KPMG

Tax Facts

2016–2017

kpmg.ca/taxfacts

Organization	Website
KPMG LLP	kpmg.ca
The Funding Portal	thefundingportal.com
Canada Revenue Agency	cra-arc.gc.ca
Canada Border Services Agency	cbsa-asfc.gc.ca
Department of Finance Canada	fin.gc.ca
Government of Canada	canada.ca
Department of Justice Canada	canada.justice.gc.ca
Government Electronic Directory Services	sage-geds.tpsgc-pwgsc.gc.ca
Employment and Social Development Canada	esdc.gc.ca
Statistics Canada	statcan.gc.ca
Bank of Canada	bank-banque-canada.ca
Innovation, Science and Economic Development Canada	ic.gc.ca
Global Affairs Canada	international.gc.ca
Parliament of Canada	parl.gc.ca
Supreme Court of Canada	scc-csc.ca
Federal Court of Canada	fct-cf.gc.ca
Tax Court of Canada	tcc-cci.gc.ca
Organization for Economic Cooperation and Development	oecd.org
Alberta 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	gnb.ca/finance
Newfoundland and Labrador Department of Finance	fin.gov.nl.ca/fin
Nova Scotia Finance and Treasury Board	novascotia.ca/finance
Ontario Ministry of Finance	fin.gov.on.ca
Prince Edward Island Department of Finance	gov.pe.ca/finance
Revenu Québec	revenuquebec.ca
Finances Québec	finances.gouv.qc.ca
Government of Saskatchewan Finance	finance.gov.sk.ca
Chartered Professional Accountants Canada	cpacanada.ca
Certified General Accountants	cga-canada.org
Canadian Tax Foundation	ctf.ca
International Fiscal Association Canada	ifacanada.org
U.S. Internal Revenue Service	irs.gov

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Individuals

Federal and Provincial/Territorial Income Tax Rates and Brackets for 2016 and 2017

	Tax Rates	Tax Brackets	Surtax Rates	Surtax Thresholds
Federal[1,2]	15.00%	Up to $45,282		
	20.50	45,283–90,563		
	26.00	90,564–140,388		
	29.00	140,389–200,000		
	33.00	200,001 and over		
British Columbia[3,4]	5.06%	Up to $38,210		
	7.70	38,211–76,421		
	10.50	76,422–87,741		
	12.29	87,742–106,543		
	14.70	106,544 and over		
Alberta	10.00%	Up to $125,000		
	12.00	125,001–150,000		
	13.00	150,001–200,000		
	14.00	200,001–300,000		
	15.00	300,001 and over		
Saskatchewan[5]	11.00%	Up to $44,601		
	13.00	44,602–127,430		
	15.00	127,431 and over		
Manitoba[6,7]	10.80%	Up to $31,000		
	12.75	31,001–67,000		
	17.40	67,001 and over		
Ontario[8]	5.05%	Up to $41,536		
	9.15	41,537–83,075	20%	$4,484
	11.16	83,076–150,000	36	5,739
	12.16	150,001–220,000		
	13.16	220,001 and over		
Quebec[9]	16.00%	Up to $42,390		
	20.00	42,391–84,780		
	24.00	84,781–103,150		
	25.75	103,151 and over		

Refer to notes on the following pages.

	Tax Rates		Tax Brackets	Surtax Rates	Surtax Thresholds
New Brunswick[5,10]	9.68%		Up to $40,492		
	14.82		40,493–80,985		
	16.52		80,986–131,664		
	17.84		131,665–150,000		
	20.30		150,001 and over		
Nova Scotia[6]	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[6]	9.80%		Up to $31,984		
	13.80		31,985–63,969		
	16.70		63,970 and over	10%	$12,500
Newfoundland and Labrador[11]	8 .20%	[8.70%]	Up to $35,148		
	13.50	[14.50]	35,149–70,295		
	14.55	[15.80]	70,296–125,500		
	15.80	[17.30]	125,501–175,700		
	16.80	[18.30]	175,701 and over		
Yukon[5]	6.40%		Up to $45,282		
	9.00		45,283–90,563		
	10.90		90,564–140,388		
	12.80		140,389–500,000		
	15.00		500,001 and over		
Northwest Territories[5]	5.90%		Up to $41,011		
	8.60		41,012–82,024		
	12.20		82,025–133,353		
	14.05		133,354 and over		
Nunavut[5]	4.00%		Up to $43,176		
	7.00		43,177–86,351		
	9.00		86,352–140,388		
	11.50		140,389 and over		

Federal and Provincial/Territorial Income Tax Rates and Brackets for 2016 and 2017

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 1.3% for 2016.

(2) The federal government introduced two tax rate changes for individuals starting January 1, 2016. The federal tax rate for income between $45,283 and $90,563 decreased to 20.5% (from 22%) and the tax rate on income over $200,000 increased to 33% (from 29%).

(3) 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 province's inflation factor is 0.9% for 2016. Residents of British Columbia are also required to make monthly payments under the province's Medical Services Plan (see the table "Provincial Health Premiums").

(4) British Columbia introduced a temporary sixth bracket in 2014 where individuals earning more than $150,000 in a taxation year were taxed at a rate of 16.80%. This two-year temporary measure expired December 31, 2015.

(5) Saskatchewan, New Brunswick and the territories (Northwest Territories, Nunavut and the Yukon) index their tax brackets using the same formula as that used federally. The inflation factor is 1.3% for 2016.

(6) Manitoba, Nova Scotia and Prince Edward Island do not index their tax brackets or surtax thresholds.

(7) Manitoba's 2016 budget introduced indexing of its tax brackets beginning in 2017.

(8) 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 province's inflation factor is 1.5% for 2016. 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").

(9) 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 province's inflation factor is 1.09% for 2016. Residents of Quebec are required to pay a health contribution and to make payments to the province's Health Services Fund (see the table "Provincial Health Premiums"). Quebec's 2016 budget announced a reduction in the health contribution beginning in 2016 (previously 2017) and complete elimination starting in 2018.

(10) New Brunswick's 2016 budget eliminated the top marginal personal income tax rate of 25.75% and lowered the personal income tax rate for individuals with taxable income over $150,000 to 20.3% (from 21%). These changes are retroactive to January 1, 2016.

(11) Newfoundland and Labrador indexes its tax brackets using the same formula as that used federally, but uses the applicable provincial inflation rate rather than the federal rate in the calculation. Newfoundland and Labrador's inflation factor is 0.4% for 2016.

Newfoundland and Labrador's 2016 budget increased personal income tax rates for all income brackets. The province's tax rates for the first, second, third and fourth tax bracket thresholds will increase to 8.7% (from 7.7%), to 14.5% (from 12.5%), to 15.8% (from 13.3%), to 17.3% (from 14.3%) and to 18.3% (from 15.3%), effective July 1, 2016. As a result of the July 1, 2016 effective date, one-half of these rate increases take effect for 2016 as shown in the table. The rates in the brackets are the rates for 2017.

Federal and Provincial Non-Refundable Tax Credit Rates and Amounts for 2016[1]

	Federal	B.C.	Alta.	Sask.	Man.
Tax rate applied to credits	15.00%	5.06%	10.00%	11.00%	10.80%
Indexation factor[3]	1.30%	0.90%	1.30%	1.30%	n/a
Basic personal	$11,474	$10,027	$18,451	$15,843	$9,134
Spousal/partner and wholly dependant person[4,5,13]	11,474	8,586	18,451	15,843	9,134
Net income threshold	—	859	—	1,585	—
Dependants[6,13]: 18 and over and infirm	6,788	4,388	10,680	9,334	3,605
Net income threshold	6,807	6,989	7,056	6,623	5,115
Child[7]: (max)	—	—	—	6,010	—
Adoption[8]	15,453	15,453	12,619	—	10,000
Disability[9]	8,001	7,521	14,232	9,334	6,180
Disability supplement[10]	4,667	4,387	10,680	9,334	3,605
Pension[9] (max)	2,000	1,000	1,421	1,000	1,000
Age 65 and over[9,11]	7,125	4,497	5,141	4,826	3,728
Net income threshold	35,927	33,473	38,275	35,927	27,749
Medical expense threshold[12]	2,237	2,085	2,384	2,237	1,728
Caregiver[13]	4,667	4,387	10,681	9,334	3,605
Net income threshold	15,940	14,850	16,981	15,940	12,312
Employment[14]	1,161	—	Ref.	—	—
Canada Pension Plan[15] (max)	2,544	2,544	2,544	2,544	2,544
Employment Insurance[15] (max)	955	955	955	955	955
Public transit pass costs[16]	—	—	—	—	—
Children's fitness[17] (max) and arts[18]	Ref.	500	—	—	500
Home buyers[19] (max)	5,000	—	—	10,000	—
Tuition fees and interest paid on student loans[20]					
Education and textbook[20] Full time—per month	465	200	717	400	400
Part time—per month	140	60	215	120	120
Charitable donations[21] Credit rate on first $200	15.00%	5.06%	10.00%	11.00%	10.80%
Credit rate on balance	29.00/ 33.00%	14.70%	21.00%	15.00%	17.40%

Refer to notes on the following pages.

Ref. = indicates refundable credit - see applicable note.

	Ont.	N.B.	N.S.	P.E.I.[2]	Nfld.
Tax rate applied to credits	5.05%	9.68%	8.79%	9.80%	7.70%
Indexation factor[3]	1.50%	1.30%	n/a	n/a	0.40%
Basic personal	$10,011	$9,758	$8,481	$7,708	$8,802
Spousal/partner and wholly dependant person[4,5,13]	8,500	8,286	8,481	6,546	7,192
Net income threshold	850	829	848	655	720
Dependants[6,13]: 18 and over and infirm	4,719	4,608	2,798	2,446	2,795
Net income threshold	6,707	6,539	5,683	4,966	6,007
Child[7]: (max)	—	—	1,200	1,200	—
Adoption[8]	12,213	—	—	—	11,878
Disability[9]	8,088	7,900	7,341	6,890	5,939
Disability supplement[10]	4,717	4,608	3,449	4,019	2,795
Pension[9] (max)	1,384	1,000	1,173	1,000	1,000
Age 65 and over[9,11]	4,888	4,765	4,141	3,764	5,619
Net income threshold	36,387	35,471	30,828	28,019	30,790
Medical expense threshold[12]	2,266	2,207	1,637	1,678	1,917
Caregiver[13]	4,719	4,609	4,898	2,446	2,795
Net income threshold	16,143	15,738	13,677	11,953	13,660
Employment[14]	—	—	—	—	—
Canada Pension Plan[15] (max)	2,544	2,544	2,544	2,544	2,544
Employment Insurance[15] (max)	955	955	955	955	955
Public transit pass costs[16]	—	—	—	—	—
Children's fitness[17] (max) and arts[18]	Ref.	—	500	—	—
Home buyers[19] (max)	—	—	—	—	—
Tuition fees and interest paid on student loans[20]					
Education and textbook[20]					
Full time—per month	539	400	200	400	200
Part time—per month	161	120	60	120	60
Charitable donations[21]					
Credit rate on first $200	5.05%	9.68%	8.79%	9.80%	7.70%
Credit rate on balance	11.16%	17.95%	21.00%	16.70%	15.30%

Federal and Provincial Non-Refundable Tax Credit Rates and Amounts for 2016

Notes

(1) The table shows the dollar amounts of federal and provincial non-refundable tax credits for 2016 (except for Quebec, see the table "Quebec Non-Refundable Tax Credit Rates and Amounts for 2016"). 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, the Ontario basic personal credit amount of $10,011 is multiplied by 5.05% to determine the credit value of $506.

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.

(2) The amounts in the table for P.E.I. referring to the 'spousal/partner and wholly dependent person' only represent the spousal/partner credit. For purposes of the wholly dependent person, the amounts should read $6,294 and $629 respectively.

(3) 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, Alberta, Saskatchewan, Ontario and Newfoundland and Labrador use the applicable provincial inflation rate in their calculations, while New Brunswick uses the federal inflation rate. Manitoba, Nova Scotia and Prince Edward Island do not index their credits. However, Manitoba's 2016 budget introduced indexing of its Basic Personal Amount beginning in 2017.

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

(5) 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. If either the federal spousal/partner or wholly dependant tax credit is claimed for an infirm person, then the claim may be increased by $318 ($2,120 x 15%) (see note (13)).

(6) The federal infirm dependant tax credit amount reflects a $2,093 enhancement (or the family caregiver tax credit) which is generally available for dependants with infirmities. See note (13) for additional details.

(7) Nova Scotia and Prince Edward Island provide a credit for children under the age of 6. If certain conditions are met, an individual can claim $100 per eligible month for a maximum of $1,200 per year. Unused credit amounts may be transferred between spouses.

(8) 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.

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

(10) 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.

(11) 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 2016 is $1,274.

Nova Scotia provides an additional non-refundable tax credit for individuals aged 65 or older in the year and over with taxable income of less than $24,000. The amount for 2016 is $1,000.

(12) 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.

In Ontario, a taxpayer can also claim medical expenses in respect of a dependant who is 18 or older, but the expenses are reduced by the lesser of 3% of the dependant's net income or the medical threshold. This threshold on medical expenses claimed for a dependent relative is $12,214 for 2016.

Federal and Provincial Non-Refundable Tax Credit Rates and Amounts for 2016

Notes, continued

(13) The caregiver credit is available to taxpayers who care for a related dependant in their home. 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.

A family caregiver tax credit of up to $318 ($2,120 x 15%) is also available for caregivers of dependants with a mental or physical infirmity, including spouses and minor children. If eligible, you can claim this credit as an enhancement to one of the existing dependency-related credits: the spousal credit (see note(5)), wholly dependent person credit (see note(5)), caregiver credit or infirm dependant credit (see note(6)).

(14) 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.

Alberta offers a refundable family employment credit for Alberta residents with children under the age of 18 who meet the income eligibility criteria. The credit is paid out in January and July of each year.

(15) Self-employed taxpayers can deduct 50% of their Canada or Quebec Pension Plan premiums in calculating net income. The balance is claimed as a non-refundable tax credit. Self-employed taxpayers can also claim Employment Insurance premiums paid.

(16) Individuals can claim a federal credit in respect of the cost of monthly transit passes (or passes of a longer duration) incurred for travel by the individual, their spouse or partner, or dependent children under age 19. The costs of certain electronic payment cards and certain weekly public transit passes may also be claimed.

(17) The federal children's fitness credit is available for fees paid for the enrolment of a child, under the age of 16 at the beginning of the year, in which the expenses are paid for an eligible program of physical activity. The 2016 federal budget reduced the maximum amount of expenses that may be claimed to $500 (from $1,000). The budget further announced that this credit will continue to be refundable for 2016 but will be eliminated for the 2017 and subsequent taxation years. If the child is eligible for the disability tax credit, the age limit increases to under the age of 18 and the claimable amount for 2016 may increase to $1,500 when a minimum of $100 is paid on eligible expenses.

British Columbia and Manitoba have a non-refundable fitness tax credit that is similar to the federal children's fitness credit. In Manitoba this credit includes claims for fitness activities by young adults up to the age of 24 and where a child is eligible for the disability tax credit the claimable amount may increase to $1,000 when a minimum of $100 is paid on eligible expenses. In British Columbia, non-refundable children's fitness equipment credit is available. The credit is calculated as 50% of the existing children's fitness credit.

Ontario provides a refundable credit (Children's Activity Tax Credit) of up to a maximum of $57 per child under the age of 16 for eligible activities as defined by the province. Ontario's refundable credit increases to a maximum of $112 if the child is under the age of 18 and is eligible for the disability tax credit. Overall expenses claimed in 2016 cannot exceed $560. Ontario's 2016 budget eliminated the province's Children Activity Credit effective January 1, 2017.

Saskatchewan's 2016 budget eliminated the province's refundable Active Families Benefit for 2016.

(18) The federal government provides an arts tax credit for fees paid for the enrolment of a child under the age of 16 at the beginning of the year in an eligible program of artistic, cultural, recreational or developmental activities. The 2016 federal budget reduced the maximum eligible amount of the credit to $250 (from $500) per child and eliminated the credit for the 2017 and subsequent taxation years. If the child is eligible for the disability tax credit, the age limit increases to under the age of 18 and, for 2016, the credit may be claimed on an additional $500 when a minimum of $100 is paid on eligible expenses.

Manitoba provides a children's arts and cultural activity tax credit for eligible amounts up to $500 per year per child. The credit is available for fees paid for the enrolment of a child under 16 years old at the beginning of the year in an eligible program of organized and supervised arts and cultural activities. If the child is eligible for the disability tax credit and is under 18 years old at the beginning of the year, the credit may be claimed on an additional $500 disability supplement amount when a minimum of $100 is paid on eligible expenses.

British Columbia provides a children's arts credit of up to $500 (or $1,000 for an individual eligible for the disability tax credit). This non-refundable tax credit mirrors the federal qualifications.

(19) First-time home buyers who acquire a qualifying home during the year may be entitled to claim a federal non-refundable tax credit 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 Home Buyers Tax Credit provides a non-refundable income tax credit of up to $1,100 (11% 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. The credit generally applies to qualifying homes acquired after December 31, 2011.

Notes, continued

(20) Amounts paid for tuition and mandatory ancillary fees in respect of the calendar year are eligible for federal and provincial tax credits.

Students may also claim for federal purposes a monthly amount in respect of the cost of textbooks, which is added to the monthly education amount. The monthly textbook credit amount is $65 for full-time students and $20 for part-time students.

The tuition, education and textbook credits are transferable to a spouse or common-law partner, parent or grandparent. The maximum amount transferable is $5,000 (indexed in some provinces) less the excess of the student's net income over the basic personal credit amount. Any amounts not transferred may be carried forward indefinitely by the student.

Interest paid on student loans is also eligible for both a federal and provincial tax credit. The tax credit must be claimed by the student, and can be carried forward for five years.

The 2016 federal budget eliminated the Education and Textbook Tax Credits, effective January 1, 2017. Individuals may still claim tax credit amounts carried forward from prior years.

Ontario's 2016 budget eliminated the province's Tuition and Education Tax credits related to studies after August 31, 2017.

(21) 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.

A temporary charitable donor's super credit supplements the exisiting charitable donation tax credit. A first-time donor is entitled to a one time 40% federal credit for money donations of $200 or less, and a 54% federal credit for donations between $200 and $1000. An individual is considered a first-time donor if neither the individual nor the individual's spouse or common-law partner has claimed the charitable donations tax credit or first-time donor's super credit in any taxation year after 2007. This credit may be claimed once in the first-time donor's 2013 to 2017 taxation years.

The federal government introduced a new tax rate of 33% on income over $200,000 starting January 1, 2016. This new tax rate of 33% will also apply to charitable donations over $200 to the extent that the individual has income that is subject to the new 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 new 33% tax credit rate.

Quebec Non-Refundable Tax Credit Rates and Amounts for 2016

Tax rate applied to credits[1]	20%
Indexation factor[2]	1.09%
Basic personal amount	$11,550
Amounts for dependants:	
Child under 18 engaged in full-time training or post-secondary studies[3]	2,130
Child over 17 who is a full-time student[4] Other dependants over 17[5]	3,100
Person living alone or with a dependant:[6,7]	
Basic amount	1,355
Single-parent amount (supplement)	1,675
Age 66 and over[6,8]	2,485
Experienced workers (age 64 and over)[9]	
Age 64	4,000
Age 65 and over	6,000
Pension[6] (max)	2,210
Disability	2,625
Union and professional dues[10]	10%
Tuition fees[11]	8%
Interest paid on student loans[12]	20%
Medical expenses[13]	
Charitable donations[14]	
Credit rate on first $200	20%
Credit rate on balance	24%

Notes

(1) Quebec's credit rate is applied to the dollar amounts shown in the table to determine the credit value. For example, the basic personal credit amount of $11,550 is multiplied by 20% to determine the credit value of $2,310.

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 1.09% for 2016.

Quebec Non-Refundable Tax Credit Rates and Amounts for 2016[1]

Notes, continued

(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 dependant. It is also available for infirm dependants who are engaged in such activities part-time. The amount claimed is reduced by 80% of the dependant's income for the year, calculated without including any scholarships, fellowships or awards received during the year.

(4) An eligible student is able to transfer to either parent an amount relating to an unused portion of their basic personal credit 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 ($7,610 for 2016).

(5) This credit is available if the dependant, other than the 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 dependant. The amount claimed must be reduced by 80% of the dependant's income, calculated without including any scholarships, fellowships or awards received during the year.

(6) The amounts for a person living alone or with a dependant for being 66 years of age or over and for pension income are added together and reduced by 15% of net family income. Net family income is the total income of both spouses/partners minus $33,505.

