

2009 Tax Planning – Quick Reference Guide

Provincial / Territorial Income Tax Rates (current to January 2009)

		Rates			Rates
British Columbia	\$0 – \$35,716	5.06%	Nova Scotia	\$0 – \$29,590	8.79%
	\$35,717 – \$71,433	7.70%		\$29,591 – \$59,180	14.95%
	\$71,434 – \$82,014	10.50%		\$59,181 – \$93,000	16.67%
	\$82,015 – \$99,588	12.29%		\$93,001 and over	17.50%
	\$99,589 and over	14.70%			
Alberta	10% of taxable income		Prince Edward Island	\$0 – \$31,984	9.80%
Saskatchewan	\$0 – \$40,113	11.00%		\$31,985 – \$63,969	13.80%
	\$40,114 – \$114,609	13.00%		\$63,970 and over	16.70%
	\$114,610 and over	15.00%			
Manitoba	\$0 – \$31,000	10.80%	Newfoundland & Labrador	\$0 – \$31,061	7.70%
	\$31,001 – \$67,000	12.75%		\$31,062 – \$62,121	12.80%
	\$67,001 and over	17.40%		\$62,122 and over	15.50%
Ontario	\$0 – \$36,848	6.05%	Yukon	\$0 – \$38,831	7.04%
	\$36,849 – \$73,698	9.15%		\$38,832 – \$77,663	9.68%
	\$73,699 and over	11.16%		\$77,664 – \$126,263	11.44%
Quebec	\$0 – \$38,385	16.00%	Northwest Territories	\$0 – \$36,886	5.90%
	\$38,386 – \$76,770	20.00%		\$36,887 – \$73,772	8.60%
	\$76,771 and over	24.00%		\$73,773 – \$119,936	12.20%
New Brunswick	\$0 – \$35,707	10.12%	Nunavut	\$0 – \$38,831	4.00%
	\$35,708 – \$71,415	15.48%		\$38,832 – \$77,663	7.00%
	\$71,416 – \$116,105	16.80%		\$77,664 – \$126,263	9.00%
	\$116,106 and over	17.95%		\$126,264 and over	11.50%

* The table includes and assumes all proposed rates from 2008 provincial budgets, where applicable, have been passed.

2009 Top Marginal Tax Rates Federal and Provincial Rates Combined

	Interest/Foreign dividends	Eligible dividends	Ineligible dividends	Capital gains**
British Columbia	43.7%	19.9%	32.7%	21.9%
Alberta	39.0%	14.5%	27.7%	19.5%
Saskatchewan	44.0%	20.3%	30.8%	22.0%
Manitoba	46.4%	23.8%	38.2%	23.2%
Ontario	46.4%	23.0%	31.3%	23.2%
Quebec	48.2%	29.7%	36.4%	24.1%
New Brunswick	47.0%	23.2%	35.4%	23.5%
Nova Scotia	48.3%	28.4%	33.1%	24.1%
Prince Edward Island	47.4%	24.4%	38.2%	23.7%
Newfoundland	44.5%	27.4%	32.7%	22.3%
Yukon	42.4%	17.2%	30.5%	21.2%
NWT	43.1%	18.2%	29.6%	21.5%
Nunavut	40.5%	22.2%	29.0%	20.3%

* Rates include federal and provincial combined marginal tax rates, including provincial surtaxes.

** The capital gains rate for qualifying securities donated to registered charities in-kind is 0%.

Attribution Rules

Recipient	Gift	No or low interest loan	Loan at prescribed or commercial rate
Spouse or Partner			
Income	Attributed to "gifto"	Attributed to lender	No attribution
Capital Gains	Attributed to "gifto"	Attributed to lender	No attribution
2nd Generation Income	No attribution	No attribution	No attribution
Child under 18			
Income	Attributed to "gifto"	Attributed to lender	No attribution
Capital Gains	No attribution	No attribution	No attribution
2nd Generation Income	No attribution	No attribution	No attribution
Child over 18			
Income	No attribution	No attribution*	No attribution
Capital Gains	No attribution	No attribution	No attribution
Corporation (excluding small business corporation)			
	Attribution may result if reason for transfer is to confer a benefit on a family member and reduce family tax payable.	Attribution may result if reason for transfer is to confer a benefit on a family member and reduce family tax payable.	No attribution

* Normally, loan must be for education, investment in a house, or to earn business income to avoid attribution.

