2025 Tax Toolkit

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Jamie Golombek's tax tips

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

1. Apply now to pay less tax all year

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

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

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

3. Contribute to an RDSP for if you or family members have a disability

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

4. Contribute to an FHSA

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

5. Maximize TFSA contributions

The TFSA dollar limit for 2025 is $7,000 and there's no deadline for making a TFSA contribution. If you haven't previously contributed to a TFSA and have been at least 18 years old and resident in Canada since 2009, you may contribute up to $102,000 to a TFSA in 2025.

6. Make a donation

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

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

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

8. Split your pension or RRIF income

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

9. Deduct investment expenses

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

10. Consider tax-loss selling

Tax-loss selling is the practice of selling investments that are in an accrued loss position in order to offset capital gains that you realized either in the current year or in the previous 3 years. For securities denominated in a foreign currency, be aware that currency fluctuations can affect the capital gain or loss that you report.

More opportunities for tax savings

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

Non-registered investments

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

Registered investments

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

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

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

Jamie Golombek

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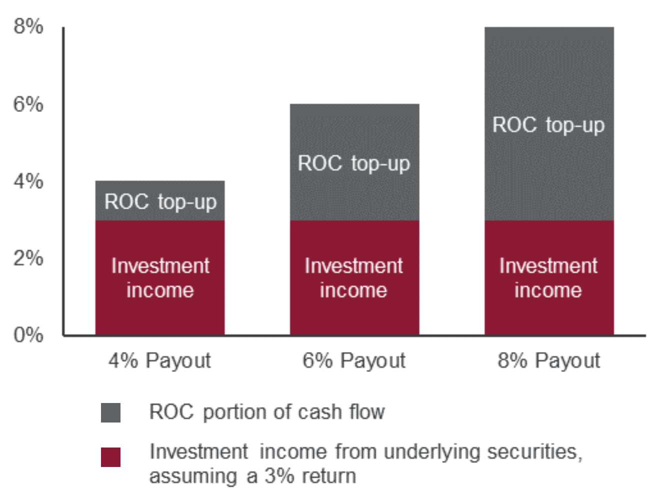
Not all fund distributions are created equal

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

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

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

A solution for investors seeking steady cash flow



Key benefits:

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

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

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

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

1 Assuming you pay tax the top marginal tax rate in Ontario.

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

Personal federal tax rates and selected tax credits and deductions

Personal federal tax brackets

Taxable income above	Taxable income not above	Marginal tax rate on income within the tax bracket	Federal tax up to bottom end of bracket
$0	$57,375	15.0%	Nil
$57,375	$114,750	20.5%	$8,606
$114,750	$177,882	26.0%	$20,368
$177,882	$253,414	29.0%	$36,782
$253,414	Unlimited	33.0%	$58,687

Value of selected personal federal credits

Description	Maximum base amount	Maximum value at 15%
Age amount[3]	$9,028	$1,354
Amount for a spouse or common-law partner, or eligible dependant[4]	$16,129	$2,419
Basic personal amount[5]	$16,129	$2,419
Canada caregiver amount for children under age 18	$2,687	$403
Canada caregiver amount for infirm dependants age 18+[6]	$8,601	$1,290
Disability amount	$10,138	$1,521
First-time home buyer's amount	$10,000	$1,500
Pension income amount	$2,000	$300

3 The age amount is reduced at a rate of 15% with net income exceeding $45,522 and is eliminated with net income exceeding $105,709.

4 The amount for a spouse or common-law partner, or dependant, is reduced with taxable income over $177,882, and is limited to $14,538 with taxable income above $253,414. The amount is also reduced based on the net income of the spouse or common-law partner, or dependant.

5 The basic personal amount is reduced with taxable income over $177,882, and is limited to $14,538 with taxable income above $253,414.

6 The Canada caregiver amount for infirm dependants age 18 or over is reduced with dependant income above $20,197.

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

Description	Amounts that can be claimed
Adoption expenses	15% of expenses up to $19,580 for a qualifying adoption
Donations (charitable gifts), generally limited to 75% of net income	15% credit for first $200 of total donations, 29% credit for total donations over $200 (that do not qualify for the 33% rate), and 33% credit for total donations over $200 to the extent net income exceeds $253,414
Home accessibility expenses	15% credit for up to $20,000 of expenses that make a home more accessible for qualifying individuals
Lifetime capital gains exemption (LCGE)	Exemption for capital gains up to $1,250,000[7] during an individual's lifetime on qualified small business corporation shares and qualified farm or fishing property
Medical expenses	15% credit for medical expenses that are over 3% of net income (or $2,834, if lower)
Multigenerational home renovation tax credit	15% credit for up to $50,000 of expenses to establish a secondary dwelling unit that enables a qualifying individual to live in a home with a qualifying relation

For more information, see the CRA list of All deductions, credits, and expenses.