(7) This credit 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. If the individual is living with an eligible student, for the purposes of the transfer mechanism for the recognized parental contribution (see note (4)), the individual may be able to add an amount for a single-parent family of $1,675 to the basic amount for a person living alone.

(8) The minimum eligibility age will increase to 70 (from 65) by 2020 – 66 in 2016, 67 in 2017, 68 in 2018, 69 in 2019 and 70 in 2020.

(9) The 2015 Quebec Budget lowered the eligibility age from to 64 (from 65) for 2016 and will further lower the eligibility age to 63 in 2017. The budget also increased over a two year period the maximum amount of "eligible work income to $10,000 for all workers age 65 and over.

For 2016, this credit is available for workers who are 64 years of age or older. For workers age 64, the credit applies at a 16% rate to $4,000 of "eligible work income" in excess of $5,000. For workers age 65 and over, the credit applies at a 16% rate to $6,000 of "eligible work income" in excess of $5,000. The credit is reducible based on the Quebec deduction for workers (6% in 2016) and based on work income. 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.

(10) 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.

(11) The tuition credit is calculated based on tuition, professional examination and mandatory ancillary fees paid for the calendar year. Tuition fees qualify for a 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.

(12) Interest paid on student loans is converted into a tax credit at a 20% rate. Interest not claimed in a particular year may be carried forward indefinitely.

(13) 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.

(14) 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 Refundable Tax Credit Rates and Amounts for 2016[1]

	Tax Rate	Max expense	Max credit
Medical expenses[2] Reduced by 5% of family income in excess of $22,560[3]	25%	certain eligible medical expenses	$ 1,166
Child care expense credit[4] The lesser of the expenses incurred or:	from 26% to 75%		
For a child who has a severe or prolonged mental or physical impairment		11,000	
For a child under the age of seven		9,000	
For a child under the age of seventeen		5,000	
Adoption expense credit[5]	50%	20,000	10,000
Infertility treatment credit[6]	from 20% to 80%	20,000	16,000
Informal caregivers of related adults[7]			
Basic amount			642[3]/1,000
Supplement Reduced by 16% of the eligible relative's income over $23,330[3]			525[3]
Respite of caregivers[8] Reduced by 3% of the caregiver's family income in excess of $56,515[3]	30%	5,200	1,560
Home support of elderly persons living alone[9]			
Not recognized as dependant seniors	34%	19,500	6,630
Recognized as dependant seniors Reduced by 3% of the individual's family income in excess of $56,515[3]	34%	25,500	8,670
Short-term transition of seniors in rehabilitation center[10]	20%	costs incurred in maximum 60-day period	
Safety equipment for seniors[11]	20%	costs incurred in excess of $500	
Eco-friendly renovations[12]	20%	costs incurred in excess of $2,500	10,000

Notes

(1) Quebec's credit rate, maximum expense eligible and method of calculation of the credit varies 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 2016") and 25% of the amount deducted for impairment support products and services. A minimum amount of earned income has to be earned in order to claim the refundable tax credit: $2,985 for 2016.

(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 1.09% for 2016.

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

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

- $11,000 for a child of any age who has a severe or prolonged mental or physical impairment, plus $9,000 for a child under the age of seven, plus $5,000 for a child under the age of 17, or
- The actual child care 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 child care expenses are not limited by the earned income of the parent.

(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 credit rate varies from 20% to 80% of eligible infertility expense, depending on family income. The credit can be claimed on infertility expenses of up to $20,000.

Notes, continued

(7) There are three components to this credit. The first component applies to caregivers who house an eligible relative in their home where the relative is 70 years of age or older or is an adult with a severe and prolonged mental or physical impairment. The second component applies to informal caregivers who live in an eligible relative's home and a physician has attested that the relative is unable to live alone due to a severe and prolonged mental or physical impairment. Finally, the third component applies to caregivers whose spouse is 70 years of age or older, or has a severe and prolonged mental or physical impairment, and the couple lives in their own home other than in a seniors' residence.

The amount of the basic credit increases to $1,000 for 2016 if the caregiver cares for an elderly spouse. Note that caregivers caring for an elderly spouse are not entitled to the supplement amount.

For the purposes of this credit, an eligible relative is a 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.

(8) Caregivers can also claim a refundable tax credit for respite services. Qualifying expenses include specialized respite services respecting the care and supervision of an eligible person. If the expense has been used in calculating another refundable or non-refundable credit, it cannot be claimed for this credit as well.

(9) The home support tax credit can be claimed by persons age 70 and over living in their home. For seniors recognized as dependant, and when this credit is determined in respect of a couple as soon as one of the members of the couple is recognized as dependant, no reduction is allowed. If the expense also qualifies for the non-refundable medical expense credit (see the table "Quebec Non-Refundable Tax Credit Rates and Amounts for 2016"), it cannot be claimed for this credit as well.

(10) 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.

(11) 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.

(12) Quebec's 2016 budget introduced the RénoVert tax credit, a new temporary refundable tax credit for qualified eco-friendly home renovations paid by an individual before October 1, 2017. Examples of eco-friendly renovation work include insulation, sealing, doors that access the exterior, windows, and heating, air conditioning, water heating and ventilation systems, as well as to water quality and soil quality. The work must relate to existing parts of an individual's eligible dwelling.

Charitable Donations

	Federal[1]	Alta.	Que.	Other provinces	Net Income Limit[2]	Capital Gain Inclusion Rate[3]
Tax credit rates for an individual's donations[1,4]						
First $200 of donations	15%[5]	10%	20%[6]	Lowest provincial tax rate[7]	—	—
Balance of donations	29%/ 33%[1]	21%	24%	Highest provincial tax rate[8]	—	—
Eligible property for an individual[4]						
Cash					75%	n/a
Life insurance policy[9]					75	n/a
Certified cultural property[10]					n/a	0
Ecological property[11]					n/a	0
Qualifying securities[12]					75% plus 25% of Taxable Capital Gain	0
Capital property[13]					75% plus 25% of Taxable Capital Gain and recapture	50%
Donations made in an individual's will						
All gifts[14]					100%	As above
Donations made by corporations						
All gifts[15]					Same as for individuals	

Notes

(1) Charitable donations entitle individuals to a two-tier non-refundable tax credit. 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 Non-Refundable Tax Credit Rates and Amounts for 2016").

The federal government introduced a new tax rate of 33% on income over $200,000 starting January 1, 2016. This new tax rate of 33% will also apply to charitable donations over $200 to the extent that the individual has income that is subject to the new 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 new 33% tax credit rate.

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.

(2) 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.

(3) 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.

(4) 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 (see note (1)). Credits are subject to a net income restriction (see note (2)), but unused credits may be carried forward for five years.

(5) For taxation years that begin after 2012 a temporary charitable donor's super credit supplements the existing charitable donation tax credit. A first-time donor is entitled to a one-time 40% federal credit for money donations of $200 or less, and a federal credit between 54% and 58% for donations between $200 and $1,000. An individual is considered a first-time donor if neither the individual nor the individual's spouse or common-law partner has claimed the charitable donations tax credit or first-time donor's super credit in any taxation year after 2007. This one-time credit applies to donations made on or after March 21, 2013 and before 2018.

(6) 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, 2018 and a 30% non-refundable tax credit is available for certain large donors who give cultural organizations $250,000 or more. In Quebec 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.

(7) Ontario's tax credit rate for donations up to $200 is 6.05% although the lowest tax rate in this province is 5.05%.

(8) Ontario's tax credit rate for donations over $200 is 11.16% although the top tax rate in this province is 13.16%.

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

(9) The donation value of a life insurance policy is generally equal to its cash surrender value, plus any accumulated investment income. The policy must be assigned to the charity, with the charity being registered as the beneficiary. Any taxable amount resulting from the donation will represent income to the donor, and not a capital gain.

(10) 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. The donation of such property must be made to Canadian institutions or public authorities that have been designated by the Minister of Canadian Heritage. Capital gains arising on the donation of such property are not included in income. Capital losses, however, may be deducted within specified limits.

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.

Notes, continued

(11) Ecological property is generally defined as land, including a covenant, an easement, or in the case of land in Quebec, a real servitude, 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.

(12) 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.

(13) The amount chosen in respect of the donation cannot be 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.

(14) 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.

Effective for 2016 and subsequent years, donations made by will (and designated amounts) will no longer be considered to have been made by the individual, but rather will be considered to have been made by the estate at the time that the property transferred to the qualified donee. The trustee will have the flexiblility 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 36 months following the individual's death. An estate will continue to be able to claim a donation credit for other donations in the year that the donation is made or in any of the five following years.

(15) 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 except that gifts made to certain Crown agencies and foundations are entitled to a donation deduction of up to 100% of net income.

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

British Columbia – Medical Services Plan Rates for 2016

	Single Individual	Family of Two	Family of Three or More
Maximum annual premium	$ 900	$ 1,632	$ 1,800
Income threshold for premium assistance	22,000	25,000	31,000
Income threshold for full premium	30,000	30,000	30,000

British Columbia – Medical Services Plan Rates for 2017

	Single Individual	Family of Two	Family of Three or More
Maximum annual premium	$ 936	$ 1,872	$ 1,872
Income threshold for premium assistance	24,000	27,000	33,000
Income threshold for full premium	42,000	45,000	51,000

Notes

- Residents of British Columbia are required to make monthly payments under the province's Medical Services Plan (MSP). The amounts in the table reflect information that is effective January 1, 2016. The maximum annual premium amounts increased from the prior year.

  No premiums are payable for those with "adjusted net income" at or below the lower thresholds, and full premiums are payable once residents exceed the upper income thresholds. Premium assistance is available for those with "adjusted net income" between these two threshold amounts. "Adjusted net income" is based on the family's net income for the preceding tax year, less deductions for age, family size and disability and any reported Universal Child Care Benefit and Registered Disability Savings Plan Income.

  British Columbia's 2016 budget changed the MSP premium rate structure so that children and adults are treated the same regardless of family composition. Effective January 1, 2017, children will no longer be included in the calculation of MSP premiums and the MSP premium rate for couples will be set at twice the MSP premium rate for single adults. Additionally, the income threshold at which a household starts to pay full premiums will increase by $12,000.

Provincial Health Premiums

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

Note

- 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.

Quebec – Health Services Fund

Income Level	Required Contributions
Up to $14,440	Nil
14,441 to 50,200	1% of income over $14,440, maximum $150
Over 50,200	$150 + 1% of income over $50,200, 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 2016 and 2017").

Quebec – Health Contribution

Taxable Income (TI)	2016 Required Contributions	2017 Required Contributions
Up to $18,570	Nil	Nil
18,571 to 41,265	5% of TI over $18,570 up to a maximum of $50	Nil
41,266 to 134,095	$50 + 5% of TI over $41,265 up to a maximum of $175	5% of TI over $41,265 up to a maximum of $70
Over 134,095	$175 + 4% of TI over $134,095 up to a maximum of $1,000	$70 + 4% of TI over $134,095 up to a maximum of $800

Notes

- Individuals who are residents of Quebec on December 31 and aged 18 and over are also required to pay the health contribution Amounts are withheld from employees' pay as part of their regular income tax withholdings.

  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 2016 and 2017").
- Quebec's 2016 budget proposed to reduce the health contribution amounts in 2016 and 2017 until it is completely eliminated in 2018.

Employment Withholdings—Federal

Canada Pension Plan

	2015	2016
Maximum annual pensionable earnings	$ 53,600	$ 54,900
Basic exemption	$ 3,500	$ 3,500
Maximum contributory earnings	$ 50,100	$ 51,400
Employer and employee contribution rate	4.95%	4.95%
Maximum annual employer and employee contributions	$ 2,480	$ 2,544
Maximum annual self-employed contributions	$ 4,960	$ 5,089

Employment Insurance

	2015	2016
Maximum annual insurable earnings	$ 49,500	$ 50,800
Employee's premium rate	1.88%	1.88%
Maximum annual employee premiums	$ 931	$ 955
Employer's premium rate	2.63%	2.63%
Maximum annual employer premiums	$ 1,303	$ 1,337

Quebec Pension Plan

	2015	2016
Maximum annual pensionable earnings	$ 53,600	$ 54,900
Basic exemption	$ 3,500	$ 3,500
Maximum contributory earnings	$ 50,100	$ 51,400
Employer and employee contribution rate	5.25%	5.325%
Maximum annual employer and employee contributions	$ 2,630	$ 2,737
Maximum annual self-employed contributions	$ 5,261	$ 5,474

Employment Insurance

	2015	2016
Maximum annual insurable earnings	$ 49,500	$ 50,800
Employee's premium rate	1.54%	1.52%
Maximum annual employee premiums	$ 762	$ 772
Employer's premium rate	2.16%	2.13%
Maximum annual employer premiums	$ 1,067	$ 1,081

Quebec Parental Insurance Plan

	2015	2016
Maximum annual insurable earnings	$ 70,000	$ 71,500
Employee's contribution rate	0.559%	0.548%
Maximum annual employee contributions	$ 391	$ 392
Employer's contribution rate	0.782%	0.767%
Maximum annual employer contributions	$ 547	$ 548
Self-employed contribution rate	0.993%	0.973%
Maximum annual self-employed contributions	$ 695	$ 696

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 has been accompanied by a reduction in EI premiums for residents of Quebec.

2016 Personal Tax Table—Federal Plus Provincial Tax

Taxable Income	B.C.	Alta.	Sask.	Man.	Ont.
$ 10,000	$ —	$ —	$ —	$ —	$ —
15,000	227	227	227	691	227
20,000	963	961	1,252	1,942	1,370
25,000	2,073	2,126	2,463	3,172	2,604
30,000	3,182	3,291	3,674	4,374	3,538
35,000	4,174	4,455	4,886	5,654	4,472
40,000	5,155	5,620	6,097	6,954	5,556
45,000	6,222	6,785	7,316	8,253	6,632
50,000	7,548	8,209	8,887	9,812	8,481
55,000	8,906	9,669	10,495	11,408	9,612
60,000	10,316	11,194	12,170	13,070	11,094
65,000	11,726	12,719	13,845	14,733	12,577
70,000	13,136	14,244	15,520	16,535	14,059
75,000	14,546	15,769	17,195	18,430	15,692
80,000	16,056	17,294	18,870	20,325	17,264
85,000	17,606	18,819	20,545	22,220	18,885
90,000	19,197	20,344	22,220	24,115	20,669
95,000	21,080	22,113	24,139	26,254	22,809
100,000	22,995	23,913	26,089	28,424	24,979
150,000	43,476	42,702	46,328	50,412	46,972
200,000	65,326	63,702	68,328	73,612	70,957
250,000	89,176	87,202	92,328	98,812	97,560
300,000	113,026	110,702	116,328	124,012	124,325
350,000	136,876	134,702	140,328	149,212	151,090
400,000	160,726	158,702	164,328	174,412	177,854
450,000	184,576	182,702	188,328	199,612	204,619
500,000	208,426	206,702	212,328	224,812	231,384

Note

- This table applies to only salary income and includes all federal and provincial taxes and surtaxes. Ontario's taxes also include the province's Health Premium (see the table "Provincial Health Premiums"). The basic personal credit, federal employment credit, applicable provincial low-income credits and credits for Canada/Quebec Pension Plan contributions and Employment Insurance premiums are included in the calculations for all provinces (see the table "Federal and Provincial Non-Refundable Tax Credit Rates and Amounts for 2016").

Taxable Income	Que.	N.B.	N.S.	P.E.I.	Nfld.
$ 10,000	$ —	$ —	$ —	$ —	$ —
15,000	181	227	425	530	227
20,000	1,467	1,287	1,784	1,835	1,201
25,000	2,798	2,587	2,942	3,140	2,827
30,000	4,104	3,887	4,075	4,296	3,908
35,000	5,410	5,187	5,492	5,572	4,989
40,000	6,716	6,401	6,908	6,927	6,327
45,000	8,221	7,782	8,324	8,282	7,672
50,000	9,949	9,448	10,000	9,897	9,278
55,000	11,708	11,151	11,711	11,548	10,918
60,000	13,554	12,917	13,498	13,263	12,618
65,000	15,401	14,683	15,356	15,008	14,318
70,000	17,248	16,449	17,215	16,868	16,018
75,000	19,102	18,215	19,073	18,728	17,767
80,000	20,957	19,981	20,932	20,588	19,520
85,000	22,822	21,815	22,790	22,448	21,272
90,000	24,878	23,666	24,649	24,308	23,025
95,000	27,138	25,761	26,768	26,412	25,021
100,000	29,423	27,887	28,943	28,547	27,049
150,000	53,994	49,677	50,981	51,014	47,918
200,000	79,121	74,327	75,981	74,699	70,561
250,000	105,774	100,977	102,981	100,984	95,461
300,000	132,426	127,627	129,981	126,069	120,361
350,000	159,079	154,277	156,981	151,754	145,261
400,000	185,731	180,927	183,981	177,439	170,161
450,000	212,384	207,577	210,981	203,124	195,061
500,000	239,036	234,227	237,981	228,809	219,961

- For Quebec purposes, the calculations also include the health contribution and credit for the province's Parental Insurance Plan (see the table "Employment Withholdings—Quebec"). No other credits are claimed as they vary with the circumstances of the taxpayer.

Federal and Provincial 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 2016) • Gross-up applied to taxable Canadian non-eligible dividends (17% for dividends received in 2016)	
Carry forward period[3]	7 years	
Provincial AMT Rates[4]	British Columbia	33.7%
	Alberta	35.0%
	Saskatchewan	50.0%
	Manitoba	50.0%
	Ontario[5]	33.7%
	Quebec[6]	16.0%
	New Brunswick	57.0%
	Nova Scotia	57.5%
	Prince Edward Island	57.5%
	Newfoundland and Labrador[7]	54.7%

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

(5) For taxation years after 2015, Ontario minimum tax can no longer be reduced by the province's dividend tax credit and the foreign tax credit.

(6) 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.

(7) Newfoundland and Labrador's AMT rate increased to 54.7% (from 51.3%) for 2016 and will further increase to 58% for 2017. These changes are the result of an increase to the province's lowest personal income tax rate to 8.7% (from 7.7%) effective July 1, 2016.

Combined Top Marginal Tax Rates For Individuals[1]—2016

		Interest and Regular Income	Capital[2] Gains	Eligible Dividends	Non-eligible Dividends[3]
British Columbia		47.70%	23.85%	31.30%	40.61%
Alberta[4]		47.00/48.00	23.50/24.00	30.33/31.71	39.07/40.24
Saskatchewan[5]		48.00	24.00	30.33	39.91
Manitoba[6]		50.40	25.20	37.78	45.74
Ontario		51.97/53.53	25.98/26.76	37.19/39.34	43.48/45.30
Quebec		53.31	26.65	39.83	43.84
New Brunswick[7]		53.30	26.65	34.20	45.81
Nova Scotia		54.00	27.00	41.58	46.97
P.E.I.		51.37	25.69	34.22	43.87
Newfoundland and Labrador[8]	Amounts received before July 1, 2016	49.80	24.90	40.54	41.16
	Amounts received after June 30, 2016	49.80	24.90	40.54	41.86
Yukon		45.80/48.00	22.90/24.00	21.78/24.81	37.60/40.17
Northwest Territories		47.05	23.53	28.33	35.72
Nunavut		44.50	22.25	33.08	36.35

Notes

(1) The combined top marginal tax rate is the rate an individual will pay on income that falls into the top federal tax bracket. For provinces that have tax brackets above the top federal tax bracket of $200,000, additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario, $300,000 in Alberta or $500,000 in the Yukon should use these higher rates.

The federal government introduced two tax rate changes for individuals starting January 1, 2016. The federal tax rate for income between $45,283 and $90,563 decreased to 20.5% (from 22%) and the tax rate on income over $200,000 increased to 33% (from 29%).

(2) The lifetime capital gains exemption limit for qualified farm property, qualified fishing property and qualified small business corporation shares increased to $824,176 (from $813,600) for 2016. An additional lifetime capital gains exemption of $175,824 is available for qualified farm or fishing property disposed of in 2016.

(3) The federal dividend tax credit (DTC) rate that applies to non-eligible dividends decreased to 10.5% (from 11%) of taxable dividends beginning January 1, 2016. The 2016 federal budget announced that the DTC rate on non-eligible dividends will remain at 10.5% after 2016. The DTC rate was previously scheduled to decrease to 10% in 2017, 9.5% in 2018 and 9% in 2019.