** Attribution generally ceases on death or in cases of non-residency.

2009 Federal Income Tax Rates

Up to \$40,726
 \$40,727 – \$81,452
 \$81,453 – \$126,263
 \$126,264 and over
 Basic personal exemption \$10,320

15.0%
 22.0%
 26.0%
 29.0%

RRSP Contribution Limits

18% of previous year's earned income to a maximum of:

2009 – \$21,000

2010 – \$22,000

2011 & beyond – Indexed to average wage growth

Withholding Tax Rates for RRSP/RRIF Withdrawals

	Quebec	All Other Provinces
Up to \$5,000	21%	10%
\$5,001 - \$15,000	26%	20%
Over \$15,000	31%	30%

RRIF Minimum Withdrawals

Age	Withdrawal	Age	Withdrawal
60	3.33%	78	8.33%
61	3.45%	79	8.53%
62	3.57%	80	8.75%
63	3.70%	81	8.99%
64	3.85%	82	9.27%
65	4.00%	83	9.58%
66	4.17%	84	9.93%
67	4.35%	85	10.33%
68	4.55%	86	10.79%
69	4.76%	87	11.33%
70	5.00%	88	11.96%
71	7.38%	89	12.71%
72	7.48%	90	13.62%
73	7.59%	91	14.73%
74	7.71%	92	16.12%
75	7.85%	93	17.92%
76	7.99%	94+	20.00%
77	8.15%		

2009 Employment Insurance (EI) Premiums

All provinces/territories except Quebec:

Maximum Yearly Insurable Earnings	Employee's Premium Rate	Employer's Premium Rate	Maximum Yearly Employee Premium	Maximum Yearly Employer Premium
\$42,300	1.73%	2.42%	\$731.79	\$1,024.51
Quebec:				
\$42,300	1.38%	1.93%	\$583.74	\$816.39

2009 Canada Pension Plan Premiums

Maximum Pensionable Earnings	Basic Exemption	Maximum Contributory Earnings	Employee and Employer Rate	Maximum Employee/ Employer contribution	Maximum Self-employed contribution
\$46,300	\$3,500	\$42,800	4.95%	\$2,118.60	\$4,237.20

* In Quebec contributions are made to the Quebec Pension Plan

2009 CPP and QPP Retirement Benefit

Maximum monthly benefit (assuming payments begin at age 65): \$908.75

2009 Old Age Security (OAS) Payment Rates (current to January 2009)

	Average Monthly Benefit (October 2008)	Maximum Monthly Benefit	Maximum Annual Income
Old Age Security Pension	\$489.83	\$516.96	See footnote*

* Pensioners with a net income of \$66,335 or more are subject to OAS clawback. Clawback rate is 15% for each dollar beyond \$66,335. OAS is fully eliminated once net income reaches \$107,692.

Marginal versus Effective Tax Rates – What's the Difference?

Marginal Tax Rate – Tax rate applicable to last dollar of income earned. Does not consider deductions and credits available to taxpayer.

Effective Tax Rate – Actual rate of tax paid by taxpayer. Considers deductions, credits and graduated tax brackets.

Commonly Used CRA Guides

- P105** Students and Income Tax
- P113** Gifts and Income Tax
- P151** Canadian Residents Going Down South
- RC4092** Registered Education Savings Plans (RESPs)
- RC4110** Employee or Self-employed?
- RC4112** Lifelong Learning Plan (LLP)
- RC4135** Home Buyers Plan (HBP)
- RC4142** Tax Advantages of Donating to Charity
- RC4169** Tax Treatment of Mutual Funds for Individuals
- RC4177** Death of an RRSP Annuitant
- RC4178** Death of a RRIF Annuitant
- RC4188** What You Should Know About Audits
- T4002** Business and Professional Income
- T4011** Preparing Returns for Deceased Persons
- T4036** Rental Income
- T4037** Capital Gains
- T4040** RRSPs and Other Registered Plans for Retirement
- T4055** Newcomers to Canada
- T4056** Emigrants and Income Tax
- T4058** Non-Residents and Income Tax