[7] The 2025 limit is estimated to be $1,044,291, but Budget 2024 announced an intent to increase the LCGE to $1.25 million, effective June 25, 2024, with indexation starting in 2026. The government confirmed their intention to proceed with this measure on January 31, 2025, although it remains uncertain as to whether the measure will ultimately become law.

Personal marginal tax rates

The following tables show the combined federal and provincial or territorial tax rates within each bracket, assuming that only the basic personal amount, dividend tax credit (for non-eligible and eligible dividends from Canadian corporations) and applicable low-income rate reductions are claimed. The capital gains inclusion rate is one-half (50%).

Alberta (AB)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$22,323	15.00%	7.50%	6.87%	(0.03%)
$22,323	$57,375	25.00%	12.50%	15.86%	2.57%
$57,375	$114,750	30.50%	15.25%	22.18%	10.16%
$114,750	$151,234	36.00%	18.00%	28.51%	17.75%
$151,234	$177,882	38.00%	19.00%	30.81%	20.51%
$177,882	$181,481	41.32%	20.66%	34.62%	25.08%
$181,481	$241,974	42.32%	21.16%	35.77%	26.46%
$241,974	$253,414	43.32%	21.66%	36.92%	27.84%
$253,414	$362,961	47.00%	23.50%	41.16%	32.93%
$362,961	Unlimited	48.00%	24.00%	42.31%	34.31%

British Columbia (BC)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$24,039	15.00%	7.50%	6.87%	(0.03%)
$24,039	$25,020	20.06%	10.03%	10.43%	(9.60%)
$25,020	$40,807	23.62%	11.81%	14.52%	(4.69%)
$40,807	$49,279	20.06%	10.03%	10.43%	(9.60%)
$49,279	$57,375	22.70%	11.35%	13.47%	(5.96%)
$57,375	$98,560	28.20%	14.10%	19.79%	1.63%
$98,560	$113,158	31.00%	15.50%	23.01%	5.49%
$113,158	$114,750	32.79%	16.40%	25.07%	7.96%
$114,750	$137,407	38.29%	19.15%	31.39%	15.55%
$137,407	$177,882	40.70%	20.35%	34.17%	18.88%
$177,882	$186,306	44.02%	22.01%	37.98%	23.45%
$186,306	$253,414	46.12%	23.06%	40.39%	26.35%
$253,414	$259,829	49.80%	24.90%	44.63%	31.44%
$259,829	Unlimited	53.50%	26.75%	48.89%	36.54%

Manitoba (MB)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$16,545	15.00%	7.50%	6.87%	(0.03%)
$16,545	$22,945	26.77%	13.39%	19.50%	5.18%
$22,945	$47,564	25.80%	12.90%	18.38%	3.84%
$47,564	$57,375	27.75%	13.88%	20.63%	6.53%
$57,375	$101,200	33.25%	16.63%	26.95%	14.12%
$101,200	$114,750	37.90%	18.95%	32.30%	20.53%
$114,750	$177,882	43.40%	21.70%	38.62%	28.12%
$177,882	$200,000	46.72%	23.36%	42.44%	32.70%
$200,000	$253,414	47.58%	23.79%	43.43%	33.89%
$253,414	$400,000	51.26%	25.63%	47.67%	38.97%
$400,000	Unlimited	50.40%	25.20%	46.67%	37.78%

New Brunswick (NB)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$21,919	15.00%	7.50%	6.87%	(0.03%)
$21,919	$48,655	27.40%	13.70%	17.96%	(2.24%)
$48,655	$51,306	24.40%	12.20%	14.51%	(6.38%)
$51,306	$57,375	29.00%	14.50%	19.80%	(0.03%)
$57,375	$102,614	34.50%	17.25%	26.13%	7.56%
$102,614	$114,750	36.50%	18.25%	28.43%	10.32%
$114,750	$177,882	42.00%	21.00%	34.75%	17.91%
$177,882	$190,060	45.32%	22.66%	38.57%	22.49%
$190,060	$253,414	48.82%	24.41%	42.59%	27.32%
$253,414	Unlimited	52.50%	26.25%	46.83%	32.40%

