days	90 days
Period for Notice of Appeal[7]	90 days	90 days	90 days

Notes

(1) Some of the information in the table may not apply to certain non-resident businesses and distribution platform operators that fall under the QST simplified registration system that came into effect January 1, 2019. Some details may also not apply to certain non-resident businesses and distribution platform operators that are registered under the new GST/HST simplified registration system effective July 1, 2021.

(2) Taxable supplies include those that are zero-rated. Some supplies, however, may be excluded for the purpose of these calculations.

(3) Listed financial institutions can generally remain annual filers, notwithstanding that their taxable supplies made may exceed the threshold amounts for quarterly or monthly filing.

(4) In order to use the optional reporting period, an election must generally be filed at the start of the year.

(5) For GST/HST and QST reporting, an individual with an annual reporting period, with business income and a December 31 year-end, must pay by April 30 and file by June 15. Special rules also apply for some financial institutions.

(6) The assessment period is generally 4 years, however this period may be extended in some circumstances, including if there is fraud or misrepresentation attributable to neglect, carelessness or wilful default.

(7) After the Canada Revenue Agency or Revenu Quebec has confirmed the Notice of Assessment or Reassessment, the period to file an appeal to the appropriate court is generally 90 days.

Selected Penalty Provisions—GST/HST and QST

Description	GST/HST Penalty	QST Penalty
Failure to file a return by due date	1% of unpaid tax plus 0.25% per complete month (not exceeding 12) while the return remains outstanding	$25 per day to a maximum of $2,500
Failure to remit tax by due date	No penalty (interest only)	7%–15% of the tax payable[1]
Failure to provide information	$100 for each failure	$100 for each failure
Failure to provide amounts as and when required on the GST/HST and QST annual information returns for financial institutions	Lesser of: • $1,000 and • 1% of difference between amounts (or 1% of total of tax collectible and ITC claimed depending on the amount)	Lesser of: • $1,000 and • 1% of difference between amounts (or 1% of total of tax collectible and ITR claimed depending on the amount)
False statement or omissions attributable to gross negligence	Greater of $250 and 25% of the reduction in tax	50% of the tax benefit
Penalties for third parties	Greater of: • $1,000 and • the lesser of 50% of the tax benefit and the total of $100,000 plus compensation	Greater of: • $1,000 and • the lesser of 50% of the tax benefit and the total of $100,000 plus compensation

Note

(1) In general, where the amount is no more than seven days late, a penalty of 7% applies. Where the amount is between eight and 14 days late, a penalty of 11% applies. In all other cases, a 15% penalty applies.

Provincial Sales Tax/Retail Sales Tax Rates[1]

	British Columbia	Saskatchewan[2]	Manitoba[3]
General sale or lease of goods and taxable services	7%	6%	7%
Passenger vehicles:			
Less than $55,000	7	6	7
From $55,000 to $55,999.99	8	6	7
From $56,000 to $56,999.99	9	6	7
From $57,000 to $124,999.99	10	6	7
From $125,000 to $149,999.99	15	6	7
$150,000 or more	20	6	7
Alcoholic beverages	10	10[4]	7
Insurance[5]	0	6	7

Notes

(1) This table serves only as a guide. The applicable legislation and administrative policies should be consulted as specific rules and exceptions within these broad categories may apply.

(2) Saskatchewan expanded the tax base of its provincial sales tax to include certain services related to real property effective April 1, 2017 and certain insurance premiums effective August 1, 2017.

(3) Manitoba reduced the province's general sales tax rate to 7% (from 8%) effective July 1, 2019. Manitoba has removed the 7% RST on qualifying residential and business real property insurance effective July 1, 2020.

(4) Saskatchewan levies a 10% tax on alcoholic beverages as the Liquor Consumption Tax.

(5) In Ontario, a 13% HST applies on most taxable goods and services. Generally, the HST does not apply to insurance premiums. However, Ontario applies an 8% RST on many insurance premiums and Quebec applies a 9% tax on many insurance premiums.