The dividend gross-up factor that applies to non-eligible dividends also decreased to 17% (from 18%) beginning January 1, 2016. The 2016 federal budget announced that the gross-up factor for non-eligible dividends will remain at 17% after 2016. The gross-up factor was previously scheduled to decrease to 16% in 2018 and 15% in 2019.

(4) Alberta's 2015 budget (delivered October 27, 2015) adjusted the DTC rate that applies to non-eligible dividends due to changes in the federal gross-up factor (see note (3) above). The province slightly decreased the DTC rate that applies to non-eligible dividends to 3.09% (from 3.10%) of taxable dividends effective January 1, 2016.

(5) Saskatchewan's Bill 22 decreased the provincial DTC rate that applies to non-eligible dividends to 3.37% (from 3.4%) of taxable dividends effective January 1, 2016.

(6) Manitoba's Bill 11 reduced the provincial DTC rate that applies to non-eligible dividends to 0.7835% (from 0.83%) of taxable dividends effective January 1, 2016.

(7) New Brunswick's 2016 budget eliminated the top marginal personal income tax rate of 25.75% and lowered the personal income tax rate for individuals with taxable income over $150,000 to 20.3%. These changes are retroactive to January 1, 2016.

New Brunswick also decreased its DTC rate that applies to non-eligible dividends and increased its DTC rate that applies to eligible dividends. The province's DTC rate for non-eligible dividends decreased to 3.625% (from 4%) of taxable dividends effective January 1, 2016 and will further decrease to 3.5% for 2017. New Brunswick's DTC rate for eligible dividends increased to 13.5% (from 12%) of taxable dividends effective January 1, 2016 and will further increase to 14% for 2017.

(8) Newfoundland's 2016 budget reduced the provincial DTC rate that applies to non-eligible dividends to 3.5% (from 4.1%) of taxable dividends effective July 1, 2016.

Individual Marginal Tax Rates for Salary[1]—2016

	$11,474 to $45,282	$45,283 to $54,900	$54,901 to $90,563	$90,564 to $140,388	$140,389 to $200,000	$200,001 and over
British Columbia	22.19%	26.94%	28.20%	40.70%	43.70%	47.70%
Alberta	23.29	28.93	30.50	36.00	42.00	47.00 /48.00
Saskatchewan	24.22	31.87	33.50	39.00	44.00	48.00
Manitoba[2]	24.04	31.59	37.90	43.40	46.40	50.40
Ontario	18.68	28.39	29.65	43.41	47.97	51.97 /53.53
Quebec	26.12	34.86	37.12	47.46	49.97	53.31
New Brunswick	25.99	33.77	35.32	42.52	49.30	53.30
Nova Scotia	22.17	33.96	37.17	43.50	50.00	54.00
P.E.I.	23.11	32.74	37.20	44.37	47.37	51.37
Newfoundland and Labrador	21.62	32.54	35.05	40.55	44.80	49.80

Notes

(1) This table applies to salary income and includes all federal and provincial taxes and surtaxes, but does not include provincial health premiums (see the table "Provincial Health Premiums"). The following federal and provincial tax credits are included in the calculations: basic personal amount, federal employment amount, Canada/Quebec Pension Plan contributions, and 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 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 that have tax brackets above the top federal tax bracket of $200,000, additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or $300,000 in Alberta 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) For salary income less than $11,474 (but greater than $10,500), a small amount of provincial tax may apply in Manitoba.

Individual Marginal Tax Rates for Interest[1]—2016

	$11,474 to $45,282	$45,283 to $90,563	$90,564 to $140,388	$140,389 to $200,000	$200,001 and over
British Columbia	23.56%	28.20%	40.70%	43.68%	47.70%
Alberta	25.00	30.50	36.00	41.00	42.00/47.00 /48.00
Saskatchewan	26.00	33.50	39.00	44.00	48.00
Manitoba	25.80	37.90	43.40	46.40	50.40
Ontario	20.05	29.65	43.41	46.41	47.97/53.53
Quebec	28.53	37.12	47.46	49.97	53.31
New Brunswick	27.68	35.32	42.52	49.30	53.30
Nova Scotia	23.79	37.17	43.50	50.00	54.00
P.E.I.	24.80	37.20	44.37	47.37	51.37
Newfoundland and Labrador	23.20	34.00	40.55	44.80	49.80

Notes

(1) This table applies to interest income and includes all federal and provincial taxes and surtaxes, but does not include provincial health premiums (see the table "Provincial Health Premiums"). The respective basic personal tax credits are also included in the calculations.

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial 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 interest income into account.

For provinces that have tax brackets above the top federal tax bracket of $200,000, additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or $300,000 in Alberta 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.

Individual Marginal Tax Rates for Capital Gains[1]—2016

	$11,474 to $45,282	**$45,283 to $90,563**	**$90,564 to $140,388**	**$140,389 to $200,000**	**$200,001 and over**
British Columbia	11.78%	14.10%	20.35%	21.84%	23.85%
Alberta	12.50	15.25	18.00	20.50	21.00/23.50 /24.00
Saskatchewan	13.00	16.75	19.50	22.00	24.00
Manitoba	12.90	18.95	21.70	23.20	25.20
Ontario	10.03	14.83	21.71	23.20	25.98/26.76
Quebec	14.26	18.56	23.73	24.98	26.65
New Brunswick	13.84	17.66	21.26	24.65	26.65
Nova Scotia	11.90	18.59	21.75	25.00	27.00
P.E.I.	12.40	18.60	22.19	23.69	25.69
Newfoundland and Labrador	11.60	17.00	20.28	22.40	24.90

Notes

(1) This table applies to capital gains income and includes all federal and provincial taxes and surtaxes, but does not include provincial health premiums (see the table "Provincial Health Premiums"). The respective basic personal tax credits are also included in the calculations.

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial 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 that have tax brackets above the top federal tax bracket of $200,000, additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or $300,000 in Alberta should use these higher rates.

The taxable portion of the capital gain (i.e., 50%) is used to determine which marginal tax bracket will apply. However, when calculating the tax, apply the marginal rate to the actual amount of the capital gain (i.e., 100%).

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.

Individual Marginal Tax Rates for Eligible Dividends[1]—2016

	$11,474 to $45,282	$45,283 to $90,563	$90,564 to $140,388	$140,389 to $200,000	$200,001 and over
British Columbia	(2.01%)	4.39%	21.64%	25.78%	31.30%
Alberta	(0.03)	7.56	15.15	22.05	23.43/30.33 /31.71
Saskatchewan	(0.03)	10.32	17.91	24.81	30.33
Manitoba	3.84	20.54	28.13	32.27	37.78
Ontario	(6.86)	6.39	25.38	31.67	37.19/ 39.34
Quebec	5.64	17.49	31.77	35.22	39.83
New Brunswick	(1.16)	9.38	19.32	28.68	34.20
Nova Scotia	0.93	18.35	27.09	36.06	41.58
P.E.I.	(0.99)	16.12	24.57	28.71	34.22
Newfoundland and Labrador	3.84	18.74	27.78	33.65	40.54

Notes

(1) These rates apply to "eligible dividends" and take into account all federal and provincial taxes and surtaxes, but do not include provincial health premiums (see the table "Provincial Health Premiums"). The respective basic personal and dividend tax credits are also included in the calculations.

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial 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.

For provinces that have tax brackets above the top federal tax bracket of $200,000, additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or $300,000 in Alberta should use these higher rates.

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

Significant dividend 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) New Brunswick's Bill 32 increased the provincial DTC rate that applies to eligible dividends to 13.5% (from 12%) of taxable dividends effective January 1, 2016. The DTC rate will further increase to 14% for 2017.

Individual Marginal Tax Rates for Non-Eligible Dividends[1]—2016

		$11,474 to $45,282	$45,283 to $90,563	$90,564 to $140,388	$140,389 to $200,000	$200,001 and over
British Columbia		12.37%	17.79%	32.42%	35.93%	40.61%
Alberta		13.33	19.77	26.20	33.22	39.07 /40.24
Saskatchewan		14.17	22.95	29.38	35.23	39.91
Manitoba		16.96	31.12	37.55	41.06	45.74
Ontario		6.13	17.37	33.46	38.80	43.48 /45.30
Quebec		14.85	24.90	37.00	39.93	43.84
New Brunswick[4]		15.83	24.77	33.20	41.13	45.81
Nova Scotia		11.62	27.28	34.69	42.29	46.97
P.E.I.		13.14	27.64	35.68	39.19	43.87
Newfoundland and Labrador[5]	Amounts received before July 1, 2016	10.04	22.67	30.34	35.31	41.16
	Amounts received after June 30, 2016	10.74	23.38	31.04	36.01	41.86

Notes

(1) These rates apply to "non-eligible" dividends and take into account all federal and provincial taxes and surtaxes, but do not include provincial health premiums (see the table "Provincial Health Premiums"). The respective basic personal and dividend tax credits are also included in the calculations.

As more than one rate could apply to a particular bracket due to a difference in the federal and provincial 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.

For provinces that have tax brackets above the top federal tax bracket of $200,000, additional rates have been included in the table. Individuals taxable on income in excess of $220,000 in Ontario or $300,000 in Alberta should use these higher rates.

The grossed-up dividend (117% of the cash dividend) is used to determine which marginal tax bracket will apply. However, when calculating the tax, the marginal rate should be applied to the cash dividend.

The dividend gross-up factor that applies to non-eligible dividends decreased to 17% (from 18%) beginning January 1, 2016.

The federal dividend tax credit (DTC) rate that applies to non-eligible dividends decreased to 10.5% (from 11%) of taxable dividends beginning January 1, 2016. The 2016 federal budget announced that the DTC rate on non-eligible dividends will remain at 10.5% after 2016. The DTC rate was previously scheduled to decrease to 10% in 2017, 9.5% in 2018 and 9% in 2019.

Significant dividend 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) Saskatchewan's Bill 22 decreased the provincial DTC rate that applies to non-eligible dividends to 3.37% (from 3.4%) of taxable dividends effective January 1, 2016.

(3) Manitoba's Bill 11 reduced the provincial DTC rate that applies to non-eligible dividends to 0.7835% (from 0.83%) of taxable dividends effective January 1, 2016.

(4) New Brunswick decreased its provincial DTC rate that applies to non-eligible dividends to 3.625% (from 4%) of taxable dividends effective January 1, 2016. The DTC rate will further decrease to 3.5% for 2017.

(5) Newfoundland's 2016 budget reduced the provincial DTC rate that applies to non-eligible dividends to 3.5% (from 4.1%) of taxable dividends effective July 1, 2016.

Eligible Dividend Tax Credit Rates and Amount of Dividends that may be Received Without Incurring Tax in 2016[1]

	Dividend Tax Credit Rate[2]		Amount of Dividend Received Tax Free	
	Actual Dividend	**Taxable Dividend**	**Actual Dividend**	**Taxable Dividend**
Federal	20.73%	15.02%	$ 51,474	$ 71,034
British Columbia	13.80	10.00	51,474	71,034
Alberta	13.80	10.00	51,474	71,034
Saskatchewan	15.18	11.00	51,474	71,034
Manitoba	11.04	8.00	24,271	33,494
Ontario	13.80	10.00	51,474	71,034
Quebec	16.42	11.90	35,834	49,451
New Brunswick[3]	18.63	13.50	51,474	71,034
Nova Scotia	12.21	8.85	30,508	42,101
Prince Edward Island	14.49	10.50	45,302	62,517
Newfoundland and Labrador	7.45	5.40	18,679	25,777

Notes

(1) This table assumes only "eligible dividend" income is earned and takes into account all federal and provincial 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 has benefited from a special tax rate such as active business income eligible for the federal small business deduction or investment income that is subject to refundable tax treatment. Public companies and other non-CCPCs can generally pay eligible dividends without restriction.

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 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) New Brunswick increased the provincial DTC rate that applies to eligible dividends to 13.5% (from 12.0%) of taxable dividends effective January 1, 2016.

Non-Eligible Dividend Tax Credit Rates and Amount of Dividends that may be Received Without Incurring Tax in 2016[1]

		Dividend Tax Credit Rate[2]		Amount of Dividend Received Tax Free	
		Actual Dividend	Taxable Dividend	Actual Dividend	Taxable Dividend
Federal[3]		12.31%	10.5%	$ 32,847	$ 38,431
British Columbia		2.89	2.47	22,656	26,508
Alberta[4]		3.61	3.08	22,800	26,676
Saskatchewan[5]		3.94	3.37	19,514	22,831
Manitoba[6]		0.92	0.78	9,407	11,006
Ontario		5.02	4.29	32,847	38,431
Quebec		8.25	7.05	22,060	25,810
New Brunswick[7]		4.24	3.62	19,492	22,806
Nova Scotia		3.90	3.33	14,675	17,170
Prince Edward Island		3.57	3.05	13,728	16,062
Newfoundland and Labrador[8]	Amounts received before July 1, 2016	4.80	4.10	18,935	22,154
	Amounts received after June 30, 2016	4.10	3.50	18,385	21,509

Notes

(1) This table assumes only "non-eligible dividend" income is earned and takes into account all federal and provincial 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 2016"). The gross-up rate for non-eligible dividends is 17%. The actual amount received is therefore multiplied by 1.17 to determine the taxable amount of the dividend.

(2) The federal and provincial 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) The federal dividend tax credit (DTC) rate that applies to non-eligible dividends decreased to 10.5% (from 11%) of taxable dividends beginning January 1, 2016. The 2016 federal budget announced that the DTC rate on non-eligible dividends will remain at 10.5% after 2016. The DTC rate was previously scheduled to decrease to 10% in 2017, 9.5% in 2018 and 9% in 2019.

The dividend gross-up factor that applies to non-eligible dividends also decreased to 17% (from 18%) beginning January 1, 2016. The 2016 federal budget announced that the grossup factor for non-eligible dividends will remain at 17% after 2016. The gross-up factor was previously scheduled to decrease to 16% in 2018 and 15% in 2019.

(4) Alberta's 2015 budget (delivered October 27, 2015) adjusted the DTC rate that applies to non-eligible dividends due to changes in the federal gross-up factor (see note (3) above). The province slightly decreased the DTC rate that applies to non-eligible dividends to 3.09% (from 3.10%) of taxable dividends effective January 1, 2016.

(5) Saskatchewan's Bill 22 decreased the provincial DTC rate that applies to non-eligible dividends to 3.37% (from 3.4%) of taxable dividends effective January 1, 2016.

(6) Manitoba's Bill 11 reduced the provincial DTC rate that applies to non-eligible dividends to 0.7835% (from 0.83%) of taxable dividends effective January 1, 2016.

(7) New Brunswick's 2016 budget decreased its DTC rate that applies to non-eligible dividends to 3.625% (from 4%) of taxable dividends effective January 1, 2016. The DTC rate for non-eligible dividends will further decrease to 3.5% for 2017.

(8) Newfoundland's 2016 budget reduced the provincial DTC rate that applies to non-eligible dividends to 3.5% (from 4.1%) of taxable dividends effective July 1, 2016.

Automobiles—Deductions and Benefits

	2015	2016
Deduction limits[1]		
Maximum cost for capital cost allowance purposes[2]	$30,000	$30,000
Maximum deductible monthly lease payment[3]	$800	$800
Maximum deductible monthly interest cost on automobile loans[4]	$300	$300
Maximum deductible allowances paid to employees[5]		
First 5,000 employment-related kilometres	55¢	54¢
Each additional employment-related kilometre	49¢	48¢
Taxable benefits		
Standby charge benefit		
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¢	26¢
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 is $30,000 plus all applicable federal and provincial sales taxes. 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).

(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.

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

$$\frac{\text{CCA cost limit}}{\begin{array}{c}85\% \times \text{greater of the prescribed limit and}\\ \text{the manufacturer's suggested list price}\end{array}}$$

(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 2016, 58 cents for the first 5,000 kilometres and 52 cents for each additional kilometre).

(6) 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.

(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 6 and Under				
Family Net Income	One Child	Two Children	Three Children	Four or More Children
$30,000	$6,400	$12,800	$19,200	$25,600
65,000	3,950	8,075	12,550	17,550
100,000	2,830	6,080	9,750	14,225
135,000	1,710	4,085	6,950	10,900
170,000	590	2,090	4,150	7,575
205,000	0	95	1,350	4,250
225,000	0	0	0	2,350
250,000	0	0	0	0

Children Ages 7 to 17				
Family Net Income	One Child	Two Children	Three Children	Four or More Children
$30,000	$5,400	$10,800	$16,200	$21,600
65,000	2,950	6,075	9,550	13,550
100,000	2,830	4,080	6,750	10,225
135,000	1,830	2,085	3,950	6,900
170,000	0	90	3,150	3,575
205,000	0	0	1,150	250
225,000	0	0	0	0
250,000	0	0	0	0

Notes

- The 2016 federal budget introduced a new Canada Child Benefit (CCB) that provides a tax free monthly payment to eligible families and is based on adjusted family net income. The CCB replaced the Canada Child Tax Benefit (CCTB) and the Universal Child Care Benefit (UCCB) and began July 2016.
- The above table summarizes the CCB payments a family may receive during the period of July 1, 2016 to June 30, 2017 based on various circumstances.
- The amounts in this table do not include the National Child Benefit Supplement (NCBS) which will continue to be paid for the period July 1, 2016 to June 30, 2017 but will be eliminated thereafter.

- The CCB will provide a maximum annual benefit of up to $6,400 per child under the age of 6 and up to $5,400 per child for those aged 6 through 17. The maximum benefit will be received by families with net income less than $30,000. Entitlement to the CCB for the period July 2016 to June 2017 will be based on adjusted family net income as reported for tax purposes for the 2015 taxation year.
- The CCB will be phased out based on adjusted family net income and number of children in the family:

	Adjusted Family Net Income	
	$30,000 to $65,000	**Over $65,000**
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 will not be taxable and will not reduce benefits paid under the goods and services tax credit. Payments will also not be 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.
- 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.
- Eligibility for the CCB will end 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 NCBS for this period is $2,308 for the first child, $2,042 for the second child, and $1,943 for the third and each additional child. The benefit is phased out by 12.2% (for one child), 23% (for two children), or by 33.3% (for three or more children) of adjusted family net income in excess of $26,364.
- The 2016 federal budget also proposes to continue to provide the Child Disability Benefit (CDB), which provides an additional amount of up to $2,730 per eligible child. The phase-out of the CDB will generally align with the CCB. The CDB amount will be included in the CCB payments received monthly by eligible families.
- Provinces and territories will be able to negotiate certain modifications to the CCB program beginning with the 2017-2018 benefit year.

Old Age Security Benefits

Monthly Payments by Quarter	Old Age Security (OAS)[1]		Guaranteed Income Supplement (GIS)[2]			
			Single		Married	
	2015	2016	2015	2016	2015	2016
1st	$563.74	$570.52	$764.40	$773.60	$506.86	$512.96
2nd	563.74	570.52	764.40	773.60	506.86	512.96
3rd	563.74	573.37	764.40	856.39	506.86	515.53
4th	569.95	—	772.83	—	512.44	—

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.

The 2016 federal budget returned the age of eligibility to 65 over the 2023 to 2029 period. 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.

The government also introduced a voluntary deferral of the OAS pension that will give people the 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, starting in July 2013.

For 2016, if an individual's net income is greater than approximately $73,755, 15% of the excess over this amount must be repaid. The full OAS pension is eliminated when net income reaches $119,512.

Generally, full or partial OAS pension benefits may be paid indefinitely to non-residents, if the individual had 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.

(2) The Guaranteed Income Supplement (GIS) is a monthly non-taxable benefit paid to low-income OAS recipients. Eligibility to receive the benefit in 2016 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 $17,376.
- Married individuals where both spouses/partners receive OAS benefits—combined net income (excluding OAS and GIS) must be less than $22,944.

The amounts indicated in the table reflect the maximum monthly benefits.

The 2016 federal budget increased the GIS benefit by up to $947 annually for certain low-income single seniors starting in July 2016. The additional benefit will be phased out between income levels of approximately $4,600 and $8,400.

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 2016 must be less than $32,016.

The 2016 federal budget returned the age of eligibility for the GIS benefits to 65 (from 67) and Allowance benefits to 60 (from 62) over the 2023 to 2029 period. The budget also introduced measures to ensure couples who receive GIS and Allowance benefits and have to live apart for reasons beyond their control (such as requirement for long-term care) 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]

	2014	2015	2016
Retirement benefits[2,3]	$ 1,038	$ 1,065	$ 1,093
Disability benefits[4]	1,236	1,265	1,291
Survivor benefits[5]:			
Under age 65	568	581	594
Over age 64	623	639	656
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 or as late as age 70. 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. Contributors must apply in order to receive CPP/QPP 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.esdc.gc.ca/en/cpp/index.page.