Newfoundland and Labrador (NL)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$22,520	15.00%	7.50%	6.87%	(0.03%)
$22,520	$23,928	23.70%	11.85%	13.19%	3.28%
$23,928	$30,156	39.70%	19.85%	31.59%	25.36%
$30,156	$44,192	23.70%	11.85%	13.19%	3.28%
$44,192	$57,375	29.50%	14.75%	19.86%	11.29%
$57,375	$88,382	35.00%	17.50%	26.19%	18.88%
$88,382	$114,750	36.30%	18.15%	27.68%	20.67%
$114,750	$157,792	41.80%	20.90%	34.01%	28.26%
$157,792	$177,882	43.80%	21.90%	36.31%	31.02%
$177,882	$220,910	47.12%	23.56%	40.12%	35.60%
$220,910	$253,414	49.12%	24.56%	42.42%	38.36%
$253,414	$282,214	52.80%	26.40%	46.66%	43.44%
$282,214	$564,429	53.80%	26.90%	47.81%	44.82%
$564,429	$1,128,858	54.30%	27.15%	48.38%	45.51%
$1,128,858	Unlimited	54.80%	27.40%	48.96%	46.20%

Nova Scotia (NS)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$15,101	0.00%	0.00%	0.00%	0.00%
$15,101	$16,129	13.79%	6.90%	12.42%	6.82%
$16,129	$21,000	28.79%	14.40%	19.29%	6.79%
$21,000	$25,775	23.79%	11.90%	13.54%	(0.11%)
$25,775	$30,507	24.32%	12.16%	14.14%	0.62%
$30,507	$57,375	30.48%	15.24%	21.23%	9.12%
$57,375	$61,015	35.98%	17.99%	27.55%	16.71%
$61,015	$75,775	37.70%	18.85%	29.53%	19.08%
$75,775	$95,883	37.17%	18.59%	28.92%	18.35%
$95,883	$114,750	38.00%	19.00%	29.88%	19.50%
$114,750	$154,650	43.50%	21.75%	36.20%	27.09%
$154,650	$177,882	47.00%	23.50%	40.23%	31.92%
$177,882	$253,414	50.32%	25.16%	44.04%	36.50%
$253,414	Unlimited	54.00%	27.00%	48.28%	41.58%

Northwest Territories (NT)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$17,842	15.00%	7.50%	6.87%	(0.03%)
$17,842	$51,964	20.90%	10.45%	6.75%	(7.76%)
$51,964	$57,375	23.60%	11.80%	9.86%	(4.03%)
$57,375	$103,930	29.10%	14.55%	16.18%	3.56%
$103,930	$114,750	32.70%	16.35%	20.32%	8.53%
$114,750	$168,967	38.20%	19.10%	26.65%	16.12%
$168,967	$177,882	40.05%	20.03%	28.77%	18.67%
$177,882	$253,414	43.37%	21.68%	32.59%	23.25%
$253,414	Unlimited	47.05%	23.53%	36.82%	28.33%

Nunavut (NU)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$19,274	15.00%	7.50%	6.87%	(0.03%)
$19,274	$54,707	19.00%	9.50%	8.46%	(2.11%)
$54,707	$57,375	22.00%	11.00%	11.91%	2.03%
$57,375	$109,413	27.50%	13.75%	18.24%	9.62%
$109,413	$114,750	29.50%	14.75%	20.54%	12.38%
$114,750	$177,881	35.00%	17.50%	26.86%	19.97%
$177,881	$253,414	40.82%	20.41%	33.55%	27.99%
$253,414	Unlimited	44.50%	22.25%	37.79%	33.08%

Ontario

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$18,569	15.00%	7.50%	6.87%	(0.03%)
$18,569	$24,391	25.10%	12.55%	11.61%	(13.69%)
$24,391	$52,886	20.05%	10.03%	9.24%	(6.86%)
$52,886	$57,375	24.15%	12.08%	13.95%	(1.20%)
$57,375	$93,135	29.65%	14.83%	20.28%	6.39%
$93,135	$105,775	31.48%	15.74%	22.38%	8.92%
$105,775	$109,725	33.89%	16.95%	25.16%	12.24%
$109,725	$114,750	37.91%	18.95%	29.78%	17.79%
$114,750	$150,000	43.41%	21.70%	36.10%	25.38%
$150,000	$177,882	44.97%	22.48%	37.90%	27.53%
$177,882	$220,000	48.29%	24.14%	41.71%	32.11%
$220,000	$253,414	49.85%	24.92%	43.50%	34.26%
$253,414	Unlimited	53.53%	26.76%	47.74%	39.34%