Newfoundland and Labrador has eliminated the 13% tax on automobile insurance. Newfoundland and Labrador continues to apply RST at 15% on other insurance products.

Other insurance premium related taxes may also apply in various provinces.

Prescribed Interest Rates—PST/RST[1]

	British Columbia[2] (PST)	Saskatchewan[3] (PST)	Manitoba[4] (RST)
2019			
January to March	6.95%	6.95%	9.95%
April to June	6.95	6.95	9.95
July to September	6.95	6.95	9.95
October to December	6.95	6.95	9.95
2020			
January to March	6.95	6.95	8.95
April to June	5.95	6.95	8.95
July to September	5.45	6.95	7.45
October to December	5.45	6.95	7.45
2021			
January to March	5.45	5.45	6.45
April to June	5.45	5.45	6.45

Notes

(1) The rates indicated in the table apply to tax debts.

(2) In British Columbia, the rates for tax refunds are generally 5% less than those for tax debts.

(3) In Saskatchewan, interest may be paid only on certain tax refunds at a rate less than the rate for tax debts.

(4) In Manitoba, no interest is paid on tax refunds.

Other taxes and levies

Provincial Payroll and Health Fund Taxes[1]—2021

	British Columbia Employer Health Tax[5]	Manitoba Health and Post-Secondary Education Tax	Ontario Employer Health Tax
Tax rate	1.95%[6]	2.15%[8]	1.95%
Exempt remuneration[2]	$500,000[6]	$1,500,000	$1,000,000[10]
Instalment period	Quarterly[7]	Monthly[9]	Monthly[11]
Annual filing deadline	March 31	March 31	March 15
Assessment period[3]	6 years	6 years	4 years
Refund period	—	2 years	4 years
Objection deadline[4]	—	90 days	180 days

Notes

(1) Payroll, in general, includes all payments, benefits and allowances included in computing employment income under the Income Tax Act. Payroll may also be deemed to include such payments made by associated employers.

(2) Each province has specific eligibility criteria to obtain the exemption. In most cases, the exemption must be prorated among associated corporations and certain corporate partnerships.

(3) The assessment period may be extended if the employer is not registered for this tax or where there is suspicion of withholding or misrepresenting information on the returns.

(4) The objection deadline generally starts on the date of mailing of the Notice of Assessment.

(5) British Columbia introduced a new Employer Health Tax effective January 1, 2019. This tax is intended to help fund the elimination of the Medical Services Plan premiums, which was eliminated effective January 1, 2020 (see the table "Provincial Health Premiums").

For purposes of the Employer Health Tax, a joint venture is not considered to be an employer. Each individual venturer is considered to be an employer.

(6) The Employer Health Tax is calculated as a percentage of payroll and varies based on the employer's annual payroll. Employers with annual payroll over $1.5 million are subject to the 1.95% rate with no exemption amount. Annual payroll of $500,000 or less is exempt from tax. Annual payroll between $500,000 and $1.5 million is subject to a rate of 2.925% of the amount in excess of $500,000. The annual thresholds for charitable or non-profit employers is $1.5 million and $4.5 million. If you are associated with other employers and the combined British Columbia remuneration of the associated employers is between $500,000 and $1.5 million, you must share the $500,000 exemption. If the combined British Columbia remuneration of the associated employers is greater than $1.5 million, there is no exemption available to any of the employers.

(7) Instalments are due during the calendar year on June 15, September 15, December 15 and March 31. If the amount of employer health tax in the previous calendar year exceeded $2,925, quarterly instalment payments are required based on the lesser of 25% of the previous year's tax or 25% of the current year's estimated tax.

	Quebec Health Services Fund[12]	Newfoundland Health and Post-Secondary Education Tax
Tax rate	4.26%[13]	2.00%
Exempt remuneration[2]	—	$1,300,000
Instalment period	Monthly[14]	Monthly[15]
Annual filing deadline	February 28	N/A[16]
Assessment period[3]	4 years	4 years
Refund period	4 years	3 years
Objection deadline[4]	90 days	90 days

(8) Employers with annual payroll over $3.0 million are subject to the 2.15% rate with no exemption amount. Annual payroll of $1.5 million or less is exempt from tax. Annual payroll between $1.5 million and $3.0 million is subject to a rate of 4.3% of the amount in excess of $1.5 million.