(3) The early penalty will increase to 0.6% (from 0.5%) per month. This change is being phased in over five years. By 2016, individuals that choose to take their pension at age 60 will have their basic amount reduced by 36%.

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%.

Previously, individuals that received CPP benefits and returned to work (i.e., working beneficiaries) did not pay CPP contributions and, therefore, did not continue to build their CPP pension. Under the existing rules, which began in 2012, 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 enough CPP/QPP contributions in at least four of the last six years, or must have made valid contributions to the CPP/QPP for at least 25 years and met the minimum requirements in three of the previous six 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 18 and 25 and a full-time student.

More information on disability benefits is available on the Government of Canada website at www.esdc.gc.ca/en/cpp/disability/index.page.

(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 during 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.esdc.gc.ca/en/cpp/survivor_pension.page.

(6) The lump-sum death benefit is a one-time payment made to the estate of a deceased individual who had made contributions to the CPP/QPP during his or her lifetime. To be eligible for this benefit, the deceased must have made contributions during a certain number of years within his or her contributory period. The lump-sum death benefit is equal to six months 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 the death benefit payment.

More information on the death benefits is available on the Government of Canada website at www.esdc.gc.ca/en/cpp/death_benefit.page.

Retirement and Savings Plans—Contribution Limits

	2015	2016	2017
Money Purchase Registered Pension Plans			
Contribution limit[1]	$ 25,370	$ 26,010	To be
Pensionable earnings[2]	140,945	144,500	calculated
Registered Retirement Savings Plans			
Contribution limit[3]	24,930	25,370	26,010
Previous year's earned income[4]	138,500	140,945	144,500
Deferred Profit Sharing Plans			
Contribution limit[5]	12,685	13,005	To be
Pensionable earnings[6]	70,472	72,250	calculated
Tax Free Savings Account			
Annual Contribution Limits[7]	10,000	5,500	To be calculated
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 limits indicated in the table are maximum limits that apply each year. The contribution limit will be the greater of the limit for the previous 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 are 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 each year is indicated in the table.

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

(4) The total of all contributions to an RRSP are 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 each year is indicated in the table.

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

(6) The total of all employer contributions to a DPSP are 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 year. The annual contribution limit increased to $10,000 (from $5,500) for 2015, however, Federal Bill C-2 reduced the annual contribution limit back to $5,500 effective January 1, 2016. The annual contribution room 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) Retirement education savings plans (RESPs) are commonly used by parents and other guardians to save for a child’s post-secondary education. Like RRSPs, income earned in the savings plan accumulates tax-free. However, unlike RRSPs, contributions made to an RESP are not deductible in calculating the contributor’s net income for tax purposes. 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 Grants and Canada Learning Bonds programs.

(9) In addition, there is no annual contribution limit for a beneficiary. However, 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 Savings Bonds programs.

(11) While there is no annual limit, 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.

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

Number of Years Funds Held in RRSP	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	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 Due Dates[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

Tax Instalment Choices	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 outside Quebec at the end of a taxation year are required to pay quarterly tax instalments during the year if their net tax owing is more than $3,000 in the current year or 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 or 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 September 15 and December 15 instalment amounts. 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.

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

2

Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC Effective January 1, 2016 and 2017[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[5,6]	(17.5)	0.0	0.0
Rate reduction[7]	0.0	(13.0)	0.0
Refundable tax[8]	0.0	0.0	10.7
	10.5	15.0	38.7
Provincial rates			
British Columbia	2.5%	11.0%	11.0%
Alberta[9]	3.0/2.0	12.0	12.0
Saskatchewan[10]	2.0	12.0	12.0
Manitoba[11]	0.0/12.0	12.0	12.0
Ontario	4.5	11.5	11.5
Quebec[12]	8.0	11.9/11.8	11.9/11.8
New Brunswick[13]	4.0/3.5	12.0/14.0	12.0/14.0
Nova Scotia[14]	3.0/16.0	16.0	16.0
Prince Edward Island	4.5	16.0	16.0
Newfoundland and Labrador[15]	3.0	15.0	15.0
Territorial rates			
Yukon	3.0	15.0	15.0
Northwest Territories	4.0	11.5	11.5
Nunavut	4.0	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.

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC Effective January 1, 2016 and 2017[1]

	Small Business Income up to $500,000[2]	Active Business Income[3]	Investment Income[4]
Provincial rates			
British Columbia	13.0%	26.0%	49.7%
Alberta[9]	13.5/12.5	27.0	50.7
Saskatchewan[10]	12.5	27.0	50.7
Manitoba[11]	10.5/22.5	27.0	50.7
Ontario	15.0	26.5	50.2
Quebec[12]	18.5	26.9/26.8	50.6/50.5
New Brunswick[13]	14.5/14.0	27.0/29.0	50.7/52.7
Nova Scotia[14]	13.5/26.5	31.0	54.7
Prince Edward Island	15.0	31.0	54.7
Newfoundland and Labrador[15]	13.5	30.0	53.7
Territorial rates			
Yukon	13.5	30.0	53.7
Northwest Territories	14.5	26.5	50.2
Nunavut	14.5	27.0	50.7

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC—2016 and 2017

Notes

(1) The federal and provincial 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 Effective January 1, 2016 and 2017" and "Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017".

(2) See the table "Small Business Income Thresholds for 2016 and Beyond" for the federal and provincial small business income thresholds.

Manitoba and Nova Scotia's provincial small business income thresholds are the only thresholds below the federal amount. For these provinces, a median tax rate applies to active business income between the provincial and federal threshold. The median tax rate is based on the federal small business rate and the applicable provincial general active business rate. For example, in 2016, Nova Scotia's combined rate on active business income between $350,000 and $500,000 is 26.5% (i.e., 10.5% federally and 16% provincially).

(3) The general corporate tax rate applies to active business income earned in excess of $500,000. See the table "Small Business Income Thresholds for 2016 and Beyond" for the federal and provincial small business income thresholds.

CCPCs that earn income from manufacturing and processing activities are subject to the same rates as those that apply to general corporations (see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017" and "Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017").

(4) The federal and provincial 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 $38\frac{1}{3}$% (increased from $33\frac{1}{3}$% beginning January 1, 2016).

(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) The 2016 federal budget announced that the small business income tax rate would remain at 10.5% after 2016. The federal small business income tax rate was previously scheduled to decrease to 9% by January 1, 2019.

(7) 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. The general rate reduction does not apply to the portion of the taxable income of a corporation earned from a "personal services business".

(8) The refundable tax of 10⅔% (increased from 6⅔% beginning January 1, 2016) of a CCPC's investment income and capital gains, as well as 20% of such income that is subject to regular Part I tax, is included in the corporation's Refundable Dividend Tax on Hand (RDTOH) account. When taxable dividends (eligible and non-eligible) are paid out to shareholders, a dividend refund equal to the lesser of 38⅓% (increased from 33⅓% beginning January 1, 2016) of the dividends paid or the balance in the RDTOH account is refunded to the corporation.

(9) Alberta's 2016 budget decreased the small business income tax rate to 2% (from 3%) effective January 1, 2017.

(10) Saskatchewan provides a tax rebate that generally reduces the general corporate income tax rate on income earned from the rental of newly constructed qualifying multi-unit residential projects by 10%. The rebate is generally available for a period of 10 consecutive years for rental housing that is registered under a building permit dated on or after March 21, 2012 and before January 1, 2015, and available for rent before the end of 2017.

(11) Manitoba increased the small business income threshold to $450,000 (from $425,000) effective January 1, 2016. Manitoba announced a further increase to the small business income threshold to $500,000 starting in 2017. Income greater than this threshold is subject to Manitoba's general income tax rate of 12%.

(12) Quebec's 2015 budget proposed to gradually reduce the general corporate income tax rate for active business, investment, and M&P income from 11.9% to 11.5% beginning in 2017. The rate will decrease to 11.8% in 2017, 11.7% in 2018, 11.6% in 2019 and 11.5% in 2020. The rate reductions will be effective January 1 of each year from 2017 to 2020.

(13) New Brunswick decreased its small business income tax rate to 3.5% (from 4%) effective April 1, 2016. In addition, the province's 2016 budget increased the general corporate income tax rate to 14% (from 12%) effective April 1, 2016.

(14) Nova Scotia's small business income threshold is $350,000. Income greater than this threshold is subject to Nova Scotia's general income tax rate of 16%.

(15) Newfoundland and Labrador's 2016 budget increased the general corporate income tax rate to 15% (from 14%), retroactive to January 1, 2016.

Substantively Enacted[1] Income Tax Rates for Income Earned by a CCPC[2] for 2015 and Beyond—As at June 30, 2016

	Small Business Income		Active Business Income[3]	
	2015	2016 and Beyond	2015	2016 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
Small business deduction[4]	(17.0)	(17.5)	0.0	0.0
Rate reduction[5]	0.0	0.0	(13.0)	(13.0)
	11.0	10.5	15.0	15.0
Provincial rates				
British Columbia	2.5%	2.5%	11.0%	11.0%
Alberta[6]	3.0	3.0/2.0	10.0/12.0	12.0
Saskatchewan	2.0	2.0	12.0	12.0
Manitoba	0.0	0.0	12.0	12.0
Ontario	4.5	4.5	11.5	11.5
Quebec[7]	8.0	8.0	11.9	11.9
New Brunswick[8]	4.0	4.0/3.5	12.0	12.0/14.0
Nova Scotia	3.0	3.0	16.0	16.0
Prince Edward Island	4.5	4.5	16.0	16.0
Newfoundland and Labrador[9]	3.0	3.0	14.0	15.0

Substantively enacted as at June 30, 2016.

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

Substantively Enacted[1] Income Tax Rates for Income Earned by a CCPC[2] for 2015 and Beyond—As at June 30, 2016

	M&P Income[9]		Investment Income[10]	
	2015	**2016 and Beyond**	**2015**	**2016 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
M&P deduction[9]	(13.0)	(13.0)	0.0	0.0
Refundable Tax[11]	0.0	0.0	6.7	10.7
	15.0	15.0	34.7	38.7
Provincial rates				
British Columbia	11.0%	11.0%	11.0%	11.0%
Alberta[6]	10.0/12.0	12.0	10.0/12.0	12.0
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[7]	11.9	11.9	11.9	11.9
New Brunswick[8]	12.0	12.0/14.0	12.0	12.0/14.0
Nova Scotia	16.0	16.0	16.0	16.0
Prince Edward Island	16.0	16.0	16.0	16.0
Newfoundland and Labrador[9]	5.0	15.0	15.0	15.0

Substantively enacted as at June 30, 2016.

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

Substantively Enacted Income Tax Rates for Income Earned by a CCPC for 2015 and Beyond—As at June 30, 2016

Notes

(1) For Accounting Standards for Private Enterprise (ASPE) and 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. 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 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.

The tax rates included in this table reflect federal and provincial income tax rate changes that were substantively enacted as at June 30, 2016.

(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 2016 and Beyond" for the federal and provincial small business income thresholds.

(4) The 2016 federal budget announced that the small business income tax rate would remain at 10.5% after 2016. The federal small business income tax rate was previously scheduled to decrease to 9% by January 1, 2019.

(5) 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. The general rate reduction does not apply to the portion of taxable income of a corporation earned from a "personal services business".

(6) Alberta Bill 2 increased the general corporate income tax rate for active business, investment, and manufacturing and processing income to 12% (from 10%) effective July 1, 2015.

(7) Quebec decreased the small business tax rate applicable to Quebec manufacturing small and medium sized enterprises (SMEs) by creating an additional reduction of the rate applicable to manufacturing SMEs on their first $500,000 of income (or on a lower amount for corporations with paid-up capital between $10 million and $15 million). The additional deduction applies to CCPCs with paid-up capital of $15 million or less where at least 25% of their activities consist of manufacturing and processing. For taxation years ending after June 4, 2014, the Quebec tax rate for Quebec manufacturing SME's is determined formulaically and can be reduced by up to 2% resulting in a possible tax rate of 6% (from 8%). This rate can be further reduced up to 4% (up to another 2%) for taxation years ending after March 31, 2015. The additional deduction rate is prorated where the taxation year includes June 4, 2014 or March 31, 2015.

(8) New Brunswick's small business income tax rate decreased to 4% (from 4.5%) effective January 1, 2015. The province further decreased its small business income tax rate to 3.5% effective April 1, 2016. In addition, New Brunswick's 2016 budget increased the general corporate income tax rate to 14% (from 12%) effective April 1, 2016.

(9) 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. The M&P calculation is based on income that is not eligible for the small business deduction. CCPCs that earn income from M&P activities are subject to the same rates as those that apply to general corporations.

(10) The federal and provincial 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 deductible in computing regular Part I tax, but may be subject to Part IV tax, calculated at a rate of $33\frac{1}{3}$% for amounts received before 2016 and $38\frac{1}{3}$% for amounts received after 2015.

(11) The federal government increased the refundable tax on CCPC's investment income to $10\frac{2}{3}$% (from $6\frac{2}{3}$%) beginning January 1, 2016.

(12) Newfoundland and Labrador's 2016 budget increased the general corporate income tax rate to 15% (from 14%), retroactive to January 1, 2016. The budget also eliminated the manufacturing and processing profits tax credit, effective January 1, 2016.

Small Business Income Thresholds for 2016 and Beyond[1]

	2016 ($ 000)	2017 and beyond ($ 000)
Federal[2]	$ 500	$ 500
British Columbia	500	500
Alberta	500	500
Saskatchewan	500	500
Manitoba[3]	450	500
Ontario[4]	500	500
Quebec[5]	500	500
New Brunswick	500	500
Nova Scotia	350	350
Prince Edward Island	500	500
Newfoundland and Labrador	500	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 Effective January 1, 2016 and 2017" and "Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC Effective January 1, 2016 and 2017"). 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 (as computed by what was previously referred to as Large Corporations Tax) employed in Canada in the preceding year is between $10 million and $15 million. This clawback applies to all provinces.

(3) Manitoba increased the small business income threshold to $450,000 (from $425,000) effective January 1, 2016. Manitoba announced a further increase to the small business income threshold to $500,000 starting in 2017.

(4) Ontario's small business deduction for CCPC's is phased out when the associated group's taxable capital employed in Canada in the previous year is between $10 million and $15 million. The small business deduction is fully eliminated when taxable capital employed in Canada in the previous year is more than $15 million. This makes the Ontario small business deduction clawback the same as the federal clawback (see note (2) above).

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

Quebec's 2015 budget announced that, effective January 1, 2017, the small business deduction will be available only to corporations that employ more than three full-time employees and provide financial, administrative, maintenance, managerial or other similar services to corporations in the primary (i.e., agriculture, forestry, fishing and hunting, mining, quarrying and oil and gas extraction) or manufacturing sector.

Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017[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	11.0%	11.0%	11.0%
Alberta	12.0	12.0	12.0
Saskatchewan[5]	10.0	12.0	12.0
Manitoba	12.0	12.0	12.0
Ontario	10.0	11.5	11.5
Quebec[6]	11.9/11.8	11.9/11.8	11.9/11.8
New Brunswick[7]	12.0/14.0	12.0/14.0	12.0/14.0
Nova Scotia	16.0	16.0	16.0
Prince Edward Island	16.0	16.0	16.0
Newfoundland and Labrador[8]	15.0	15.0	15.0
Territorial rates			
Yukon[9]	2.5	15.0	15.0
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.

Combined Federal and Provincial /Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017[1]

	M&P Income	Active Business Income	Investment Income[2]
Provincial rates			
British Columbia	26.0%	26.0%	26.0%
Alberta	27.0	27.0	27.0
Saskatchewan[5]	25.0	27.0	27.0
Manitoba	27.0	27.0	27.0
Ontario	25.0	26.5	26.5
Quebec[6]	26.9/26.8	26.9/26.8	26.9/26.8
New Brunswick[7]	27.0/29.0	27.0/29.0	27.0/29.0
Nova Scotia	31.0	31.0	31.0
Prince Edward Island	31.0	31.0	31.0
Newfoundland and Labrador[8]	30.0	30.0	30.0
Territorial rates			
Yukon[9]	17.5	30.0	30.0
Northwest Territories	26.5	26.5	26.5
Nunavut	27.0	27.0	27.0

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation—2016 and 2017

Notes

(1) The federal and provincial 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 Effective January 1, 2016 and 2017" and "Combined Federal and Provincial/Territorial Tax Rates for Income Earned by CCPC Effective January 1, 2016 and 2017".

(2) The federal and provincial 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 $38\frac{1}{3}$% (increased from $33\frac{1}{3}$% beginning January 1, 2016).

(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. General corporations that earn income from M&P activities are subject to the same rates as those that apply to CCPCs.

(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, M&P income, and investment income subject to the refundable provisions, is not eligible for this rate reduction. The general rate reduction does not apply to the portion of the taxable income of a corporation earned from a "personal services business".

(5) Saskatchewan provides a tax rebate that generally reduces the general corporation income tax rate on income earned from the rental of newly constructed qualifying multi-unit residential projects by 10%. The rebate is generally available for a period of 10 consecutive years for rental housing that is registered under a building permit dated on or after March 21, 2012 and before January 1, 2015, and available for rent before the end of 2017.

(6) Quebec's 2015 budget proposed to gradually reduce the general corporate income tax rate for active business, investment, and M&P income from 11.9% to 11.5% beginning in 2017. The rate will decrease to 11.8% in 2017, 11.7% in 2018, 11.6% in 2019 and 11.5% in 2020. The rate reductions will be effective January 1 of each year from 2017 to 2020.

(7) New Brunswick's 2016 budget increased the general corporate income tax rate to 14% (from 12%) effective April 1, 2016.

(8) Newfoundland and Labrador's 2016 budget increased the general corporate income tax rate to 15% (from 14%), retroactive to January 1, 2016. The budget also eliminated the manufacturing and processing profits tax credit, effective January 1, 2016.

(9) 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 year in the Yukon to 2.5%.

Substantively Enacted[1] Income Tax Rates for Income Earned by a General Corporation[2] for 2015 and Beyond—As at June 30, 2016

	Active Business Income	
	2015	2016 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	11.0%	11.0%
Alberta[6]	10.0/12.0	12.0
Saskatchewan	12.0	12.0
Manitoba	12.0	12.0
Ontario	11.5	11.5
Quebec	11.9	11.9
New Brunswick[7]	12.0	12.0/14.0
Nova Scotia	16.0	16.0
Prince Edward Island	16.0	16.0
Newfoundland and Labrador[8]	14.0	15.0

Refer to notes on the following pages.

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

Substantively enacted as at June 30, 2016.

	M&P Income		Investment Income[3]	
	2015	2016 and Beyond	2015	2016 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	11.0%	11.0%	11.0%	11.0%
Alberta[6]	10.0/12.0	12.0	10.0/12.0	12.0
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	11.9	11.9	11.9	11.9
New Brunswick[7]	12.0	12.0/14.0	12.0	12.0/14.0
Nova Scotia	16.0	16.0	16.0	16.0
Prince Edward Island	16.0	16.0	16.0	16.0
Newfoundland and Labrador[8]	5.0	15.0	14.0	15.0

Substantively enacted as at June 30, 2016.

Substantively Enacted[1] Income Tax Rates for Income Earned by a General Corporation[2] for 2015 and Beyond—As at June 30, 2016

Notes

(1) For Accounting Standards for Private Enterprise (ASPE) and 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. 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 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.

The tax rates included in this table reflect federal and provincial income tax rate changes that were substantively enacted as at June 30, 2016.

(3) The federal and provincial 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 deductible in computing regular Part I tax, but may be subject to Part IV tax, calculated at a rate of 33⅓% for amounts received before 2016 and 38⅓% for amounts received after 2015.

(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, M&P income and investment income subject to the refundable provisions, is not eligible for this rate reduction. The general rate reduction does not apply to the portion of taxable income of a corporation earned from a "personal services business".

(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 manufacturing and processing (M&P) deduction against their M&P income. General corporations that earn income from M&P activities are subject to the same rates as those that apply to CCPCs.

(6) Alberta Bill 2 (introduced June 18, 2015) increased the general corporate income tax rate for active business, investment and manufacturing and processing income to 12% (from 10%), effective July 1, 2015.

(7) New Brunswick's 2016 budget increased the general corporate income tax rate to 14% (from 12%) effective April 1, 2016.

(8) Newfoundland and Labrador's 2016 budget increased the general corporate income tax rate to 15% (from 14%), retroactive to January 1, 2016. The budget also eliminated the manufacturing and processing profits tax credit, effective January 1, 2016.