Prince Edward Island (PE)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$17,935	15.00%	7.50%	6.87%	(0.03%)
$17,935	$22,500	24.50%	12.25%	16.30%	(1.41%)
$22,500	$29,500	29.50%	14.75%	22.05%	5.49%
$29,500	$33,328	24.50%	12.25%	16.30%	(1.41%)
$33,328	$57,375	28.47%	14.24%	20.86%	4.07%
$57,375	$64,656	33.97%	16.99%	27.19%	11.66%
$64,656	$105,000	37.10%	18.55%	30.79%	15.98%
$105,000	$114,750	38.12%	19.06%	31.96%	17.39%
$114,750	$140,000	43.62%	21.81%	38.28%	24.98%
$140,000	$177,882	45.00%	22.50%	39.87%	26.88%
$177,882	$253,414	48.32%	24.16%	43.68%	31.46%
$253,414	Unlimited	52.00%	26.00%	47.92%	36.54%

Quebec

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$18,135	12.53%	6.26%	5.73%	(0.02%)
$18,135	$18,571	13.53%	6.76%	6.73%	0.98%
$18,571	$33,135	27.53%	13.76%	18.90%	4.15%
$33,135	$53,255	26.53%	13.26%	17.90%	3.15%
$53,255	$57,375	31.53%	15.76%	23.65%	10.05%
$57,375	$63,062	36.12%	18.06%	28.93%	16.39%
$63,062	$106,495	37.12%	18.56%	29.93%	17.39%
$106,495	$114,750	42.12%	21.06%	35.68%	24.29%
$114,750	$129,590	46.71%	23.36%	40.96%	30.63%
$129,590	$148,062	48.46%	24.23%	42.97%	33.04%
$148,062	$177,882	47.46%	23.73%	41.97%	32.04%
$177,882	$253,414	50.23%	25.11%	45.16%	35.86%
$253,414	Unlimited	53.31%	26.65%	48.70%	40.11%

Saskatchewan

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$19,491	15.00%	7.50%	6.87%	(0.03%)
$19,491	$53,463	25.50%	12.75%	16.04%	(0.72%)
$53,463	$57,375	27.50%	13.75%	18.34%	2.04%
$57,375	$114,750	33.00%	16.50%	24.67%	9.63%
$114,750	$152,750	38.50%	19.25%	30.99%	17.22%
$152,750	$177,882	40.50%	20.25%	33.29%	19.98%
$177,882	$253,414	43.82%	21.91%	37.11%	24.56%
$253,414	Unlimited	47.50%	23.75%	41.34%	29.64%

Yukon Territory (YT)

Taxable income above	Taxable income not above	Ordinary income	Capital gains	Non-eligible dividends	Eligible dividends
$0	$16,129	0.00%	0.00%	0.00%	0.00%
$16,129	$57,375	21.40%	10.70%	13.45%	(7.78%)
$57,375	$114,750	29.50%	14.75%	22.77%	3.40%
$114,750	$177,882	36.90%	18.45%	31.28%	13.61%
$177,882	$253,414	42.25%	21.13%	37.43%	20.99%
$253,414	$500,000	45.80%	22.90%	41.51%	25.89%
$500,000	Unlimited	48.00%	24.00%	44.04%	28.93%

Source: Tax Templates Inc.