(9) Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid.

(10) Employers with annual Ontario payrolls over $5 million, including groups of associated employers, are not eligible for the exemption. The $5 million threshold does not apply to eligible registered charities. For the 2020 tax year, eligible employers were exempt from EHT on the first $1 million of total Ontario remuneration. In the 2020 Ontario Budget, the government announced it was making the EHT payroll exemption increase permanent.

(11) Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid. Employers with annual payroll of $600,000 or less are not required to make instalments. Instead, they must remit the tax once a year along with their annual return.

(12) In addition to the Health Services Fund, Quebec also levies a Manpower Training Tax.

Employers whose payroll exceeds $2 million must allot at least 1% of their payroll to eligible training expenditures. Employers whose eligible training expenditures are lower than the minimum required participation must make a contribution equal to the difference between the two amounts. The employer must remit this contribution by the last day of February of the following year.

Most Quebec employers also have a requirement to contribute to the financing of the Commission des normes du travail. For 2021, remuneration of up to $83,500 paid to an employee is subject to a contribution rate of 0.07%. The employer must remit this contribution by the last day of February in the following year.

Notes, continued

(13) Public-sector employers must pay a contribution of 4.26%, regardless of their total payroll.

Service and construction sectors are subject to the 4.26% rate if their annual payroll is over $6.5 million, and entitled to a gradual reduction in the contribution rate if their total annual payroll is less than $6.5 million.

The contribution rate for all employers other than public sector employers and employers whose total payroll is more than 50% attributable to activities in the primary and manufacturing sectors with payroll between $1 million and $6.5 million is calculated using the formula [1.1755% + (0.4745% × total payroll/$1 million)]. If annual payroll is less than $1 million, the rate is 1.65%.

A reduction of the Health Services Fund contribution is granted until December 31, 2021 to eligible employers with payrolls under $6.5 million, for full-time jobs created in the natural and applied sciences sector. Employers with payrolls under $6.5 million and where more than 50% of the total payroll is attributable to activities in the manufacturing or primary sector (which includes activities in the agriculture, forestry, fishing and hunting sector and in the mining, quarrying and oil and gas extraction sector) are also eligible for the reduced contribution rate as follows:

Primary and manufacturing sectors are also subject to the 4.26% rate if their annual total payroll is over $6 million. The contribution rate for payroll between $1 million and $6.5 million is calculated using the formula [0.7027% + (0.5473% x total payroll/$1 million)]. If annual payroll is less than $1 million, the rate is 1.25%.

(14) Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid. However, the frequency of instalments will depend upon an employer’s average monthly remittances of income tax, Quebec Pension Plan contributions and Health Services Fund.

(15) Monthly instalments and returns are due on the 20th of the month following the month in which the remuneration is paid.

(16) There is no requirement to file annual returns for the Newfoundland Health and Post-Secondary Education Tax. Returns and instalments are remitted on a monthly basis.

Workers' Compensation[1]—2021

	Maximum Assessable Earnings[2]	Minimum Yearly Assessment	Lowest Assessment Rate[3]	Highest Assessment Rate[3]	Provincial Average Assessment Rate[3]
British Columbia	100,000	$0	$0.15	$11.06	$1.55
Alberta	98,700	200	0.14	5.43	1.14
Saskatchewan	91,100	100	0.17	6.00	1.17
Manitoba	127,000[4]	100	0.14	25.00	0.95
Ontario	102,800	100	0.31	4.45	1.37
Quebec	83,500	65	0.42	15.89	1.85
New Brunswick	67,100	100	0.48	6.92	2.40
Nova Scotia	64,500	0	0.42	15.90	2.65
Prince Edward Island	55,300	50–100[5]	0.21	6.43	1.52
Newfoundland and Labrador	67,985	50	0.42	29.00	1.69
Yukon	91,930	0	0.73	7.57	2.09
Northwest Territories	97,300	0	1.12	6.54	2.40
Nunavut	97,300	0	1.12	6.54	2.40

Notes

(1) Each province/territory in Canada has a system of workers' compensation that provides insurance for workers who sustain an injury by accident arising out of and in the course of their work. In return for this insurance, the worker gives up the right to sue the employer for benefits and costs associated with a work-related claim. While the general principles of the system are consistent across all the provinces/territories, each jurisdiction is governed by its own Act and/or Regulations and has its own board or commission to administer the legislation.