Integration—Cost and Benefit of Incorporation for Investment Income

		B.C.	Alta.	Sask.	Man.	Ont.
Income earned through a corporation						
Corporate income		$1,000	$1,000	$1,000	$1,000	$1,000
Corporate tax		(497)	(507)	(507)	(507)	(502)
After-tax amount	(A)	503	493	493	493	498
Dividend refund[4]		307	307	307	307	307
Available for distribution		810	800	800	800	805
Personal tax of individual		(329)	(322)	(319)	(366)	(364)
Net cash to individual	(B)	$ 481	$ 478	$ 481	$ 434	$ 441
Income earned directly by an individual						
Personal income		$1,000	$1,000	$1,000	$1,000	$1,000
Personal tax		(477)	(480)	(480)	(504)	(535)
Net cash to individual	(C)	$ 523	$ 520	$ 520	$ 496	$ 465
Summary						
Tax savings (cost) of incorporation[1]	(B) – (C)	$ (42)	$ (42)	$ (39)	$ (62)	$ (24)
Tax deferral (pre-payment)[2]	(A) – (C)	$ (20)	$ (27)	$ (27)	$ (3)	$ 33

See the table "Integration—Cost and Benefit of Incorporation" and related notes on the following pages.

		Que.	N.B.	N.S.	P.E.I.	Nfld.
Income earned through a corporation						
Corporate income		$1,000	$1,000	$1,000	$1,000	$1,000
Corporate tax		(506)	(527)	(547)	(547)	(537)
After-tax amount	(A)	494	473	453	453	463
Dividend refund[4]		307	294	282	282	288
Available for distribution		801	767	768	735	751
Personal tax of individual		(351)	(351)	(345)	(322)	(314)
Net cash to individual	(B)	$ 450	$ 416	$ 390	$ 413	$ 437
Income earned directly by an individual						
Personal income		$1,000	$1,000	$1,000	$1,000	$1,000
Personal tax		(533)	(533)	(540)	(514)	(498)
Net cash to individual	(C)	$ 467	$ 467	$ 460	$ 486	$ 502
Summary						
Tax savings (cost) of incorporation[1]	(B) – (C)	$ (17)	$ (51)	$ (70)	$ (73)	$ (65)
Tax deferral (pre-payment)[2]	(A) – (C)	$ 27	$ 6	$ (7)	$ (33)	$ (39)

Integration—Cost and Benefit of Incorporation

	B.C.	Alta.	Sask.	Man.	Ont.
Tax savings (cost) of incorporation[1]					
Investment income	(4.2%)	(4.2%)	(3.9%)	(6.2%)	(2.4%)
Capital gains	(2.0)	(2.1)	(2.0)	(3.1)	(1.2)
Dividends—Eligible[3]	0.0	0.0	0.0	0.0	0.0
Dividends—Non-eligible[3]	0.0	0.0	0.0	0.0	0.0
ABI eligible for SBD	(0.6)	(0.3)	0.6	(1.0)	0.0
ABI in excess of SBD	(1.5)	(2.2)	(1.1)	(4.2)	(1.9)
Tax deferral (pre-payment) from incorporation[2]					
Investment income	(2.0%)	(2.7%)	(2.7%)	(0.3%)	3.4%
Capital gains	(0.9)	(1.3)	(1.3)	(0.1)	1.7
Dividends—Eligible[3]	(7.0)	(6.6)	(8.0)	(0.6)	1.0
Dividends—Non-eligible[3]	2.3	1.9	1.6	7.4	7.0
ABI eligible for SBD	34.7	34.5	35.5	39.9	38.5
ABI in excess of SBD	21.7	21.0	21.0	23.4	27.0

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 above table demonstrates, in practice this is not the case. This part of the table summarizes the 2016 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 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.

	Que.	N.B.	N.S.	P.E.I.	Nfld.
Tax savings (cost) of incorporation[1]					
Investment income	(1.7%)	5.1%	(7.0%)	(7.4%)	(6.5%)
Capital gains	(0.8)	(2.5)	(3.5)	(3.6)	(3.2)
Dividends—Eligible[3]	0.0	0.0	0.0	0.0	0.0
Dividends—Non-eligible[3]	0.0	0.0	0.0	0.0	0.0
ABI eligible for SBD	(0.9)	(0.1)	(0.1)	(0.9)	0.1
ABI in excess of SBD	(2.7)	0.0	(5.7)	(3.2)	(8.6)
Tax deferral (pre-payment) from incorporation[2]					
Investment income	2.7%	0.6%	(0.7%)	(3.3%)	(3.9%)
Capital gains	1.4	0.4	(0.3)	(1.6)	(1.9)
Dividends—Eligible[3]	1.5	(4.1)	3.3	(4.1)	2.2
Dividends—Non-eligible[3]	5.5	7.5	8.6	5.5	3.5
ABI eligible for SBD	34.8	39.3	40.5	36.4	36.3
ABI in excess of SBD	26.4	24.3	23.0	20.4	19.8

Eligible dividends are subject to lower rates of personal tax (see the table "Combined Top Marginal Tax Rates for Individuals—2016"). 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 used in the tables are based upon the following assumptions:

- The corporation is a CCPC with a taxation year beginning January 1, 2016
- 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. As certain provinces have small business thresholds below the federal amount, for purposes of this analysis, the table reflects ABI subject to the small business rate at both the federal and provincial levels (i.e., income earned up to the provincial threshold amount).

Notes, continued

(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 above summarizes the 2016 tax deferral or pre-payment potential of earning income through a corporation, based on the same types of income and on the same assumptions outlined in note (1).

(3) Dividends (both eligible and non-eligible) received from taxable Canadian corporations are 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, calculated at a rate of the dividend amount. Part IV tax is a refundable tax that is included in the corporation's Refundable Dividend Tax on Hand (RDTOH) account. When taxable dividends (either eligible or non-eligible) are subsequently paid by the corporation to its shareholders, a dividend refund equal to the lesser of the dividends paid and the balance in the RDTOH account is refunded to the corporation.

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 also receive a dividend refund when they subsequently 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 subsequently pay dividends to their shareholders.

There is no difference between 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 a potential for 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 RDTOH account in any of the provinces, with the exception of New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

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% of its income will remain in its RDTOH 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
RDTOH account	
Refundable tax ($30\frac{2}{3}$% × $1,000)	$ 307
Dividend refund ($38\frac{1}{3}$% of $751 dividend)	(288)
RDTOH balance	$ 19

Capital Tax Rates—Financial Institutions[1]

	Federal Part VI Tax[2]	Sask.[3]	Man.[4]	Ont.[5]
Type of Entity				
Bank	✓	✓	✓	
Loan or trust	✓	✓	✓	
Life insurance	✓			✓
Investment dealer		✓		
Tax rates[9]				
2015	1.25%	0.7/3.25%	5.0/6.0	1.25%
2016	1.25	0.7/3.25	6.0	1.25
2017	1.25	0.7/3.25	6.0	1.25
Capital deduction or exemption	$1 billion	$10 + $10 million	$10 million	$10 million + certain adjustments
Allocation of capital deduction or exemption among related companies	✓		✓	✓

Notes

(1) Credit unions are not subject to 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) Effective for taxation years ending on or after November 1, 2009, all financial institutions that previously qualified for the lower corporate capital tax rate of 0.7% (for its taxation year ending on or after November 1, 2008 and before November 1, 2009) will not be subject to the high capital tax rate of 3.25% on the first $1.5 billion of their taxable capital. As a result, a tax rate of 0.7% will apply on the first $1.5 billion of taxable capital, and a rate of 3.25% will apply on taxable capital in excess of $1.5 billion. However, if the taxable capital of the financial institution exceeded $1.5 billion for its taxation year ending on or after November 1, 2008 and before November 1, 2009, the entire amount of taxable capital is subject to the 3.25% rate.

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) Manitoba increased the capital tax rate for bank, trust or loan companies to 6% (from 5%) effective for taxation years ending on or after April 30, 2015. The rate is not prorated for taxation years that straddle April 30, 2015.

(5) Ontario eliminated its capital tax on most financial institutions on July 1, 2010. 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.[6]	N.B.	N.S.[7]	P.E.I.	Nfld.[8]
Type of Entity					
Bank		✓	✓	✓	✓
Loan or trust		✓	✓	✓	✓
Life insurance	✓				
Investment dealer					
Tax rates[9]					
2015	1.25%	4.0%	4.0%	5.0%	4.0/5.0%
2016	1.25	4.0/5.0	4.0	5.0	6.0
2017	1.25	5.0	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	✓				✓

(6) Quebec eliminated its capital tax on January 1, 2011. However, life insurance corporations that carry on business in Quebec must pay a capital tax equal to 1.25% of their taxable capital allocable to 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").

(7) New Brunswick's 2016 budget increased the capital tax rate to 5% (from 4%) effective April 1, 2016.

(8) 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. Insurance companies are entitled to a $5 million capital deduction where taxable capital employed in Canada is less than $10 million. No capital deduction is permitted if taxable capital exceeds $10 million. Financial institutions have an annual cap of $12 million of capital tax payable effective January 1, 2015.

(9) 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.

Newfoundland and Labrador's 2016 budget increased the capital tax rate to 6% (from 5%) effective January 1, 2016.

(10) 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

	Calculation of Tax		
Type of Entity	**January 1, 2013[1] to December 1, 2014**	**December 2, 2014[1] to March 31, 2017**	**April 1, 2017[1] to March 31, 2019**
Banks, loan or trust corporations, and corporations trading in securities	2.8% of Quebec wages	4.48% of Quebec wages	2.8% of Quebec wages
Insurance corporations subject to Quebec capital tax	0.3% of premiums payable	0.48% of premiums payable	0.3% of premiums payable
Credit and savings unions	2.2% of Quebec wages	3.52% of Quebec wages	2.2% of Quebec wages
Other financial institutions[2]	0.9% of Quebec wages	1.44% of Quebec wages	0.9% of Quebec wages

Notes

(1) Quebec temporarily increased the compensation tax on financial institutions for the period January 1, 2013 to December 1, 2014. Quebec further increased the temporary contribution by financial institutions for the period December 2, 2014 to March 31, 2017. The existing contribution rates—2.8%, 0.3%, 2.2% and 0.9%—will be reinstated for the period April 1, 2017 to March 31, 2019.

(2) 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.

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[4]	Current	35%	100%	15%	40%
Other corporations	Current	15	—	15	—
Individuals and unincorporated businesses[4]	Current	15	40	15	40

Notes

(1) Federal research and development (R&D) ITCs earned in a taxation year after 1997 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 regular 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.

(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 both current and capital expenditures. 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.

Notes, continued

(4) Qualifying CCPCs are those with taxable income (on an associated group basis) for the preceding year that does not exceed its "qualifying income limit". A corporation's "qualifying income limit" is determined by the formula $500,000 × [($40,000,000 - A)/ $40,000,000]. The variable "A" is nil if the corporation's prior year taxable capital employed in Canada is $10 million or less. Otherwise, the variable "A" is equal to the portion of the corporation's prior year taxable capital employed in Canada that exceeds $10 million (not to exceed $40 million).

The expenditure limit (see note (3)) 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 or once taxable income exceeds $800,000.

Federal R&D expenditure pool

Eligible Canadian R&D expenditures, both current and capital, 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 regular 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 Research and Development Tax Incentives

	Rate	Description
British Columbia[1]	10%	Refundable and non-refundable tax credit for eligible expenditures incurred in British Columbia after August 31, 1999 and before September 1, 2017, by a corporation with a permanent establishment (PE) in the province
Alberta[2]	10%	Refundable tax credit for eligible expenditures incurred in Alberta by a corporation with a PE in the province
Saskatchewan[3]	15%/10%	Refundable and non-fundable tax credit for eligible expenditures incurred in Saskatchewan by a corporation with a PE in the province
Manitoba[4]	20%	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]	10%/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]	4.5%/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

Refer to notes on the following pages.

	Rate	Description
Quebec R&D Wage Tax Credit [9,10]	Canadian-controlled corporations—30% Others—14%	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 no longer needs to have a PE in Quebec 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
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% to 20%	Refundable tax credit for eligible expenditures incurred in Yukon by a corporation with a PE in the province

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 research and development (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 forward 10 years and carried back three years. All or part of the non-refundable credit can be renounced each year.

(2) Eligible expenditures in Alberta are those that qualify for federal ITC purposes. The qualifying expenditures must be incurred after December 31, 2008 and cannot exceed the maximum expenditure limit for Alberta ITC purposes of $4 million per taxation year. The maximum expenditure limit must be shared and allocated among associated corporations. For taxation years ending after March 31, 2012, taxpayers are no longer required to reduce Alberta's expenditure base by federal ITCs related to the portion of federal eligible expenditures that generated Alberta ITCs in that year (the Grind).

To avoid any tax planning that would defer the effect of the Grind until after the date when it is repealed, Alberta enacted anti-avoidance rules to deem a corporation to have claimed the maximum available federal ITCs where:

- The corporation had federal taxes payable or had paid federal taxes for the year or for any of the three prior taxation years and federal ITCs are available to apply against those taxes, or
- In the opinion of the Alberta tax authority, the corporation deducted elective amounts to reduce its taxable income and federal income tax in lieu of claiming its available federal SR&ED ITCs.

Alberta has also remedied technical problems with the computation of the Grind retroactive to the inception of its SR&ED program in 2009, with the result that claimants may wish to re-submit Alberta SR&ED claims filed for earlier years in order to apply a reduced Grind against their Alberta SR&ED eligible expenditures.

Alberta also retroactively extended the filing deadline to 21 months (from 18 months) after the corporation's taxation year end, effective for taxation years ending after December 31, 2008.

(3) Eligible expenditures in Saskatchewan are determined by reference to the definition of "qualified expenditures" for federal ITC purposes. For eligible expenditures made after March 31, 2012 and before April 1, 2015, the Saskatchewan ITC is fully refundable at the rate of 15% for CCPCs up to their expenditure limit and non-refundable for all other eligible expenditures. The 2015 Saskatchewan budget reduced the rate to 10% and the credit is fully non-refundable for all entities effective April 1, 2015.

The credit is considered to be government assistance and reduces federal expenditures for both the R&D deduction and ITCs. Unclaimed non-refundable tax credits will remain available and can be carried back three taxation years to be claimed against Saskatchewan income taxes payable or carried forward for the subsequent 10 taxation years. Saskatchewan ITC earned after March 19, 2009 cannot be renounced.

(4) Eligible expenditures in Manitoba are those that qualify for federal ITC purposes. In its 2013 budget, Manitoba announced that the province will protect its tax credit from capital expenditures removed from the federal investment tax credit base announced in the 2012 federal budget. In addition, the Manitoba tax credit retains full eligibility for contract payments to eligible institutes only.

The 2013 Manitoba budget announced that the province's ITC will reflect the following changes included in the 2012 federal budget:

- The SR&ED tax credit will be adjusted to reduce the 60% prescribed proxy amount – which recognizes overhead costs attributable to eligible projects – from 60% of direct labour costs in 2013 to 55% in 2014
- Contract payments are 80% claimable instead of fully claimable, so that tax credits will no longer include the profit element under the contract fees.

The 20% 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.

Manitoba extended the refundability of this tax credit to in-house R&D expenditures (i.e., R&D not undertaken under contract with an institute in Manitoba) incurred in 2012 and subsequent years to 50%.

For eligible expenditures incurred prior to 2010, the tax credit was non-refundable. Unused non-refundable credits earned in taxation years ending after 2003 may be carried forward 10 years and carried back three years. The Manitoba 2015 budget proposed to extend to 20 years (from 10 years) the period for which unused non-refundable credits can be carried forward after they are earned.

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.

Notes, continued

(5) Eligible expenditures in Ontario are those that qualify for federal ITC purposes and are not in excess of the expenditure limit. The expenditure limit is $3 million. The credit is available to corporations with taxable income under the federal small business income threshold, 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 either of these restrictions are exceeded by the associated group, and, for taxation years ending after 2009, will be eliminated once taxable income of the group reaches $800,000 or taxable paid-up capital exceeds $50 million, in the preceding year. Transitional rules apply if a corporation does not have a calendar year end.

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.

(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%) 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) Eliminated for contracts concluded after December 4, 2014. After this date, payments will be treated as a regular contract payments and claimed under the R&D Wage Tax Credit (see section (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 no longer need to have a permanent establishment in Quebec.

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 no longer need to have a permanent establishment in Quebec.

(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 rate for transactions after June 4, 2014 decreased to 30% (from 37.5%) for CCPCs with assets less than $50 million and 14% (from 17.5%) for corporations with assets between $50 million and $75 million.

The credit reduces eligible expenditures for federal purposes. The credit is taxable 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 must be allocated among the R&D tax credit claimed.

For taxation years beginning after December 2, 2014, relating to R&D expenditures incurred after December 2, 2014, the exclusion threshold amount varies depending on the taxpayer's assets, and will be:

- $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, as defined under the federal Income Tax Act. The credit is considered to be government assistance and reduces federal expenditures for both the R&D deduction and ITCs.

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

Net After-Tax Cost of Performing Research and Development

CCPCs[1]	B.C.	Alta.	Sask.[2]	Man.	Ont.[3]
Federal tax savings					
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Provincial ITC	(141)	(141)	(141)	(283)	(175)
Federal ITC @ 35%	(445)	(445)	(445)	(395)	(433)
Federal tax deduction	414	414	414	322	392
Federal taxes saved	$ 46	$ 46	$ 46	$ 35	$ 43
Provincial tax savings					
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Federal ITC	(445)	(445)	(439)	(445)	(433)
Provincial ITC	(141)	(141)	(159)	(141)	(175)
Provincial tax deduction	414	414	402	414	392
Provincial taxes saved	$ 10	$ 12	$ 8	$ 0	$ 18
Total tax savings					
Federal tax savings	$ 491	$ 491	$ 491	$ 430	$ 476
Provincial tax savings	151	153	149	283	193
Total savings	$ 642	$ 644	$ 640	$ 713	$ 669
Net after-tax cost of R&D	$ 358	$ 356	$ 360	$ 287	$ 331

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. The calculations are based on the following assumptions:

- The CCPC's federal and provincial tax rates are those that apply to active business income eligible for the small business deduction. The provincial tax rates used in the calculations are those in effect on January 1, 2016 (see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC Effective January 1, 2016 and 2017"). If the province'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, adding 55% of the salaries (incurred after December 31, 2013) to the totals eligible for federal and certain provincial ITCs. 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 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.

CCPCs[1]	Que.	N.B.	N.S.	P.E.I.	Nfld.
Federal tax savings					
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Provincial ITC	(225)	(212)	(212)	—	(212)
Federal ITC @ 35%	(416)	(420)	(420)	(494)	(420)
Federal tax deduction	359	368	368	506	368
Federal taxes saved	$ 39	$ 40	$ 40	$ 56	$ 40
Provincial tax savings					
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Federal ITC	(416)	(420)	(420)	(494)	(420)
Provincial ITC	(225)	(212)	(212)	—	(212)
Provincial tax deduction	359	368	368	506	368
Provincial taxes saved	$ 29	$ 15	$ 11	$ 23	$ 11
Total tax savings					
Federal tax savings	$ 455	$ 460	$ 460	$ 550	$ 460
Provincial tax savings	254	227	223	23	223
Total savings	$ 709	$ 687	$ 683	$ 573	$ 683
Net after-tax cost of R&D	$ 291	$ 313	$ 317	$ 427	$ 317

(2) Saskatchewan's 2015 budget reduced the R&D Tax Credit to 10% (from 15%) of the value of qualifying R&D expenditures incurred in Saskatchewan, effective April 1, 2015. The credit is non-refundable for all entities as of this date (previously, the credit was refundable for CCPCs, subject to a maximum annual limit).

(3) Ontario reduced its R&D Tax Credit to 3.5% (from 4.5%) effective June 1, 2016. The province also reduced the Ontario Innovation Tax Credit to 8% (from 10%) effective June 1, 2016. Both tax credits are prorated for taxation years straddling June 1, 2016.

If the CCPC is also eligible to claim the Ontario Business Research Institute Tax Credit, the net after-tax cost would be $307.

For additional information on available R&D investment tax credits, and other government assistance programs, visit www.thefundingportal.com.