Personal tax owing at various levels of taxable income

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

Taxable income	AB	BC	MB[8]	NB	NL	NS	NT	NU	ON[9]	PE	QC	SK	YT
20,000	581	581	987	581	581	1,256	708	610	725	777	704	634	828
30,000	2,848	2,560	3,596	3,082	3,703	3,708	2,798	2,510	3,252	3,577	3,456	3,184	2,968
40,000	5,348	4,922	6,176	5,822	6,098	6,725	4,888	4,410	5,407	6,292	6,140	5,734	5,108
50,000	7,848	6,976	8,804	8,521	8,805	9,772	6,978	6,310	7,562	9,139	8,792	8,284	7,248
60,000	10,492	9,390	11,723	11,506	11,899	12,964	9,429	8,512	10,003	12,130	11,903	11,109	9,601
70,000	13,542	12,210	15,048	14,956	15,399	16,717	12,339	11,262	12,968	15,694	15,584	14,409	12,551
80,000	16,592	15,030	18,373	18,406	18,899	20,464	15,249	14,012	16,083	19,404	19,296	17,709	15,501
90,000	19,642	17,850	21,698	21,856	22,420	24,181	18,159	16,762	19,048	23,114	23,007	21,009	18,451
100,000	22,692	20,710	25,023	25,306	26,050	27,932	21,069	19,512	22,139	26,824	26,719	24,309	21,401
120,000	29,081	27,321	32,836	32,842	33,598	35,821	27,757	25,514	29,479	34,686	35,059	31,198	27,690
140,000	36,281	35,041	41,516	41,242	41,958	44,521	35,397	32,514	38,161	43,410	44,583	38,898	35,070
160,000	43,656	43,181	50,196	49,642	50,363	53,408	43,037	39,514	47,000	52,410	54,156	46,742	42,450
180,000	51,326	51,391	58,946	58,112	59,193	62,877	50,950	46,636	56,063	61,480	63,706	54,912	49,942
200,000	59,775	60,482	68,289	67,523	68,616	72,941	59,623	54,799	65,721	71,143	73,752	63,675	58,392
250,000	81,013	83,540	92,078	91,931	92,756	98,099	81,306	75,207	90,481	95,301	98,866	85,583	79,518
300,000	104,388	109,801	117,585	118,056	119,208	124,974	104,706	97,332	117,121	121,176	125,414	109,208	102,297
350,000	127,888	136,551	143,216	144,306	146,108	151,974	128,231	119,582	143,886	147,176	152,067	132,958	125,197
400,000	151,758	163,301	168,847	170,556	173,008	178,974	151,756	141,832	170,651	173,176	178,719	156,708	148,097
450,000	175,758	190,051	194,047	196,806	199,908	205,974	175,281	164,082	197,416	199,176	205,372	180,458	170,997
500,000	199,758	216,801	219,247	223,056	226,808	232,974	198,806	186,332	224,180	225,176	232,024	204,208	193,897
750,000	319,758	350,551	345,247	354,306	362,236	367,974	316,431	297,582	358,004	355,176	365,287	322,958	313,897
1,000,000	439,758	484,301	471,247	485,556	497,986	502,974	434,056	408,832	491,828	485,176	498,549	441,708	433,897

Source: Tax Templates Inc.

Tax-free dividends

Individuals may claim a federal, non-refundable dividend tax credit for dividends from Canadian corporations. The federal credit rate is 20.73% of eligible dividend income and 10.38% of non-eligible dividend income. Provincial or territorial credits are also available. At low levels of income, the dividend tax credit may equal or exceed the tax on dividends, so that the dividends may be received without paying tax.

The table below shows the amount of dividends that may be received without paying tax by an individual who has no other income and claims only the basic personal amount and dividend tax credit.[10]

Dividends	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Eligible	$73,720	$73,720	$40,458	$73,720	$29,070	$33,316	$73,720	$73,720	$73,720	$55,840	$52,237	$73,720	$73,720
Non-eligible	$24,822	$27,511	$15,412	$24,500	$23,408	$16,765	$35,239	$35,239	$35,239	$18,067	$21,368	$23,533	$15,665

Source: Tax Templates Inc.

8 Manitoba amounts include the Family Tax Benefit.

9 Ontario amounts include the Ontario Health Premium.

10 Ontario Health Premium and contributions to Quebec's Health Services Fund would apply.

Saving with registered plans

Registered Retirement Savings Plan (RRSP)

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

RRSP dollar limits

Year	RRSP dollar limit	Income needed in prior year to reach RRSP dollar limit
2024	$31,560	$175,333
2025	$32,490	$180,500
2026	$33,810	$187,833

Tax Free Savings Account (TFSA)

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

Age	Birth year	Year age 18 was reached	Dollar limit when age 18 was reached	Cumulative dollar limit[11]
18	2007	2025	$7,000	$7,000
19	2006	2024	$7,000	$14,000
20	2005	2023	$6,500	$20,500
21	2004	2022	$6,000	$26,500
22	2003	2021	$6,000	$32,500
23	2002	2020	$6,000	$38,500
24	2001	2019	$6,000	$44,500
25	2000	2018	$5,500	$50,000
26	1999	2017	$5,500	$55,500
27	1998	2016	$5,500	$61,000
28	1997	2015	$10,000	$71,000
29	1996	2014	$5,500	$76,500
30	1995	2013	$5,500	$82,000
31	1994	2012	$5,000	$87,000
32	1993	2011	$5,000	$92,000
33	1992	2010	$5,000	$97,000
34	1991	2009	$5,000	$102,000
35+	Before 1991	Before 2009	$0	$102,000

[11] This assumes that you have been a resident of Canada since the later of 2009 or the year you reached 18 years of age.