While most employers are required to register and pay premiums to the provincial/territorial authority in which they have workers, not every province/territory requires all employers to register. Therefore, it is important to understand the registration obligations for the province/territory in which workers are hired.

(2) "Maximum Assessable Earnings" is the maximum annual amount of earnings that is used to compute each worker's payroll for assessment purposes.

(3) The assessment rate is the rate per $100 of assessable earnings. The guidelines for determining assessable earnings vary among provinces/territories. The above rates are standard rates and do not reflect any merit/demerit adjustments under the various provincial/territorial experience rating programs.

(4) Employers in Manitoba only report a worker's earnings up to the maximum assessable amount of $127,000. However, an injured worker will receive wage loss benefits based on 90% of their net earnings, with no cap on wage loss benefits. The coverage cap for optional voluntary and personal coverage is $528,950.

(5) Employers resident in Prince Edward Island pay a minimum of $50. Non-resident employers pay a minimum of $100.

Provincial/Territorial Land Transfer Taxes, Registration Fees and Speculation and Vacancy Taxes

	Legislation	Property Value	Rate of Tax or Fee[1]
British Columbia[2]	Property Transfer Tax Act	General	
		Up to $200,000	1.0%
		200,001–2,000,000	2.0
		Over 2,000,000	3.0
		Residential Property	
		Up to $200,000	1.0%
		200,001–2,000,000	2.0
		2,000,001–3,000,000	3.0
		Over 3,000,000	5.0
British Columbia—Specified Areas[3]	Property Transfer Tax Act	All values of residential property acquired by foreign purchasers	20%
British Columbia—Specified Areas[4]	Speculation and Vacancy Tax Act	All values of certain vacant residential property	0.5% or 2.0%
Alberta[5]	Land Titles Act	All values	$50 + 0.04%
Saskatchewan[5]	Land Titles Act	Up to $500	—
		501–8,400	$25
		Over 8,400	0.3%
Manitoba[6]	Tax Administration and Miscellaneous Taxes Act	Up to $30,000	$114
		30,001–90,000	0.5%
		90,001–150,000	1.0
		150,001–200,000	1.5
		Over 200,000	2.0
Ontario[7]	Land Transfer Tax Act	General	
		Up to $55,000	0.5%
		55,001–250,000	1.0
		250,001–400,000	1.5
		Over 400,000	2.0
		Single Family Residence(s)	
		Up to $55,000	0.5
		55,001–250,000	1.0
		250,001–400,000	1.5
		400,001–2,000,000	2.0
		Over 2,000,000	2.5
Ontario—Greater Golden Horseshoe[8]	Land Transfer Tax Act	All values of residential property acquired by foreign purchasers	15%

Refer to notes on the following pages.