Net After-Tax Cost of Performing Research and Development—Continued

General Corporations[1]	B.C.	Alta.[2]	Sask.[2]	Man.	Ont.[3]
Federal tax savings					
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Provincial ITC	(141)	(141)	(141)	(283)	(55)
Federal ITC @ 15%	(191)	(191)	(191)	(169)	(204)
Federal tax deduction	668	668	668	548	741
Federal taxes saved	$ 100	$ 100	$ 100	$ 82	$ 111
Provincial tax savings					
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Federal ITC	(191)	(191)	(191)	(169)	(204)
Provincial ITC	(141)	(141)	(141)	(283)	(55)
Provincial tax deduction	668	668	668	548	741
Provincial taxes saved	$ 73	67	80	66	85
Total tax savings					
Federal tax savings	$ 291	$ 291	$ 291	$ 251	$ 315
Provincial tax savings	214	208	221	349	140
Total savings	$ 505	499	512	600	455
Net after-tax cost of R&D	$ 495	$ 501	$ 488	$ 400	$ 545

Notes

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

- The federal and provincial tax rates are those that apply to active business income earned by a general corporation. The provincial tax rates used in the calculations are those in effect on January 1, 2016 (see the table "Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017"). If the province'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, adding 55% of the salaries (incurred after December 31, 2013) to the totals eligible for federal and certain provincial ITCs. 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.

General Corporations[1]	Que.	N.B.	N.S.	P.E.I.	Nfld.
Federal tax savings					
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Provincial ITC	(105)	(212)	(212)	—	(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 tax savings					
R&D expenditures	$1,000	$1,000	$1,000	$1,000	$1,000
Federal ITC	(196)	(180)	(180)	(212)	(180)
Provincial ITC	(105)	(212)	(212)	—	(212)
Provincial tax deduction	699	608	508	788	608
Provincial taxes saved	$ 83	$ 73	$ 97	$ 126	$ 85
Total tax savings					
Federal tax savings	$ 301	$ 271	$ 271	$ 330	$ 271
Provincial tax savings	188	285	309	126	297
Total savings	$ 489	$ 556	$ 580	$ 456	$ 568
Net after-tax cost of R&D	$ 511	$ 444	$ 420	$ 544	$ 432

- The corporation is able to fully claim federal and provincial investment tax credits against taxes payable for 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) Saskatchewan reduced the R&D Tax Credit to 10% (from 15%) of the value of qualifying R&D expenditures incurred in Saskatchewan effective April 1, 2015.

(3) Ontario reduced its R&D Tax Credit to 3.5% (from 4.5%) effective June 1, 2016. The tax credit is prorated for taxation years straddling June 1, 2016.

If the corporation is eligible to claim the Ontario Business Research Institute Tax Credit the net after-tax cost would be $515.

For additional information on available R&D investment tax credits, and other government assistance programs, visit www.thefundingportal.com.

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 regular 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% of CMT adjusted net income, less any CMT eligible losses, multiplied by the Ontario allocation factor
CMT payable	CMT in excess of the corporation's regular Ontario income tax liability
CMT eligible losses[5]	
Carry forward period	20 years
Carry back period	None
CMT paid in year[6]	
Carry forward period	20 years
Carry back period	None

Notes

(1) These thresholds apply for taxation years ending after June 30, 2010. For earlier taxation years the threshold amounts were $10 million and $5 million respectively, and only one of these thresholds had to be met. 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 Ontario 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.

By the same token, other 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 2.7% tax is effective for taxation years ending after June 30, 2010 and applies after deducting any CMT losses carried forward from previous years (see note (5)). This rate was 4% for taxation years ending before July 1, 2010.

(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	Payment Due Dates
General corporations[1]	$3,000	Monthly[2]
CCPCs		
Eligible[3]	3,000	Quarterly[2]
Other	3,000	Monthly[2]

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 difference between instalment base and first payment[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.

Instalments of tax under Part XII.3 (Tax on Investment Income of Life Insurers) are required if tax for the current or preceding taxation year is $3,000 or more. All other taxes imposed on corporations under the Income Tax Act are due on the corporation's balance-due day.

(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, 2015, its instalments for its 2016 taxation year are due on the ninth day of each month (e.g., November 9, December 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 www.cra-arc.gc.ca/mkpymnt-eng.html). 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 CRA 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 (on an associated basis) 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 (on an associated basis) does not exceed $10 million in either the current or previous year, and
- Generally no compliance irregularities under the Income Tax Act, Employment Insurance Act, Canada Pension Plan or GST/HST section of the Excise Tax Act during the preceding 12 months exist.

(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.

Notes, continued

(5) Eligible CCPCs (discussed in note (3)) will calculate their quarterly instalments for Parts I, VI, VI.1 and XIII.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 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 remit their income tax payments to the Canada Revenue Agency as one payment. Tax instalments for the provinces that do not collect their own corporate income and capital 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 monthly 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.

(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 through the year if the corporation has met all of the following conditions:

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

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

- Taxable income (on an associated basis) for either the current year or previous year does not exceed $500,000
- Taxable income is from a business activity carried on during the current taxation year or such income was earned in the preceding year
- Paid-up capital (on an associated basis) 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	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[1]
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[2]
Quebec Corporate income and capital 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[3]
Other provinces Capital tax returns	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[4]	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[5,6]	Prescribed form or equivalent letter must be filed within 90 days (30 days for Saskatchewan) from the date of mailing of the Notice of Assessment or Reassessment	Some provinces require the payment of the amount in dispute even though a Notice of Objection has been filed

Notes

(1) 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 2015 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.

(2) 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 must have 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.

(3) Listed financial institutions that are corporations must complete Form CO-1159.2—Calcul de la taxe compensatoire des institutions financières and file it with their corporate income tax returns. Other listed financial institutions must include the compensation tax on their Relevé 1 Summary (see the table "Quebec Compensation Tax for Financial Institutions").

(4) A Notice of Objection filed by a large corporation 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. A corporation is treated as a large corporation if the total taxable capital employed in Canada of all related corporations at the end of the taxation year exceeds $10 million. Other corporations have the option of using Form T400A or simply writing a letter setting out the facts and reasons for the objection.

(5) Notices of Objection must be received by the Alberta Tax and Revenue Administration within 90 days.

(6) 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.

In Alberta, "large corporations" (as defined for federal purposes) must file Form AT97—Notice of Objections, for all objections including federal-parallel objections and which must include a full description of the issues to which it is objecting, the reasons for the objection and an estimate of the dollar amount in dispute 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 must be filed for all objections (including federal-parallel objections) within 90 days from the date of mailing of the Notice of Assessment or Reassessment. Form MR-93.1.1 must include a full description of each issue the corporation is objecting to, the reasons for the objection, an estimate of the dollar amount in dispute for each issue, and the law underlying the assessment contested. Supporting documents should be provided.

Payroll Source Deductions

Type of Remitter	Thresholds[1]	Payment Deadline[2]
Quarterly[3] Small employers	< $3,000 and perfect compliance history	15th day of the month following the end of each calendar quarter
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	25th day of the same month 10th day of the following month
Weekly[6] Accelerated – Threshold 2	> $99,999	Third working day after the end of each weekly period

Notes

(1) Thresholds are 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.

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.

(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. All payments made after the due date are assessed a penalty calculated based on graduated rates.

(3) Small employers may remit their source deductions on a quarterly basis if they have average monthly withholding amounts of less than $3,000 in either the first or second preceding calendar year, and no compliance irregularities, outstanding GST/HST returns or T4 information returns in the preceding 12 months. Quarterly remittance periods end on March 31, June 30, September 30 and December 31. Remittances may be made either electronically, to a Canadian financial institution or by mail.

(4) New employers or employers with average monthly withholdings of less than $25,000 in the second preceding calendar may remit their payments either electronically, to a Canadian financial institution or by mail.

For amounts withheld after 2015, new small employers with average monthly withholdings of less than $1,000 and no compliance irregularities may remit on a quarterly basis. When the employer's required monthly withholdings become greater than $1,000, the Canada Revenue Agency will classify the employer as a weekly, semi-monthly, monthly or quarterly remitter in accordance with the existing rules.

(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, to 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 end of the month.

Threshold 2 remitters are not permitted to make their payments at a taxation centre. They must remit their source deductions either electronically or to 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 no at a financial institution may be changes a penalty of 3% of the amount due.

Income tax administration and policy

Prescribed Interest Rates—2015[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
Ontario[4]				
Tax debts	6.0	6.0	6.0	6.0
Tax refunds	0.0	0.0	0.0	0.0
Quebec[5]				
Tax debts	6.0	6.0	6.0	6.0
Tax refunds	1.4	1.4	1.1	1.1

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—2015" and "Prescribed Interest Rates for Capital Taxes—2016".

(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, Ontario (for amounts related to taxation years ending before 2009) and Quebec use the federal interest rates for corporate income tax refunds and debts. All provinces other than Quebec use the federal interest rate 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—2016[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%	TBA
Tax debts	5.0	5.0	5.0	TBA
Tax refunds – corporations	1.0	1.0	1.0	TBA
Tax refunds – other taxpayers	3.0	3.0	3.0	TBA
Alberta[3]				
Tax debts	4.5	4.5	4.5	TBA
Tax refunds	0.5	0.5	0.5	TBA
Ontario[4]				
Tax debts	6.0	6.0	6.0	TBA
Tax refunds	0.0	0.0	0.0	TBA
Quebec[5]				
Tax debts	6.0	6.0	6.0	TBA
Tax refunds	1.1	1.1	1.1	TBA

TBA = To be announced

(3) The Alberta rates indicated in the table apply to corporate income taxes. The rate for tax refunds also applies to all assessments and reassessments of any taxation year, including all prior years, issued after February 9, 2010.

(4) The Ontario rates indicated in the table apply only to tax debts and refunds arising from taxation years that ended before 2009. Interest on Ontario underpaid and overpaid taxes for taxation years after 2008 (when Ontario harmonized its corporate tax system) is calculated based on the federal prescribed rates.

(5) 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—2015[1]

	Jan. to Mar. (Q1)	Apr. to Jun. (Q2)	Jul. to Sept. (Q3)	Oct. to Dec. (Q4)
British Columbia				
Tax Debts	6.0%	5.85%	5.85%	5.7%
Tax Refunds	1.0	0.85	0.85	0.7
Saskatchewan				
Tax Debts	6.0	6.0	5.85	5.85
Tax Refunds	3.0	3.0	2.85	2.85
Manitoba[2]				
Tax Debts	9.0	9.0	8.85	8.85
Tax Refunds	N/A	N/A	N/A	N/A
Ontario[3]				
Tax Debts	6.0	6.0	6.0	6.0
Tax Refunds	0.0	0.0	0.0	0.0
Quebec[4]				
Tax Debts	6.0	6.0	6.0	6.0
Tax Refunds	1.4	1.4	1.1	1.1
New Brunswick[5,6]				
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[5,7]				
Tax Debts	5.0	5.0	5.0	5.0
Tax Refunds	N/A	N/A	N/A	N/A
Prince Edward Island[8]				
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—2016[1]

	Jan. to Mar. (Q1)	Apr. to Jun. (Q2)	Jul. to Sept. (Q3)	Oct. to Dec. (Q4)
British Columbia				
Tax Debts	5.7%	5.7%	5.7%	TBA
Tax Refunds	0.7	0.7	0.7	TBA
Saskatchewan				
Tax Debts	5.7	5.7	TBA	TBA
Tax Refunds	2.7	2.7	TBA	TBA
Manitoba[2]				
Tax Debts	8.7	8.7	TBA	TBA
Tax Refunds	N/A	N/A	TBA	TBA
Ontario[3]				
Tax Debts	6.0	6.0	6.0	TBA
Tax Refunds	0.0	0.0	0.0	TBA
Quebec[4]				
Tax Debts	6.0	6.0	6.0	TBA
Tax Refunds	1.1	1.1	1.1	TBA
New Brunswick[5,6]				
Tax Debts	0.7591% per month	0.7591% per month	TBA	TBA
Tax Refunds	N/A	N/A	TBA	TBA
Nova Scotia[5,7]				
Tax Debts	5.0	5.0	5.0	TBA
Tax Refunds	N/A	N/A	N/A	TBA
Prince Edward Island[8]				
Tax Debts	2.0% per month	2.0% per month	TBA	TBA
Tax Refunds	2.0% per month	2.0% per month	TBA	TBA
Newfoundland and Labrador				
Tax Debts	5.0	5.0	5.0	TBA
Tax Refunds	1.0	1.0	1.0	TBA

Refer to notes on the following pages.

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. Effective July 1, 2012 only financial institutions are subject to capital tax (see the table "Capital Tax Rates—Financial Institutions"). These rates would also apply to underpaid or overpaid capital taxes of general corporations in earlier years. 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—2015" and "Prescribed Interest Rates—2016". Alberta eliminated its capital tax entirely in 2001.

(2) Manitoba does not pay refund interest on overpaid capital tax.

(3) The Ontario prescribed rates in the table apply only to tax debts and refunds arising from taxation years that ended before 2009. Interest on Ontario underpaid and overpaid taxes for taxation years after 2008 (when Ontario harmonized its corporate tax system) is calculated based on the federal prescribed rates (see the tables "Prescribed Interest Rates—2015" and "Prescribed Interest Rates—2016").

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

(5) These rates apply to financial institutions capital tax only. Interest on capital tax debts and refunds for general corporations is calculated based on the federal prescribed rates (see the tables "Prescribed Interest Rates—2015" and "Prescribed Interest Rates—2016").

(6) New Brunswick does not pay refund interest on overpaid financial institutions capital tax.

(7) Nova Scotia no longer pays refund interest on overpaid financial institutions capital taxes with retroactive effect.

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

Prescribed Interest Rates for Leasing Rules

	2014	2015	2016
January	4.01%	3.36%	3.17
February	4.09	3.22	3.04
March	3.80	2.75	2.90
April	3.80	2.76	2.78
May	3.82	2.79	2.86
June	3.76	3.01	2.94
July	3.60	3.08	2.87
August	3.72	3.29	TBA
September	3.59	3.09	TBA
October	3.44	3.08	TBA
November	3.61	3.09	TBA
December	3.46	3.13	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 long-term Government of Canada bond rate for the last Wednesday of the month before the preceding month.
- This information is available on the CRA's web site at www.cra-arc.gc.ca/tx/ndvdls/fq/ls-eng.html.

Other Selected Federal Filing Deadlines

Type of Return	Filing Deadline
Payer Information Returns (T4, T4A, T4A-NR, T5)	On or before the last day of February following the calendar year to which the information slips apply If the business or activity has been discontinued, no later than 30 days after the discontinuance
Trust Income Tax and Information Return[1] (Federal T3 and Quebec TP-646-V), including related slips and summaries	Within 90 days of trust's year-end 90 days after a testamentary trust's wind-up or discontinuance
Partnership Information Return[2] (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 Where the partnership is a tax shelter, 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-sheltered interests were sold by the promoter to an investor If the tax shelter business or activity has been discontinued, no later than 30 days after the discontinuance
Reportable Transactions Information Return (RC312)	On or before June 30 of the calendar year following the calendar year in which the transaction first became a reportable transaction.

Notes

(1) 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 must end within 12 months of the day the person dies. 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.

Type of Return	Filing Deadline
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 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 claimed in that year, by April 30 of the calendar year following that year (even if Form NR6 has been approved) 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
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
Form T1134—Information Return Relating to Controlled and Not-Controlled Foreign Affiliates	Within 15 months of taxpayer's year-end
T1135—Foreign Income Verification Statement	Same filing due date as taxpayer's income tax return
T1141—Information Return in Respect of Transfers or Loans to a Non-resident Trust 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

(2) 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.

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 a proper 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 understatement of tax related to omission less amount of any tax paid for unreported amount[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 interest payable on instalments for the year in excess of $1,000, or 25% of interest payable computed as if no instalments had been made, whichever is greater
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	Greater of $500 and 25% of cost of shelters sold prior to the correct information being filed or issuance of identification number
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 if the arrangement is 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. There is also a penalty for failure to file a tax shelter information return equal to 25% of the greater of cost of shelters sold prior to date that 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 information returns (i.e., Forms T106, T1134, T1135, T1141, and T1142, as discussed in the table "Other Selected Federal Filing Deadlines"). Where the taxpayer fails, knowingly or under circumstances amounting to gross negligence, to comply with a demand made by the CRA to file a foreign-based information return, the penalty is increased to $1,000 per month to a maximum of 24 months.

(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. There is also a penalty for failure to provide tax shelter information equal to the greater of $500 or 25% of the greater of cost of shelters sold prior to date that 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).

(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 only if a taxpayer fails to report at least $500 of income in the year or 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 Penalty Provisions

Province	Description	Penalty
British Columbia[1]	Failure to file returns and to pay tax when due	10% of the unpaid tax
	Late or deficient instalment payments	10% of shortfall in instalments
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 interest payable on instalments for the year in excess of 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 and to pay tax when due, and late or deficient instalment payments	First occurrence—fine of up to $1,000
		Second occurrence—fine of up to $5,000, imprisonment for up to three months, or both
		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

Refer to notes on the following pages.

Province	Description	Penalty
Ontario	Failure and repeated failure to file 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
	Failure to report income in year and in any of three preceding year	10% of the amount not reported
	False statements or omissions	Greater of $100 and 50% of the tax payable on understatement of income
	Late or deficient instalments	50% of the interest payable on instalments for the year in excess of $1,000, or 25% of interest payable computed as if no instalments had been made, whichever is greater
Quebec[4]	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 any unpaid amount
New Brunswick[1]	Failure to file returns or pay tax	Maximum 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, or	$1,000 plus twice the amount of tax evaded, plus $1,000 per day that the offence continues
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 of tax payable in any other case
Newfoundland and Labrador[6]	None prescribed	

Selected Provincial Penalty Provisions

Notes

(1) The penalties indicated in the table apply to the province's capital tax legislation, which requires the filing of a separate return. 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 also has third-party penalties similar to those that apply federally.

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

(3) These penalties, which apply to both Ontario's corporate and personal tax legislation, are the same as those that apply federally.

(4) These penalties apply to Quebec's personal and corporate tax legislation.

(5) These penalties apply for purposes of Nova Scotia's financial corporations capital tax. For a failure to comply with a demand from the Minister, the penalty is a maximum of $200 for each day that the failure continues.

(6) For taxation years beginning after October 31, 2008, the Canada Revenue Agency administers Newfoundland and Labrador's financial institutions capital tax, which is subject to penalties that are similar to those that apply federally such as failure and repeated failure to file returns, and late or deficient instalments (see the table "Selected Federal Penalty and Offence Provisions").

International

4

Foreign Exchange Rates—Monthly Averages

	U.S. Dollar	U.K. Pound Sterling	European Euro	Australian Dollar
2015				
January	1.2115	1.8342	1.4065	0.9774
February	1.2500	1.9160	1.4187	0.9745
March	1.2619	1.8872	1.3650	0.9745
April	1.2331	1.8454	1.3332	0.9546
May	1.2185	1.8817	1.3581	0.9602
June	1.2366	1.9258	1.3879	0.9540
July	1.2865	2.0015	1.4147	0.9518
August	1.3149	2.0479	1.4653	0.9592
September	1.3267	2.0347	1.4896	0.9363
October	1.3073	2.0055	1.4676	0.9411
November	1.3280	2.0171	1.4236	0.9495
December	1.3705	2.0534	1.4916	0.9929
2016				
January	1.4223	2.0457	1.5441	0.9959
February	1.3796	1.9716	1.5304	0.9842
March	1.3226	1.8850	1.4721	0.9922
April	1.2819	1.8350	1.4543	0.9823
May	1.2942	1.8808	1.4635	0.9467
June	1.2896	1.8302	1.4482	0.9542

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
2015				
January	0.0103	0.1576	0.1493	1.2944
February	0.0105	0.1647	0.1496	1.3353
March	0.0104	0.1578	0.1477	1.2880
April	0.0103	0.1566	0.1428	1.2844
May	0.0101	0.1611	0.1460	1.3062
June	0.0100	0.1583	0.1496	1.3265
July	0.0104	0.1582	0.1507	1.3475
August	0.0107	0.1593	0.1539	1.3578
September	0.0110	0.1601	0.1586	1.3641
October	0.0109	0.1580	0.1569	1.3495
November	0.0108	0.1536	0.1529	1.3143
December	0.0113	0.1575	0.1612	1.3265
2016				
January	0.0120	0.1611	0.1663	1.4108
February	0.0120	0.1602	0.1627	1.3906
March	0.0117	0.1560	0.1585	1.3477
April	0.0117	0.1561	0.1580	1.3306
May	0.0119	0.1573	0.1575	1.3236
June	0.0123	0.1552	0.1553	1.3300

- 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

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

- 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]	15	10/15	15	15/25
China, People's Republic	10	10/15	10	25
Columbia	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	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	0/25
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	0/15/25
Israel	15	15	0/15	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	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]—Continued

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
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	0/15/25
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	0/25
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	0/10/15/25
South Africa[7]	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[9]	(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

Non-Resident Withholding Tax Rates for Treaty Countries

Notes

(1) The actual treaty should be consulted to determine if specific conditions, exemptions or tax-sparing provisions apply for each type of payment. 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 June 30, 2016, Canada is negotiating or renegotiating tax treaties or protocols with the following countries:

Australia	Madagascar (new)
China (PRC)	Malaysia
Israel	Netherlands

(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.