TFSA vs. RRSP

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

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

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

Features	TFSA	RRSP
Contributions	Contributions are not tax-deductible	Contributions are tax-deductible if you have enough RRSP contribution room
Withdrawals	Withdrawals are not included in your income, so they're tax-free	Withdrawals are included in your income, so they're fully taxable in the year you receive them
Minimum age requirement[12]	You must be at least 18 to open a TFSA	None.
Maximum age restriction	None	RRSP accounts must be closed by December 31 of the year when you turn 71

Registered Retirement Income Funds

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

Minimum RRIF withdrawal factors for ages 65 and over

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

The following table shows minimum withdrawal percentages for RRIFs.

Age	Factor
65	4.00%
66	4.17%
67	4.35%
68	4.55%
69	4.76%
70	5.00%
71	5.28%
72	5.40%
73	5.53%
74	5.67%
75	5.82%

Age	Factor
76	5.98%
77	6.17%
78	6.36%
79	6.58%
80	6.82%
81	7.08%
82	7.38%
83	7.71%
84	8.08%
85	8.51%
86	8.99%

Age	Factor
87	9.55%
88	10.21%
89	10.99%
90	11.92%
91	13.06%
92	14.49%
93	16.34%
94	18.79%
95 and over	20.00%

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

Withholding tax on RRSP or RRIF withdrawals

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

Withdrawal amount	All provinces and territories (excluding Quebec)	Quebec
Up to $5,000	10%	19%
Over $5,000, up to $15,000	20%	24%
Over $15,000	30%	29%

First Home Savings Account (FHSA)

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

Contributions and deductions

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

Withdrawals and transfers

If you're a first-time homebuyer, you may withdraw the entire balance from your FHSA on a non-taxable basis to buy a qualifying home. If you ultimately don't end up buying a qualifying home, funds in your FHSA can be transferred to an RRSP or a RRIF on a tax-free basis, and the funds will be taxed upon ultimate withdrawal. Such transfers won't affect your RRSP contribution room or the FHSA deduction limit.

Registered Education Savings Plan (RESP)

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

Canada Education Savings Grant (CESG)

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

Additional Canada Education Savings Grant (Additional CESG)

Families with income equal up to $57,375 may be entitled to an additional 20% grant from the government of Canada on the first $500 of RESP contributions for a year. Families earning more than $57,375 but not more than $114,750 may be entitled to an additional 10% grant on the first $500 of RESP contributions for a year. Additional limitations may apply for RESP beneficiaries who are ages 16 and 17.

Canada Learning Bond (CLB)

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

Provincial Incentives

Additional incentives are available in some provinces.

Registered Disability Savings Plan (RDSP)

RDSP contributions

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

Assistance from the government of Canada

Canada Disability Savings Grant

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

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

Income level	CDSG	Maximum CDSG
Less than or equal to $114,750	$3 for every $1 contributed (300%) on the first $500 of RDSP contributions	$1,500
Less than or equal to $114,750	$2 for every $1 contributed (200%) on total RDSP contributions over $500 and up to $1,500	$2,000
Greater than $114,750, or if no income information is available	$1 for every $1 contributed (100%) on the first $1,000 of RDSP contributions	$1,000

Canada Disability Savings Bond

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

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

Income level	CDSB amount
Less than or equal to $37,487	$1,000
Between $37,487 and $57,375	Pro-rated portion of the max. amount of $1,000

Life income fund (LIF): Minimum and maximum payments

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

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

The following table shows minimum and maximum percentages, according to the laws that govern LIFs.[13]