	Legislation	Property Value	Rate of Tax or Fee[1]
Ontario—City of Toronto[9]	Toronto Municipal Code Taxation, Municipal Land Transfer Tax	General Up to $55,000 55,001–250,000 250,001–400,000 Over 400,000 Single Family Residence(s) Up to $55,000 55,001–250,000 250,001–400,000 400,001–2,000,000 Over 2,000,000	$81.09 + HST + 0.5% 1.0 1.5 2.0 0.5 1.0 1.5 2.0 2.5
Quebec[10]—Other than City of Montreal	An Act Respecting Duties on Transfers of Immovables	Up to $52,800 52,801–264,000 Over 264,001	0.5% 1.0 1.5
Quebec[10]—City of Montreal	An Act Respecting Duties on Transfers of Immovables	Up to $52,800 52,801–264,000 264,001–527,900 527,901–1,055,800 1,055,801–2,041,900 Over 2,041,900	0.5% 1.0 1.5 2.0 2.5 3.0
New Brunswick[11]	Real Property Transfer Act	All values	$85 + 1.0%
Nova Scotia[12]	Land Registration Act	All values	$100 + 0% to 1.5%
Prince Edward Island[13]	Lands Protection Act Real Property Transfer Tax Act	All values All values if over $30,000	1.0% (Min. $550) $77.25 to $463.65 + 1.0%
Newfoundland and Labrador[14]	Registration of Deeds Act	Up to $500 Over 500	$100 0.4%
Yukon[15]	Land Titles Act	All values	Nil - $750 + Assurance Fund Fee
Northwest Territories[16]	Land Titles Act	Up to $1,000,000 Over 1,000,000	0.185% (Min. $100) 0.135%
Nunavut[17]	Land Titles Act	Up to $1,000,000 Over 1,000,000	0.15% (Min. $60) 0.1%

Notes

(1) The rates of tax shown in the table are graduated rates. For example, the land transfer tax levied on the transfer of a property in Manitoba valued at $150,000 is calculated as $114 + (0.5% × 60,000) + (1.0% × 60,000) = $1,014.

(2) British Columbia levies land transfer tax on registered transfers or grants of land, based on the fair market value of the property being transferred. Citizenship information must be disclosed when registering a taxable transaction. Where both property transfer and provincial sales taxes have been paid, a refund of land transfer tax may be available.

Exemptions to the British Columbia property transfer tax may apply to certain mortgages, leases under 30 years, amalgamations, first-time buyers of qualifying residential property, registration of multiple leases on the same property, and various types of transfers of property.

British Columbia's First Time Home Buyers' Program may reduce the amount of property transfer tax on the purchase of a first home. The fair market value threshold for eligible residential property under the program is $500,000 and the fair market value threshold for a partial exemption under the program is $525,000. The fair market value threshold for land plus the cost to build a new home under the program is also $525,000.

Newly constructed homes located in British Columbia with a value of up to $750,000 may be exempt from property transfer tax when purchased for use as a principal residence. A partial exemption may also be available for homes with a value between $750,000 and $800,000. The land must be 0.5 hectares or smaller. Buyers do not have to be first-time owners of residential property to qualify for this exemption but must be Canadian citizens or permanent residents.

(3) British Columbia levies an additional 20% property transfer tax on registered transfers of certain residential property acquired by a foreign national (an individual who is not a citizen or permanent resident of Canada), a foreign corporation or a taxable trustee. The tax is based on the fair market value of the property.

This additional tax only applies to property located in whole or in part in the Metro Vancouver Regional District (MVRD), the Capital Regional District, the Fraser Valley Regional District, the Regional District of Central Okanagan, and the Regional District of Nanaimo (excluding certain First Nations' lands and prescribed areas).

The MVRD includes Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Langley City and District, Lion's Bay, Maple Ridge, New Westminster, North Vancouver City and District, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, Vancouver, West Vancouver, White Rock and Electoral Area A.

Exemptions are available to foreign national individuals confirmed under the British Columbia Provincial Nominee Program, transfers resulting from an amalgamation, transfers to a surviving joint tenant, certain transfers following bankruptcy and qualifying Canadian-controlled limited partnerships that register a property transfer at the Land Title Office on or after June 1, 2020.

An anti-avoidance rule applies to any transactions that result directly or indirectly in a tax benefit, or are structured to reduce or avoid this tax.

(4) British Columbia imposes an additional annual property tax (a "speculation and vacancy" tax), on residential property owned directly or indirectly by foreign and domestic homeowners who, together with their spouse, report less than 50% of their total household income in Canada (a "satellite family").

This tax applies to residential property located in Metro Vancouver, the Capital Regional District (excluding Salt Spring Island, the Southern Gulf Islands and Juan de Fuca), Kelowna and West Kelowna, Nanaimo-Lantzville, Abbotsford, Chilliwack and Mission.