(5) Royalties generally are defined to include:

- Payments received as consideration for the use of or the right to use any copyright, 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, some recent 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 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 provides for reduced withholding rates if the other country signs a treaty with another OECD member 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 whether or not carrying a right to participate in the debtor's profits, including premiums and prizes attaching to bonds and debentures, as well as income assimilated to income from money lent by the tax law of Canada or the U.K. as the case may be. There are certain exemptions under the treaty. See also note (3).

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 films or motion pictures, and videotapes 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).

Notes, continued

Pensions/Annuities—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 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 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.

- Treaty benefits apply to certain "fiscally transparent entities" (FTEs) such as limited liability companies, where the owner is resident in one of the countries, 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 that are treated as flow-through entities under the laws of one of the countries, 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 items 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, including premiums and prizes attaching to bonds and debentures, as well as income assimilated to income from money lent by the tax law 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 in such property 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 films or motion pictures, and videotapes 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, patents or information concerning industrial, commercial or scientific experience (excluding any such information in relation to a rental or franchise agreement)
- Payments in respect of broadcasting as may be agreed to between the countries.

Pensions/Annuities—Pensions are defined to include any payment under a superannuation, pension, or other retirement arrangement and certain other amounts, but exclude income averaging annuity contract payments. 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 by Canada.

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]

Country[1]	Federal		Quebec	
	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[5]	Aug. 1, 2014	168		
Bulgaria	Mar. 1, 2014	170		
Chile	June 1, 1998	114	Nov. 1, 1999	QUÉ/CHL 1
China[4]				
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	Jan. 1, 1989	QUÉ/DOM 1
Estonia	Nov. 1, 2006	142		
Finland	Jan. 1, 1997	128	Sept. 1, 1998	QUÉ/SF 1
France[4]	Mar. 1, 1981	52	Nov. 1, 2006	SE 401-Q-201
Germany	Dec. 1, 2003	130	Apr. 1, 2014	QUÉ/D 101
Greece	Dec. 1, 1997	54	Nov. 1, 2010	QUÉ/GR 1
Grenada	Feb. 1, 1999	119		

Refer to notes on the following pages.

Country[1]	Federal		Quebec	
	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[5]	Aug. 1, 2015	49		
Ireland	Jan. 1, 1992	50	Oct. 1, 1994	QUÉ/IRL 1
Israel[6]	Sept. 1, 2003	140		
Italy	Jan. 1, 1979	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		
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[7]	May 1, 1997	N/A		

International Social Security Agreements[1]—Continued

	Federal		Quebec	
Country[1]	**Date in Force[2]**	**CPT Form Number**	**Date in Force[2]**	**Form Number**
Norway	Jan. 1, 2014	127	Apr. 1, 1988	QUÉ/NOR 1
Peru[4]				
Philippines	July 1, 2001	64	Dec. 1, 2000	QUÉ/PHI 1
Poland[5]	Oct. 1, 2009	161		
Portugal	May 1, 1981	55	Nov. 1, 1992	QUÉ/POR 3
Romania[5]	Nov. 1, 2011	165		
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			
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[8]	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 Coverage of Employment in Canada under the Canada Pension Plan by an Employer Resident Outside Canada.

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 for Coverage of Employment in a Country other than 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 AUS140-CA(B) 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
Ottawa, ON
K1A 0L4

(4) An agreement (new, revised or supplementary), protocol or convention has been signed by Canada but is not yet in force.

(5) An agreement (new, revised or supplementary) has been signed by Quebec but is not yet in force.

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

(7) 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. To benefit from the agreement with New Zealand, a form should be requested from the Service Canada processing centre. Once completed, the form should be sent to:

International Operations
Service Canada
Ottawa, ON
K1A 0L4

(8) 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—2016

Single taxpayers

If Taxable Income Is Over	But Not Over	The Tax Rate Is	Of the Amount Over
$ 0	$ 9,275	10%	$ 0
9,275	37,650	$ 927.50 + 15%	9,275
37,650	91,150	5,183.75 + 25%	37,650
91,150	190,150	18,558.75 + 28%	91,150
190,150	413,350	46,278.75 + 33%	190,150
413,350	415,050	119,934.75 + 35%	413,350
415,050		120,529.75 + 39.6%	415,050

Married individuals filing joint returns

If Taxable Income Is Over	But Not Over	The Tax Rate Is	Of the Amount Over
$ 0	$ 18,550	10%	$ 0
18,550	75,300	$ 1,855 + 15%	18,550
75,300	151,900	10,367.50 + 25%	75,300
151,900	231,450	29,517.50 + 28%	151,900
231,450	413,350	51,791.50 + 33%	231,450
413,350	466,950	111,818.50 + 35%	413,350
466,950		130,578.50 + 39.6%	466,950

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	$ 9,275	10%	$ 0
9,275	37,650	$ 927.50 + 15%	9,275
37,650	75,950	5,183.75 + 25%	37,650
75,950	115,725	14,758.75 + 28%	75,950
115,725	206,675	25,895.75 + 33%	115,725
206,675	233,475	55,909.25 + 35%	206,675
233,475		65,289.25 + 39.6%	233,475

Heads of households

If Taxable Income Is Over	But Not Over	The Tax Rate Is	Of the Amount Over
$ 0	$ 13,250	10%	$ 0
13,250	50,400	$ 1,325 + 15%	13,250
50,400	130,150	6,897.50 + 25%	50,400
130,150	210,800	26,835.00 + 28%	130,150
210,800	413,350	49,417.00 + 33%	210,800
413,350	441,000	116,258.50 + 35%	413,350
441,000		125,936.00 + 39.6%	441,000

U.S. Federal Personal Income Tax Rates—2016

Notes

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

Taxation of capital gains

- Capital gains are taxed at a maximum tax rate of 20% for net long-term capital gains, which applies to the sale of capital assets held for more than 12 months. This 20% rate, which came into effect in 2013, applies to individuals taxed in the 39.6% tax bracket. A lower rate of 0% applies to net long-term capital gains that would otherwise be taxed in the 10% or 15% tax brackets and a rate of 15% applies to net long-term capital gains which would otherwise be taxed in the 25%, 28%, 33% and 35% tax brackets.
- 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.

Taxation of dividends

- Qualified dividends are taxed as net long-term capital gains at the rates 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.

Net Investment Income Tax

- Starting in 2013, individuals are subject to a Net Investment Income Tax (NIIT) equal to 3.8% of the lessor 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 thresholds amounts with respect to the NIIT are as follows:

Filing Status	Threshold Amount
Single taxpayers	$200,000
Married individuals filings joint returns	250,000
Married individuals filing separate returns	125,000
Head of households	200,000

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
2014	Up to $117,000	7.65	7.65	$8,951	$8,951
	117,001 to 200,000[2]	1.45	1.45	1,204[3]	1,204[3]
	Over 200,000[2]	2.35	2.35	N/A	N/A
2015	Up to $118,500	7.65	7.65	$9,065	$9,065
	118,501 to 200,000[2]	1.45	1.45	1,182[4]	1,182[4]
	Over 200,000[2]	2.35	2.35	N/A	N/A
2016	Up to $118,500	7.65	7.65	$9,065	$9,065
	118,501 to 200,000[2]	1.45	1.45	1,182[5]	1,182[5]
	Over 200,000[2]	2.35	2.35	N/A	N/A

Self-employment Tax

	Net Earnings Limit	Self-employed Tax Rate	Maximum Annual Contribution
2014	Up to $117,000	15.3	$17,901
	117,001 to 200,000[2]	2.9	20,308[3]
	Over 200,000[2]	3.8	N/A
2015	Up to $118,500	15.3	$18,131
	118,501 to 200,000[2]	2.9	20,494[4]
	Over 200,000[2]	3.8	N/A
2016	Up to $118,500	15.3	$18,131
	118,501 to 200,000[2]	2.9	20,494[5]
	Over 200,000[2]	3.8	N/A

Notes

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

(2) The threshold for the higher rate of the Medicare portion of the FICA tax 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.

(3) 2014 Maximum Annual Contribution for the lower rate of the Medicare portion of the FICA tax for compensation or self-employment income in excess of $117,000 is as follows:

	Employee	**Employer**	**Self-employed**
Single filer	$1,203.50	$1,203.50	$2,407.00
Married taxpayers filing a joint return	$1,928.50	$1,928.50	$3,857.00
Married taxpayers filing separately	$ 116.00	$ 116.00	$ 232.00

(4) 2015 Maximum Annual Contribution for the lower rate of the Medicare portion of the FICA tax for compensation or self-employment income in excess of $118,500 is as follows:

	Employee	**Employer**	**Self-employed**
Single filer	$1,181.75	$1,181.75	$2,363.50
Married taxpayers filing a joint return	$1,906.75	$1,906.75	$3,813.50
Married taxpayers filing separately	$ 94.25	$ 94.25	$ 188.50

(5) 2016 Maximum Annual Contribution for the lower rate of the Medicare portion of the FICA tax for compensation or self-employment income in excess of $118,500 is as follows:

	Employee	**Employer**	**Self-employed**
Single filer	$1,181.75	$1,181.75	$2,363.50
Married taxpayers filing a joint return	$1,906.75	$1,906.75	$3,813.50
Married taxpayers filing separately	$ 94.25	$ 94.25	$ 188.50

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 2016, most U.S. citizens and U.S. domiciled decedents will be allowed an estate exemption of $5,450,000, effectively exempting estates of less than that amount from tax. The gift tax exemption amount has also been increased to $5,450,000. 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.
- Non-resident aliens are allowed a credit of only $14,000, effectively exempting U.S. situs assets of $63,846 or less from U.S. estate tax.
- Individual annual exclusion for gifts in 2016 is $14,000 per donee.
- Gifts made to U.S. citizen spouses are unlimited. The annual exclusion for gifts made to non-U.S. citizen spouses in 2016 is $148,000.

- The Canada–U.S. Treaty increases the credit for residents of Canada from the $14,000 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 2016, 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 $5,450,000, 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 2013 to 2015. For 2012 and subsequent years, the 'estate exempt amount' is indexed for inflation.

	Estate Exempt Amount	**Lifetime Gift Exempt Amount**	**Highest Estate and Gift Tax Rate**
2013	$5,250,000	$5,250,000	40%
2014	5,340,000	5,340,000	40
2015	5,430,000	5,430,000	40
2016	5,450,000	5,450,000	40

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—2016

If Taxable Income Is Over	But Not Over	The Tax Rate Is	Of the Amount Over
$ 0	$ 50,000	15%	$ 0
50,000	75,000	$ 7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333		35%	0

Notes

- Income earned by certain personal service corporations is taxed at a flat rate of 35%.
- The rate of tax levied on the undistributed income of personal holding companies is 20%.

U.S. State Maximum Personal and Corporate Tax Rates[1]—2016

	Personal Tax Rate	Corporate Tax Rate
Alabama	5.00%	6.50%
Alaska	no income tax	9.40
Arizona	4.54	5.50[2]
Arkansas	7.00	6.50
California	12.30	8.84
Colorado	4.63	4.63
Connecticut	6.99	7.50
Delaware	6.60	8.70
District of Columbia	8.95	9.40
Florida	no income tax	5.50
Georgia	6.00	6.00
Hawaii	8.25	6.40
Idaho	7.40	7.40
Illinois	3.75	5.25% + 2.5% replacement tax
Indiana	3.30	6.50/6.25[3]
Iowa	8.98	12.00
Kansas	4.60%	4% + 3% surtax[4]

Notes

(1) These rates should only be used for general information purposes as most states have graduated rates that apply at lower levels of taxable income. 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 corporate tax rate will be reduced from 5.5% to 4.9% for tax years beginning after December 31, 2016.

(3) Indiana's corporate tax rate of 6.5% will decrease to 6.25% effective July 1, 2016.

(4) Kansas applies the 3% surtax on taxes payable that exceed $50,000.

U.S. State Maximum Personal and Corporate Tax Rates[1]—2016

	Personal Tax Rate	Corporate Tax Rate
Kentucky	6.00	6.00
Louisiana	6.00	8.00
Maine	7.15	8.93
Maryland	5.75	8.25
Massachusetts	5.10	8.00
Michigan	4.25	6.00
Minnesota	9.85	9.80
Mississippi	5.00	5.00
Missouri	6.00	6.25
Montana	6.90	6.75
Nebraska	6.84	7.81
Nevada	no income tax	no income tax
New Hampshire	5% of dividend & interest income	8.50
New Jersey	8.97	9.00
New Mexico	4.90	6.60
New York	8.82	6.50
North Carolina	5.75	4.00

Notes, continued

(5) Some states, such as 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.

(6) Tennessee's personal income tax rate decreased to 5% (from 6%) effective January 1, 2016. The rate will continue to decrease by 1% each year until the tax becomes fully repealed on January 1, 2022.

(7) Massachusetts divides its income into three parts. Each part is further broken down with different tax rates depending on the income type. The 5.15% rate is the most common rate. However, in lieu of the 5.15% rate, taxpayers can volunteer to pay a higher rate of tax at 5.85%.

	Personal Tax Rate	Corporate Tax Rate
North Dakota	2.90%	4.31%
Ohio	4.997	no income tax[5]
Oklahoma	5.25	6.00
Oregon	9.90	7.60
Pennsylvania	3.07	9.99
Rhode Island	5.99	7.00
South Carolina	7.00	5.00
South Dakota	no income tax	no income tax
Tennessee	5% of dividend & interest income[6]	6.50
Texas	no income tax	0.375% or 0.75% of taxable margin[7]
Utah	5.00	5.00
Vermont	8.95	8.50
Virginia	5.75	6.00
Washington	no income tax	no income tax[5]
West Virginia	6.50	6.50
Wisconsin	7.65	7.90
Wyoming	no income tax	no income tax

Refer to notes on the previous pages.

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, licences or certificates
- Certificate of origin, if a preferential duty rate is being claimed.

All documentation must contain a proper description of the goods, 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 which have signed trade agreements with Canada.

North American Free Trade Agreement (NAFTA)

The NAFTA has been in effect since January 1994 and is the world's largest free trade area. One of the principal purposes of the NAFTA is to eliminate barriers to trade and facilitate the cross-border movement of goods and services throughout the free trade area.

In order to be considered originating under the NAFTA, all goods must be either wholly produced or manufactured in Canada, Mexico or the United States, or they must meet the Specific Rules of Origin of Annex 401 of the NAFTA. The Specific Rules of Origin require either a tariff classification change (non-originating goods undergo sufficient processing to change the classification), the application of a regional value content costing methodology, or both. A NAFTA Certificate of Origin must be provided by the vendor, producer or exporter of the goods verifying they meet the specific rule of origin requirements and qualify as originating under the NAFTA before the goods can move into another NAFTA country under the preferential duty rates.

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.

In addition to the NAFTA, Canada also has trade agreements in place with Chile, Colombia, Costa Rica, Honduras, Israel, Korea, Peru, Panama, Jordan and the European Free Trade Association which includes the countries Iceland, Liechtenstein, Norway and Switzerland. The Canadian Government concluded trade negotiations with the European Union, Ukraine and Trans-Pacific Partnership and is also currently conducting trade negotiations with 9 additional countries.

Similar to the NAFTA, under these other free trade agreements, the exporter or producer of the goods must provide the Canadian importer with a Certificate of Origin certifying that the imported goods meet the specific rule of origin requirement for that product.

Customs Self-Assessment (CSA)

The CSA program is a release and accounting system developed by the CBSA to help qualifying Canadian importers reduce costs that have traditionally been associated with cross-border trading by investing in compliance.

CSA fundamentally changed the customs commercial process for approved importers. It moves beyond the existing transactional approach to an importer self-assessment approach. Approved importers are able to use their own commercial business system to trigger customs accounting. 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 new 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 the 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.

On May 6, 2015, regulatory amendments supporting the CBSA's eManifest initiative were published in the Canada Gazette, Part II making eManifest requirements for highway carriers, rail carriers and freight forwarders legally binding. As of January 11, 2016 highway carriers, and rail carriers who do not comply with the eManifest requirements may receive penalties under the Administrative Monetary Penalty System. A voluntary compliance period remains in effect for freight forwarders.

Customs Verification Reviews (CVRs)

The CBSA has changed the way it reviews imports and penalizes violations. In the past, transactions were reviewed as they occurred. The CBSA now relies on a post import audit process to review transactions and penalize violations. This process of compliance verification reviews is called CVRs. The CBSA releases a list semi-annually outlining targets for CVRs 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 of the three areas.

The following are some of the information the CBSA reviews when performing a CVR:

- All documentation relating to imports during the audit period, including a copy of the purchase order, sales invoice, customs documentation, shipping documents, etc.
- Links and communication between a company's customs department and other departments and systems
- Written description of a company's accounting systems and other internal controls.

The 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 CVR.

The Administrative Monetary Penalty System (AMPS)

It is the responsibility of the importer and exporter of record to ensure compliance with customs legislation is being adhered to on all import and export transactions. The AMPS is designed to ensure compliance with customs legislation by imposing monetary penalties for non-compliance.

The AMPS applies 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. The AMPS imposes 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. Under AMPS the first level penalties range from $150 to a maximum of $25,000 per infraction for a single contravention; however, if there is more than one contravention the amount may exceed CAN $25,000.

To ensure accuracy and completeness of all trade transactions, and to avoid AMPS penalties for non-compliance, importers and exporters must have written procedures in place to ensure declarations being made to the CBSA are accurate and complete.

Notes, continued

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 the majority of cases, penalties will be issued against the importer or exporter of record, regardless of who actually committed the infraction.

Border Security

The Declaration, "Beyond the Border: Shared Vision for Perimeter Security Declaration" was issued between Canada and the United States in February 2011. This Declaration was to establish a long-term partnership to help promote and improve security and economic competitiveness by working together to enhance security and accelerate the legitimate flow of people, goods and services at the border.

Since 2011, improvements have been made to NEXUS, Partners in Protection and Customs-Trade Partnership Against Terrorism border security programs. Also, new measures were implemented to facilitate the movement of goods while reducing the administrative burden for businesses involved in cross-border trade.

Partners in Protection (PIP)
Canada's security program enlists the cooperation of private industry in an effort to enhance border security, combat organized crime and terrorism. It is also intended to help detect and prevent contraband smuggling while at the same time increasing awareness of customs compliance issues.

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 chain 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. At this time, 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.

Personal Imports—Personal Exemptions[1]

Length of Absence[2]	Value of Goods	Alcohol[3]	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) All alcohol and tobacco products must accompany you in your hand or checked luggage and must be marked "CANADA DUTY PAID • DROIT ACQUITTÉ". Canadian-made products sold at a duty-free shop are marked this way.

(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). 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.

Personal Imports—Currency, Gifts and Prohibited Goods

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 Canadian 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
- 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
- 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.

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	5% PST	
Manitoba	5% GST	8% RST	
Ontario			13% HST
Quebec	5% GST	9.975% QST	
New Brunswick[2]			13%/15% HST
Nova Scotia[4]			15% HST
Prince Edward Island[3]			14% HST
Newfoundland and Labrador[4]			13%/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.

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.

Other rates and sales taxes may apply.

(2) New Brunswick's 2016 budget increased its HST to 15% (from 13%) effective July 1, 2016.

(3) Prince Edward Island's 2016 budget proposed to increase its HST to 15% effective October 1, 2016.

(4) Newfoundland and Labrador's 2016 budget increased its HST to 15% (from 13%) effective July 1, 2016. The province also reintroduced a 15% RST on taxable insurance premiums effective July 1, 2016.

Rebates for Public Service Bodies[1]

Type of Organization	GST	QST	Provincial component of the HST P.E.I	Ont.	N.B.	N.S.	Nfld.
Charities and qualifying non-profit organizations	50%	50%	35%	82%	50%	50%	50%
Hospital authorities, facility operators or external suppliers	83	51.5	0	87	0[2]	83[3]	0
Municipalities	100	50[4]	0	78	57.14	57.14	25[5]
School authorities	68	47	0	93	0[2]	68	0
Universities and public colleges	67	47	0	78	0	67	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 New Brunswick, hospital and school authorities that are part of the provincial government pay HST on their purchases, but the full amount of HST paid is rebated to them.