Age[14]	Minimum	Maximum (Federal, NT, NU, YT)	Maximum (AB, BC, NB, NL, ON, SK[15])	Maximum (MB[16], NS)	Maximum (QC[17])
50	2.50%	4.88%	6.27%	6.10%	6.00%
51	2.56%	4.92%	6.31%	6.10%	6.00%
52	2.63%	4.96%	6.35%	6.10%	6.00%
53	2.70%	5.00%	6.40%	6.10%	6.00%
54	2.78%	5.05%	6.45%	6.10%	6.00%
55	2.86%	5.10%	6.51%	6.40%	n/a
56	2.94%	5.15%	6.57%	6.50%	n/a
57	3.03%	5.21%	6.63%	6.50%	n/a
58	3.13%	5.27%	6.70%	6.60%	n/a
59	3.23%	5.34%	6.77%	6.70%	n/a
60	3.33%	5.42%	6.85%	6.70%	n/a
61	3.45%	5.50%	6.94%	6.80%	n/a
62	3.57%	5.59%	7.04%	6.90%	n/a
63	3.70%	5.68%	7.14%	7.00%	n/a
64	3.85%	5.79%	7.26%	7.10%	n/a
65	4.00%	5.91%	7.38%	7.20%	n/a
66	4.17%	6.04%	7.52%	7.30%	n/a
67	4.35%	6.19%	7.67%	7.40%	n/a
68	4.55%	6.35%	7.83%	7.60%	n/a
69	4.76%	6.53%	8.02%	7.70%	n/a
70	5.00%	6.73%	8.22%	7.90%	n/a
71	5.28%	6.96%	8.45%	8.10%	n/a
72	5.40%	7.22%	8.71%	8.30%	n/a
73	5.53%	7.52%	9.00%	8.50%	n/a
74	5.67%	7.86%	9.34%	8.80%	n/a
75	5.82%	8.27%	9.71%	9.10%	n/a
76	5.98%	8.73%	10.15%	9.40%	n/a
77	6.17%	9.26%	10.66%	9.80%	n/a
78	6.36%	9.88%	11.25%	10.30%	n/a
79	6.58%	10.62%	11.96%	10.80%	n/a
80	6.82%	11.50%	12.82%	11.50%	n/a
81	7.08%	12.59%	13.87%	12.10%	n/a
82	7.38%	13.95%	15.19%	12.90%	n/a
83	7.71%	15.70%	16.90%	13.80%	n/a
84	8.08%	18.03%	19.19%	14.80%	n/a
85	8.51%	21.30%	22.40%	16.00%	n/a
86	8.99%	26.22%	27.23%	17.30%	n/a
87	9.55%	34.41%	35.29%	18.90%	n/a
88	10.21%	50.80%	51.46%	20.00%	n/a
89	10.99%	100.00%	100.00%	20.00%	n/a
90	11.92%	100.00%	100.00%	20.00%	n/a
91	13.06%	100.00%	100.00%	20.00%	n/a
92	14.49%	100.00%	100.00%	20.00%	n/a
93	16.34%	100.00%	100.00%	20.00%	n/a
94	18.79%	100.00%	100.00%	20.00%	n/a
95+	20.00%	100.00%	100.00%	20.00%	n/a

13 LIFs are subject to provincial or federal pension laws governing the registered pension plan where the LIF funds originated from. Prince Edward Island does not have pension legislation in place. Maximum withdrawal factors may vary in some situations, such as when plan income exceeds the maximum factor, in the first year of withdrawal, or if requesting temporary income. Rules may also differ for plans created under previous versions of legislation. Consult the governing federal, provincial or territorial pension legislation for full details.

14 Age as of December 31 of previous year.

15 In Saskatchewan, LIFs must be converted to a life annuity no later than December 31st the year you turn 80. LIFs are no longer available for purchase in Saskatchewan.

16 Up to 50% of the value of a Manitoba LIF for an annuitant aged 55 and over can be transferred to a Prescribed RRIF (Prescribed RRIFs are not subject to maximum withdrawal limits). This transfer is available once only.

17 As of January 1st 2025, Quebec LIFs will no longer be subject to maximum payments for annuitants aged 55 and over.

Payroll taxes

Employers must withhold payroll taxes, including income taxes, Employment Insurance premiums and Canada Pension Plan (CPP) or Quebec Pension Plan (QPP) contributions, from amounts paid to employees. Employers must remit amounts withheld to the government on behalf of the employees, and may also need to pay employer premiums and contributions under these, and other, programs.

Employment Insurance premiums

Description	Amount or rate outside Quebec	Amount or rate in Quebec
Maximum insurable earnings	$65,700	$65,700
Employee premium rate	1.640%	1.310%
Employer premium rate[18]	2.296%	1.834%
Employee maximum premium	$1,077.48	$860.67
Employer maximum premium	$1,508.47	$1,204.94

CPP or QPP contributions

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

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

Description	CPP amount or rate	QPP amount or rate
Basic exemption	$3,500	$3,500
Year's Maximum Pensionable Earnings (YMPE)	$71,300	$71,300
Contribution rate for each of the employee and employer[19]	5.95%	6.40%
Maximum contributions for employee and employer	$4,034.10	$4,339.20
Maximum contributions for self-employed individuals	$8,068.20	$8,678.40
Year's Additional Maximum Pensionable Earnings (YAMPE)	$81,200	$81,200
Second additional contribution rate for employee and employer	4.00%	4.00%
Second additional maximum contributions for employee and employer	$396.00	$396.00
Second additional maximum contributions for self-employed individuals	$792.00	$792.00

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

[18] The employer premium rate is calculated as: 1.4 × employee premium rate.