The speculation and vacancy tax rate varies depending on where the owner resides and reports income. The speculation and vacancy tax rate is:

- 0.5% for residents of British Columbia and other Canadian citizens or permanent residents of Canada who report the majority of their total household income in Canada, or
- 2% for all other registered homeowners who do not report the majority of their total household income in Canada (i.e., foreign owners or satellite families).

Exemptions are available for most principal residences, qualifying long-term rental properties and other special circumstances.

A portion of the speculation and vacancy tax payable by a non-British Columbia resident may be offset with a non-refundable tax credit if the property owner reports income in the province.

A vacant second home of a British Columbia resident will be eligible for a non-refundable tax credit that is immediately applied against the speculation tax. This credit will offset a total of $2,000 in speculation tax payable, ensuring that speculation tax should not apply to a second home valued up to $400,000.

Notes, continued

(5) Alberta and Saskatchewan levy a registration fee on transfers of interests in land, mortgages and other charges based on the value of the property being transferred. The fees indicated in the table apply to transfers of land. The fees applicable to mortgages and other charges generally differ from the land transfer fee.

(6) Manitoba levies land transfer tax on registered transfers of land based on the value of the property being transferred.

Exemptions may apply to certain mortgages, leases, dissolutions or wind-ups of wholly owned subsidiaries, and various other transfers of property.

General anti-avoidance rules may apply to transactions where the conveyance of title is registered in order to reduce, avoid or defer tax in a manner that is an avoidance transaction.

Land titles registration fees vary depending if they are submitted electronically or on paper.

(7) Ontario levies land transfer tax (OLTT) on dispositions of beneficial interests in land, whether or not the transfer is registered, based on the value of the consideration furnished.

Exemptions to the OLTT may apply to certain mortgages, leases under 50 years, certain unregistered dispositions, certain transfers between spouses and other various other transfers of property. A deferral and ultimate cancellation of land transfer tax is available on certain transfers between affiliated corporations.

First-time buyers of newly constructed or resale residential property may be eligible for a maximum rebate of $4,000. The purchaser must be a Canadian citizen or permanent resident of Canada to receive a refund. A qualifying purchaser may not claim their spouse's interest for the first-time homebuyers refund if the spouse is not a Canadian citizen or permanent resident of Canada.

A general anti-avoidance rule applies to deny a tax benefit for transactions that unreasonably reduce, avoid, defer or cancel land transfer tax, unless undertaken or arranged primarily for bona fide purposes other than to obtain the tax benefit.

Persons who purchase or acquire land that contains at least one and not more than six single family residences, or agricultural land, are required to provide additional information in prescribed form, including:

- Whether the home will be occupied by the purchaser, or their family member(s), as their principal residence,
- Whether the property is intended to be leased out
- Information about residency, citizenship and permanent resident status where the purchaser is an individual, and
- Information about incorporation, ownership and control where the purchaser is a corporation.

(8) Ontario levies an additional non-resident speculation tax on purchases or acquisitions of residential property by a foreign national (an individual who is not a citizen or permanent resident of Canada), a foreign corporation or a taxable trustee. The tax is based on the value of the consideration for the property and only applies to property located in whole or in part in the Greater Golden Horseshoe Region (GGH).

The GGH includes the following geographic areas: Barrie, Brant, Brantford, Dufferin, Durham, Guelph, Haldimand, Halton, Hamilton, Kawartha Lakes, Niagara, Northumberland, Orillia, Peel, Peterborough, Simcoe, Toronto, Waterloo, Wellington and York.

The tax applies to the transfer of land which contains at least one and not more than six family residences including detached and semi-detached houses, duplexes, townhouses, and condominiums. The tax does not apply to other types of land such as multi-residential rental apartments with more than six units, agricultural land, commercial land or industrial land.

An anti-avoidance rule applies to any transactions that result directly or indirectly in a tax benefit or are structured to reduce or avoid this tax.

Exemptions may be available to foreign nationals confirmed under the Ontario Immigrant Nominee Program or conferred the status of a "convention refugee" or "person in need of protection."