(3) In Nova Scotia, the rebate for the provincial component of the HST of 83% applies to hospital authorities only.

(4) Quebec reduced the QST rebate for municipalities to 50% (from 62.8%) effective January 1, 2015.

(5) Newfoundland and Labrador proposed to increase the rebate of the provincial component of the HST for municipalities to 57.14% effective January 1, 2017.

Restrictions on QST Input Tax Refunds and HST Recapture Input Tax Credit Requirements for Large Businesses and Financial Institutions

Certain large businesses are not entitled to claim input tax refunds (ITRs) for QST paid on specified goods and services and may also be required to recapture some input tax credits (ITCs) claimed for the provincial component of the HST paid in respect of the same types of specified goods and services in Ontario and Prince Edward Island. A QST and GST/HST registrant is 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 are also considered large business regardless of the value of their taxable sales.

The rules for the recapture input tax credits (RITCs) are similar to the restrictions for ITRs for QST purposes. However, one significant difference is that a business subject to these rules cannot simply forego claiming the ITCs subject to the RITCs. The business must claim the ITCs and recapture the ITCs in the appropriate reporting period. Large businesses are generally required to show the RITCs separately when filing their returns.

Specified Goods and Services Subject to ITR Restrictions and RITCs

Specified Goods and Services	Que.[1]	Ont.[2]	P.E.I.[3]	N.S.	N.B.	Nfld.
Qualifying motor vehicles under 3,000kg, fuel (other than diesel fuel) and some property or services relating to such vehicles	ITR restrictions	RITCs	RITCs	N/A	N/A	N/A
Electricity, gas, combustibles and steam	ITR restrictions	RITCs	RITCs	N/A	N/A	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	RITCs	RITCs	N/A	N/A	N/A
Meals and entertainment	ITR restrictions	RITCs	RITCs	N/A	N/A	N/A

Notes

(1) Quebec's ITR restrictions will be phased out beginning January 1, 2018 to December 31, 2020.

(2) Ontario's RITC requirements will be phased out from July 1, 2015 to June 30, 2018. The ITC recapture rate will decrease to 50% (from 75%) on July 1, 2016.

(3) Prince Edward Island's RITC requirements will be phased out beginning 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
2013				
January to March	1.00/3.00%	5.00%	1.30%	6.00%
April to June	1.00/3.00	5.00	1.30	6.00
July to September	1.00/3.00	5.00	1.25	6.00
October to December	2.00/4.00	6.00	1.25	6.00
2014				
January to March	1.00/3.00	5.00	1.25	6.00
April to June	1.00/3.00	5.00	1.25	6.00
July to September	1.00/3.00	5.00	1.40	6.00
October to December	1.00/3.00	5.00	1.40	6.00
2015				
January to March	1.00/3.00	5.00	1.40	6.00
April to June	1.00/3.00	5.00	1.40	6.00
July to September	1.00/3.00	5.00	1.10	6.00
October to December	1.00/3.00	5.00	1.10	6.00
2016				
January to March	1.00/3.00	5.00	1.10	6.00
April to June	1.00/3.00	5.00	1.10	6.00
July to September	1.00/3.00	5.00	1.10	6.00

GST/HST and QST Filing and Assessment Periods

	Annual Level of Taxable Supplies[1]		
	Up to $1,500,000	**$1,500,000 to $6,000,000**	**Over $6,000,000**
Reporting period	Annually	Quarterly	Monthly
Optional reporting period[2]	Monthly or quarterly	Monthly	None available
Filing due date	Three months after end of annual reporting period[3]	One month after end of reporting period	One month after end of reporting period
Assessment period[4]	4 years	4 years	4 years
Period for Notice of Objection	90 days	90 days	90 days
Period for Notice of Appeal[5]	90 days	90 days	90 days

Notes

(1) Taxable supplies include those that are zero-rated. Some supplies, however, may be excluded for the purpose of these calculations.

(2) In order to use the optional reporting period, an election must generally be filed at the start of the year.

(3) 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.

(4) 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.

(5) After the Canada Revenue Agency or Revenue 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)
Failure to recapture input tax credits as required	5% of amount plus 1% per month until amount is reported (for a total maximum of 10%)	Not applicable
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]

	Saskatchewan	Manitoba[2]	B.C.
General sale or lease of goods and taxable services	5%	8%	7%
Passenger vehicles:			
Less than $55,000	5	8	7
From $55,000 to 55,999	5	8	8
From $56,000 to 56,999	5	8	9
$57,000 or more	5	8	10
Alcoholic beverages	10[3]	8	10
Insurance[4]	0	8	0

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) Manitoba increased its general sales tax rate to 8% (from 7%) effective July 1, 2013.

(3) Saskatchewan levies a 10% tax on alcoholic beverages as a separate liquor consumption tax.

(4) 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 reintroduced a 15% RST on taxable insurance premiums effective on July 1, 2016. Other insurance premium related taxes may also apply in various provinces.

Prescribed Interest Rates—PST/RST[1]

	Saskatchewan[2] (PST)	Manitoba[3] (RST)	B.C.[4] (PST)
2013			
January to March	6.00%	9.00%	6.00%
April to June	6.00	9.00	6.00
July to September	6.00	9.00	6.00
October to December	6.00	9.00	6.00
2014			
January to March	6.00	9.00	6.00
April to June	6.00	9.00	6.00
July to September	6.00	9.00	6.00
October to December	6.00	9.00	6.00
2015			
January to March	6.00	9.00	6.00
April to June	6.00	9.00	5.85
July to September	5.85	8.85	5.85
October to December	5.85	8.85	5.70
2016			
January to March	5.70	8.70	5.70
April to June	5.70	8.70	5.70
July to September	TBA	8.70	5.70

TBA = To be announced

Notes

(1) The rates indicated in the table apply to tax debts.

(2) In Saskatchewan, interest may be paid only on certain tax refunds at a rate less than the rate for tax debts.

(3) In Manitoba, no interest is paid on tax refunds.

(4) In British Columbia, the rates for tax refunds are generally 5% less than those for tax debts.

Other taxes and levies

Provincial Payroll and Health Fund Taxes[1]—2016

	Manitoba Health and Post-Secondary Education Tax	Ontario Employer Health Tax
Tax rate	2.15%[3]	1.95%
Exempt remuneration[5]	$1,250,000[3]	$450,000[6]
Instalment period	Monthly[8]	Monthly[9]
Annual filing deadline	March 31	March 15
Assessment period[13]	6 years	4 years
Refund period	2 years	4 years
Appeal deadline[14]	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) In addition to the Health Services Fund, Quebec also levies a Manpower Training Tax. Employers whose payroll exceeds $1 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 2016, remuneration of up to $71,500 paid to an employee is subject to a contribution rate of 0.08%. The employer must remit this contribution by the last day of February in the following year.

(3) Employers with annual payroll over $2.5 million are subject to the 2.15% rate with no exemption amount. Annual payroll of $1.25 million or less is exempt from tax. Annual payroll between $1.25 million and $2.5 million is subject to a rate of 4.3% of the amount in excess of $1.25 million.

(4) Employers with annual payroll over $5 million are subject to the 4.26% rate. Employers are entitled to a gradual reduction in the contribution rate if their total annual payroll is less than $5 million. The contribution rate for payroll between $1 million and $5 million is calculated using the formula [2.31 + (0.39 × total payroll/$1 million)]. If annual payroll is less than $1 million, the rate is 2.7%.

A reduction of the Health Services Fund contribution is granted until December 31, 2020 to eligible employers with payrolls under $5 million, for full-time jobs created in the natural and applied sciences sector. Employers with payrolls under $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. Eligible employers whose total payroll is equal to or less than $1 million will see the applicable rate decrease from 2.7% to 1.6%. Eligible employers whose total payroll is between $1 million and $5 million will be subject to a rate ranging from 1.6% to 4.26%.

	Quebec Health Services Fund[2]	Newfoundland Health and Post-Secondary Education Tax
Tax rate	4.26%[4]	2.00%
Exempt remuneration[5]	—	$1,200,000[7]
Instalment period	Monthly[10]	Monthly[11]
Annual filing deadline	February 28	N/A[12]
Assessment period[13]	4 years	4 years
Refund period	4 years	3 years
Appeal deadline[14]	90 days	90 days

(5) 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.

(6) Private sector employers with annual Ontario payrolls over $5 million, including groups of associated employers, are not eligible for the exemption.

(7) The $1,200,000 exemption applies to all employees effective January 1, 2011. Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid.

(8) Monthly instalments and returns are due on the 15th of the month following the month in which the remuneration is paid.

(9) 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.

(10) 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.

(11) Monthly instalments and returns are due on the 20th of the month following the month in which the remuneration is paid.

(12) 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.

(13) 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.

(14) The appeal deadline generally starts on the date of mailing of the Notice of Assessment.

Workers' Compensation[1]—2016

	Maximum Assessable Earnings[2]	Minimum Yearly Assessment	Lowest Assessment Rate[3]	Highest Assessment Rate[3]	Average Assessment Rate[3]
British Columbia	$80,600	$ 0	$0.10	$14.94	$1.70
Alberta	98,700	200	0.14	5.73	1.01
Saskatchewan	69,242	100	0.15	3.44	1.34
Manitoba	125,000[4]	100[5]	0.13	15.10	1.25
Ontario	88,000	100	0.21	18.31	2.46
Quebec	71,500	65	0.50	18.04	1.84
New Brunswick	61,800	100	0.26	3.65	1.11
Nova Scotia	58,200	0	0.56	11.83	2.65
Prince Edward Island	52,200	50–100[6]	0.30	5.56	1.77
Newfoundland and Labrador	62,540	50	0.50	15.09	2.20

Notes

(1) Each province 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, 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 authority in which they have workers, not every province requires all employers to register. Therefore, it is important to understand the registration obligations for the province 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.

	Number of Rate Groups/Units	All Employers and Workers		
		Covered	Covered Unless Excluded	Covered Only if Included
British Columbia	46		✓	
Alberta	110		✓	
Saskatchewan	50		✓	
Manitoba	62		✓	
Ontario	155			✓
Quebec	181	✓		
New Brunswick	75		✓	
Nova Scotia	46			✓
Prince Edward Island	19		✓	
Newfoundland and Labrador	73		✓	

(3) The assessment rate is the rate per $100 of assessable earnings. The guidelines for determining assessable earnings vary among provinces. The above rates are standard rates and do not reflect any merit/demerit adjustments under the various provincial experience rating programs.

(4) Employers in Manitoba only report a worker's earnings up to the maximum assessable amount of $125,000. 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 $474,270.

(5) Compulsory industries in Manitoba pay $100. Forestry, mines, quarries, oil wells, storage, manufacturing, construction, transportation, communications, trade, service and public administration industries are all considered to be compulsory industries. Non-compulsory industries pay a minimum of $150.

(6) Resident employers in Prince Edward Island pay a minimum of $50. Non-resident employers pay a maximum of $100.

Provincial Land Transfer Taxes and Registration Fees

	Legislation	Property Value	Rate of Tax or Fee[1]
British Columbia[2]	Property Transfer Tax Act	Up to $200,000	1.0%
		Over 200,000	2.0
Alberta[3]	Land Titles Act	All values	$50 + 0.02%
Saskatchewan[3]	Land Titles Act	Up to $525	—
		526–8,800	$25.97
		Over 8,800	0.3%
Manitoba[4]	Tax Administration and Miscellaneous Taxes Act	Up to $30,000	$87
		30,001–90,000	0.5%
		90,001–150,000	1.0
		150,001–200,000	1.5
		Over 200,000	2.0
Ontario[5]	Land Transfer Tax Act	General	
		Up to $55,000	0.5
		55,001–250,000	1.0
		Over 250,000	1.5
		Single Family Residence(s)	
		Up to $55,000	0.5
		55,001–250,000	1.0
		250,001–400,000	1.5
		Over 400,000	2.0
Ontario—City of Toronto[6]	Toronto Municipal Code Taxation, Municipal Land Transfer Tax	General	
		Up to $55,000	0.5
		55,001–400,000	1.0
		400,001–40,000,000	1.5
		Over 40,000,000	1.0
		Single Family Residence(s)	
		Up to $55,000	0.5
		55,001–400,000	1.0
		400,001-40,000,000	2.0
		Over 40,000,000	2.0

Refer to notes on the following pages.

	Legislation	Property Value	Rate of Tax or Fee[1]
Quebec[7]—Other than City of Montreal	An Act Respecting Duties on Transfers of Immovables	Up to $50,000	0.5%
		50,001–250,000	1.0
		Over 250,000	1.5
Quebec[7]—City of Montreal	An Act Respecting Duties on Transfers of Immovables	Up to $50,000	0.5
		50,001–250,000	1.0
		250,001-500,000	1.5
		500,001-1,000,000	2.0
		Over 1,000,000	2.5
New Brunswick[8]	Real Property Transfer Tax Act	All values	$85 + 0.5%
Nova Scotia[9]	Land Registration Act	All values	$100 + 0% to 1.5%
Prince Edward Island[10]	Lands Protection Act	All values	1.0% (Min $550)
	Real Property Transfer Tax Act	All values, if over $30,000	$77.25 to $463.65 +1.0%
Newfoundland and Labrador[11]	Registration of Deeds Act	Up to $500	$100
		Over 500	0.4%

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 $87 + (0.5% × 60,000) + (1.0% × 60,000) = $987.

(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.

Effective February 17, 2016, the property transfer tax rate on any type of taxable transactions will be increased to 3% on the portion of a property's value in excess of $2 million.

Notes, continued

Exemptions may apply to certain mortgages, leases under 30 years, amalgamations, first-time buyers of qualifying residential property, transfers of farmland to related individuals or family farm corporations, transfers of a principal residence or certain recreational residences between related individuals, transfers to registered charities of land used for charitable purposes, certain transfers in the course of subdivisions, certain transfers between joint tenants and tenants in common, transfers between minors and the Public Guardian and Trustee, transfers to and from Trust Companies or the Public Trustee, certain transfers following bankruptcy, transfers resulting from marriage breakdown, transfers under the Veterans' Land Act (Canada), transfers to Status Indians and Indian Bands, transfers by which property reverts to the Crown, transfers to correct a conveyancing error and transfers to municipalities and other local governments, and registration of multiple leases on the same property. A refund of land transfer tax may be available where both land transfer and provincial sales taxes have been paid.

Effective February 17, 2016, newly constructed homes with a value of up to $750,000 when purchased for use as a principal residence will be exempt from property transfer tax. A partial exemption is also available for homes between $750,000 and $800,000. The buyer does not have to be a first-time owner of residential property, but must be a Canadian citizen or permanent resident, in order to qualify for this exemption. Effective June 10, 2016, citizenship information must be disclosed when registering a taxable transaction.

(3) 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.

(4) 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, transfers to registered charities, transfers that facilitate a subdivision to or from a trustee where there is no change of beneficial ownership, transfers of farmland, certain transfers to veterans or the spouses or common law partners of veterans, and conveyances of title between spouses. The Registrar-General has the authority to exempt the transfer of property subject to retail sales tax, exempt a statutory easement the first time it is registered, provide tax relief for court ordered rescissions, or mutually agreed-upon sales reversals, and issue an assessment notice under general anti-avoidance rules where the conveyance of title is registered in order to reduce, avoid or defer tax in a manner that is an avoidance transaction.

(5) 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 may apply to certain mortgages, leases under 50 years, certain unregistered dispositions, certain transfers between spouses, transfers of farm land between family members or from a family farm corporation to individual family members, certain transfers of land from an individual to a family business corporation, certain transfers of land by registered charities after March 25, 2010, certain transfers of life lease interests, and certain conveyances of mineral lands. A deferral and ultimate cancellation of land transfer tax is available on certain transfers between affiliated corporations. A rebate, to a maximum of $2,000, is available to first-time buyers of newly constructed or resale residential property. A general anti-avoidance rule was enacted to deny a tax benefit for transactions completed after May 1, 2014 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.

Ontario has amended the de minimis partnership exemption from land transfer tax for certain dispositions of a beneficial interest in land with retroactive effect to July 19, 1989 (although the Ontario Ministry of Finance has indicated that it will assess or reassess only affected dispositions that occurred on or after February 18, 2012). This exemption provides that small ownership changes (representing a profit entitlement of 5% or less) by a partner in a partnership holding land will not be subject to OLTT. The de minimis exemption no longer applies when the partner who acquires an interest in a partnership that holds land is a trust or another partnership.

(6) In addition to OLTT, Municipal Land Transfer Tax (MLTT) is levied under Chapter 760, Taxation, Municipal Land Transfer Tax, of the Toronto Municipal Code, passed under the authority of section 267 of the City of Toronto Act, 2006 (Ontario), as amended, on dispositions of beneficial interests in land located in the City of Toronto with closing dates on or after February 1, 2008. Exemptions apply to a transferee which is the Crown or a Crown Agency, 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. A rebate to a maximum of $3,725 is available to first-time buyers of newly constructed or resale residential property. The City of Toronto is currently working the Ontario Ministry of Finance to understand and ensure a consistent application of the recent regulatory amendments for all applicable transactions since the February 2008 introduction of the MLTT.

Notes, continued

(7) 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.

Exemptions may apply to certain mortgages, leases under 40 years, amalgamations, transfers between family members or former spouses, between closely related corporations, where the transferee is a public body, where the transferee is an international government organization and where both the transferor and transferee are registered charities. Exemption conditions for certain transfers among family members and closely related corporations must be met for the 24 month period both preceding and following the date of the transfer, with specific disclosure requirements applying when these conditions cease to be met.

The amendments to tax unregistered transfers of immovable property and modifications to certain exemption provisions apply to transfers of immovable property after March 17, 2016.

In Quebec (contrary to the law in other provinces, such as Ontario), a partnership (general or limited) is characterized at civil law as having a separate patrimony distinct from that of its partners. On this basis, a partnership is subject to Quebec mutations tax on its acquisition of immovable property.

(8) 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. The real property transfer tax was increased to 1% (from 0.5%) effective April 1, 2016.

Exemptions may apply to certain mortgages, leases under 25 years, transfers to the Crown, a Crown agency or a Crown corporation, transfers to a registered charity, and transfers from an executor or administrator to beneficiaries under a will or from an administrator to heirs under intestacy.

(9) 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.

(10) 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 transfers between family members
- Certain mortgages
- Transfers between persons and their wholly owned corporations
- Transfers between corporations if both corporations are wholly owned by the same person, either directly or through another wholly owned corporation
- Transfers of property to the Crown, a municipality or a registered non-profit organization
- Certain transfers to a trustee in bankruptcy
- Certain transfers to a spouse or former spouse pursuant to a written separation agreement or court order
- Transfers from an executor or administrator to beneficiaries under a will or from an administrator to heirs under intestacy
- Transfers from a registered non-profit organization to the recipient as a gift, donation or prize
- All first-time home buyers, effective October 1, 2016.

(11) 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.

Probate Fees[1]

Value of Estate From	To	B.C.[2]	Alta.	Sask.	Man.
$ 0	$ 5,000	—	$35	$7 per $1,000, rounded to nearest $1,000	$70
5,001	10,000	—	✓	✓	✓
10,001	15,000	—	$135	✓	$70 + $7 per $1,000 in excess of $10,000
15,001	20,000	—	✓	✓	✓
20,001	25,000	—	✓	✓	✓
25,001	50,000	$6 per $1,000	$275	✓	✓
50,001	100,000	$150 + $14 per $1,000 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		**$13,650**	**$525**	**$7,000**	**$7,000**

In the table, the "✓" mark indicates that the applicable rate is the same as that indicated above.

Notes

(1) Probate fees are charged by the courts in each province, with the exception of Quebec, 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 has its own specific rules in determining if any exceptions exist. The applicable provincial statute should be consulted for additional details.

Value of Estate From	To	Ont.	N.B.	N.S.	P.E.I.	Nfld.[3]
$ 0	$ 5,000	$5 per $1,000	$25	$85.60	$50	$60 + $6 per $1,000 in excess of $1,000
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	$250 + $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		**$14,500**	**$5,000**	**$16,257.65**	**$4,000**	**$6,084**

In the table, the "✓" mark indicates that the applicable rate is the same as that indicated above.

(2) Probate fees in British Columbia also include a $200 administration fee for estates valued greater than $25,000.

(3) In Newfoundland and Labrador, estates valued at less than $1,000 have a minimum probate fee of $60. The province's probate fees also include an additional $30 Order fee.

The information in this table is provided by Fasken Martineau DuMoulin LLP.

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Looking for quick answers to your tax and financial planning questions? This easy-to-read tax guide provides the facts and figures you need to instantly and accurately consider many "what if" scenarios.

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