(9) In addition to OLTT, the City of Toronto levies a Municipal Land Transfer Tax (MLTT) on dispositions of beneficial interests in land located in the City of Toronto. MLTT rates are harmonized with OLTT rates.

Exemptions apply to certain Ontario government bodies, school boards, universities, colleges, hospitals, nursing homes, the Toronto Community Housing Corporation, the Toronto Economic Development Corporation and the City of Toronto. All conveyances exempt from OLLT are also exempt from MLTT.

First-time buyers of newly constructed or resale residential property may be eligible for a maximum rebate of $4,475. Only Canadian citizens or permanent residents of Canada are eligible for the rebate.

Notes, continued

(10) Quebec levies land transfer duties (commonly referred to as "mutations tax") based on the greatest of:

- The consideration furnished,
- The consideration stipulated, and
- The market value of the immovable property at the time of its transfer.

Mutations tax is payable on the transfer of a beneficial interest in land, whether or not the transfer is registered.

A municipality may, by by-law, set a rate higher for any part of the basis of imposition which exceeds $500,000. Such rate may not exceed 3%, except in the case of the City of Montreal.

Exemptions may apply to certain mortgages, leases under 40 years, amalgamations, transfers between family members or former spouses, and various other transfers of property. Specific conditions and disclosure requirements must be met for certain transfers among family members and closely related corporations.

Partnerships in Quebec are also subject to mutations tax on their acquisition of immovable property. Certain exemptions may be available, including transfers between a corporation and a partnership, or an individual and a partnership.

Eligible first-time home buyers may receive a non-refundable $5,000 tax credit for expenses not covered by a mortgage, such as inspection fees, notary fees and land transfer duties.

(11) New Brunswick levies land transfer tax on registered transfers of land based on the greater of the value of the property being transferred and the value of consideration furnished.

Exemptions may apply to certain mortgages, leases under 25 years, and various other transfers of property.

(12) Nova Scotia levies land transfer tax on deeds transferring land if required by municipal by-law, based on the rate stipulated by the municipality and the value of the property being transferred. Exemptions may apply to certain mortgages, leases under 21 years, and transfers between family members.

(13) Prince Edward Island levies a registration fee on applications for land-holding permits by resident corporations, or non-resident individuals or corporations, for the purchase of land if the aggregate land holdings exceed five acres or includes shore frontage exceeding 165 feet. The minimum fee is $550. The fee, however, is limited to $550 on certain transfers between non-resident related persons and corporations.

Registration of a deed transferring real property is subject to real property transfer tax based on the greater of the consideration for the transfer and the assessed value.

Exemptions may apply to property if the greater of these two amounts does not exceed $30,000. Exemptions may also apply to certain mortgages, first-time home buyers, certain transfers between family members and various other transfers of property.

(14) Newfoundland and Labrador levies a registration fee on transfers of interests in land, mortgages and other charges, based on the value of the property being transferred.

(15) Yukon levies a land transfer fee on the registration of legal title based on the value of the property (under $100,000 – Nil, fees not exceeding $750 for transfers between $100,000 to $10 million and over). In addition, an assurance fund fee applies if the purchase price is greater than the value of the property at the time of its last transfer ($20 for all transactions up to $10,000, plus $10 for each additional $10,000, or part, of the additional declared value since the last transfer).

(16) Northwest Territories levies a land transfer fee on the registration of legal title based on the value of the property.

(17) Nunavut levies a land transfer fee on the registration of legal title based on the value of the property.

Probate Fees—2021[1]

Value of Estate From	To	B.C.	Alta.	Sask.	Man.
$0	$5,000	—	$35	$7 per $1,000 rounded to the nearest $1,000	—
5,001	10,000	—	✓	✓	—
10,001	15,000	—	$135	✓	—
15,001	20,000	—	✓	✓	—
20,001	25,000	—	✓	✓	—
25,001	50,000	$6 per $1,000 or part thereof in excess of $25,000	$275	✓	—
50,001	100,000	$150 + $14 per $1,000 or part thereof in excess of $50,000	✓	✓	—
100,001	125,000	✓	✓	✓	—
125,001	150,000	✓	$400	✓	—
150,001	250,000	✓	✓	✓	—
250,001	and over	✓	$525	✓	—
Probate fee for estate of $1,000,000		**$13,450**	**$525**	**$7,000**	**$0**

In the table, the "✓" mark indicates that the applicable rate is the same as that indicated above.

Refer to notes on the following pages.

Value of Estate						
From	**To**	**Ont.**	**Que.**	**N.B.**	**N.S.**	**P.E.I.**
$0	$5,000	—	—	$25	$85.60	$50
5,001	10,000	—	—	$50	✓	✓
10,001	15,000	—	—	$75	$215.20	$100
15,001	20,000	—	—	$100	✓	✓
20,001	25,000	—	—	$100 + $5 per $1,000 in excess of $20,000	✓	✓
25,001	50,000	—	—	✓	$358.15	$200
50,001	100,000	$15 per $1,000 in excess of $50,000	—	✓	$1,002.65	$400
100,001	125,000	✓	—	✓	$1,002.65 + $16.95 per $1,000 in excess of $100,000	$400 + $4 per $1,000 in excess of $100,000
125,001	150,000	✓	—	✓	✓	✓
150,001	250,000	✓	—	✓	✓	✓
250,001	and over	✓	—	✓	✓	✓
Probate fee for estate of $1,000,000		**$14,250**	**$0**	**$5,000**	**$16,257.65**	**$4,000**

Probate Fees—2021[1]

Value of Estate					
From	**To**	**Nfld.**[2]	**Y.T.**	**N.W.T.**	**Nvt.**
$0	$5,000	$60 + $6 per $1,000 in excess of $1,000	—	$30	$25
5,001	10,000	✓	—	✓	✓
10,001	15,000	✓	—	$110	$100
15,001	20,000	✓	—	✓	✓
20,001	25,000	✓	—	✓	✓
25,001	50,000	✓	—	$215	$200
50,001	100,000	✓	—	✓	✓
100,001	125,000	✓	—	✓	✓
125,001	150,000	✓	—	$325	$300
150,001	250,000	✓	—	✓	✓
250,001	and over	✓	—	$435	$400
Probate fee for estate of $1,000,000		**$6,054**	**$0**	**$435**	**$400**

Notes

(1) Probate fees are charged by the courts in each province/territory, with the exception of Manitoba, Quebec and Yukon, to grant letters probate that confirm that the deceased's will is valid and that the executor has the authority to administer the estate. Generally, probate fees are payable on the value of all property of the deceased that passes to the executor or administrator of the estate through the deceased's will. Each province/territory has its own specific rules in determining if any exceptions exist. The applicable provincial/territorial statute should be consulted for additional details, in particular for any application fees.

(2) In Newfoundland and Labrador, estates valued at less than $1,000 have a minimum probate fee of $60.

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Fort St. John
250-787-1989

Fredericton
506-452-8000

Hamilton
905-523-8200

Kamloops
250-372-5581

Kanata
613-212-5764

Kelowna
250-979-7150

Kingston
613-549-1550

Langley
604-455-4000

Lethbridge
403-380-5700

London
519-672-4880

Moncton
506-856-4400

Montréal South Shore
450-462-6222

Montréal
514-840-2100

Mont Royal
514-731-7987

North Bay
705-472-5110

Oakville
905-815-8045

Ottawa
613-212-5764

Prince George
250-563-7151

Quesnel
250-992-5547

Québec
418-577-3400

Regina
306-791-1200

Saint John
506-634-1000

Saskatoon
306-934-6200

Sault Ste. Marie
705-949-5811

St. Catharines
905-685-4811

St. John's - Newfoundland
709-733-5000

Sudbury
705-675-8500

Toronto
416-777-8500

Toronto – Vaughan
905-265-5900

Vancouver
604-691-3000

Vancouver - Burnaby
604-527-3600

Vernon
250-503-5300

Victoria
250-480-3500

Waterloo
519-747-8800

Windsor
519-251-3500

Winnipeg
204-957-1770

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