[19] CPP contribution rate includes a base contribution rate of 4.95% and first additional contribution rate of 1%. QPP contribution rate includes a base contribution rate of 5.4% and first additional contribution rate of 1%.

CPP or QPP benefits

If you have contributed to the CPP or QPP, you may be able to receive benefits from the plans, depending on the amount of your contributions. The following table shows maximum CPP and QPP benefits if the retirement pension begins at age 65. The average monthly amount paid for a new retirement pension (at age 65) was $808.14 in October 2024.

Benefit	CPP maximum monthly benefit	CPP maximum annual benefits	QPP maximum monthly benefit	QPP maximum annual benefits
Retirement pension	$1,433.00	$17,196.00	$1,433.00	$17,196.00
Disability pension[20]	$1,673.24	$20,078.88	$1,672.62	$20,071.44
Survivor's pension – under 65[21]	$770.88	$9,250.56	$1,134.61	$13,615.32
Survivor's pension – 65 & over[22]	$859.80	$10,317.60	$844.24	$10,130.88
Children of disabled contributor benefit[23]	$301.77	$3,621.21	$95.82	$1,149.84
Children of deceased contributor benefit[24]	$301.77	$3,621.21	$301.77	$3,621.24
Death benefit (lump sum)	n/a	$2,500.00	n/a	$2,500.00

Your CPP or QPP retirement pension can start as early as age 60, although your pension will be permanently reduced by 0.6% for each month between the start of payments and your 65th birthday. Alternatively, you can delay the start of your CPP or QPP retirement pension beyond age 65, and the amount of your pension will be permanently increased by 0.7% for each month following your 65th birthday, until the date when payments begin (up until you reach 72 in Quebec, or 70 in other provinces and territories).

OAS benefits

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

Months	Maximum monthly OAS pension before age 75	Maximum monthly OAS pension if age 75 or over	Maximum monthly GIS
January to March	$727.67	$800.44	$1,086.88
April to December[25]	TBA	TBA	TBA

You may delay the start of your OAS pension and your payments will be permanently increased by 0.6% for each month following your 65th birthday, until the date when payments begin (up until you reach age 70). Your OAS pension may be reduced by the OAS recovery tax (clawback), at a rate of 15% of your net income over $93,454 for the year. The maximum OAS pension (at age 65) is completely eliminated when your net income is over an estimated amount of $151,668 ($157,489 if you are age 75 or over). You may receive the GIS if you are receiving an OAS pension. The GIS is reduced if you have taxable income.

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20 For QPP, the disability pension for persons aged 18 to 59 is $1,672.62. For persons aged 60 to 65, the disability pension is $598.46 and the additional amount for disability for beneficiaries of the retirement pension is $598.46.

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

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

23 For CPP, amounts apply for children under age 18. For QPP, this is the pension for a disabled contributor's child.

24 For CPP, amounts are for children under age 18. For QPP, this is the orphan's pension.

25 OAS benefits are indexed quarterly. Amounts for the second, third and fourth quarters are to be announced.

Estate administration fees (probate fees), for estates over $50,000

Probate is an administrative procedure under which a court validates a deceased's will and confirms the appointment of the estate representative. This table shows the estate administration fees (commonly called probate fees) for estates over $50,000. Other fees may apply.

Province or Territory	Amount or rate for estates over $50,000[26]	Example of fees with $500,000 estate value	Example of fees with $2,000,000 estate value	Example of fees with $5,000,000 estate value
Alberta	$275 to $525	$525	$525	$525
British Columbia	$350 + 1.4% of portion over $50,000	$6,650	$27,650	$69,650
Manitoba[27]	No probate fee	N/A	N/A	N/A
New Brunswick	$250 + 0.5% of portion over $20,000	$2,750	$10,250	$25,250
Newfoundland and Labrador	$60 + 0.6% of portion over $1,000	$3,054	$12,054	$30,054
Northwest Territories	$215 to $435	$435	$435	$435
Nova Scotia	$1,002.65 + 1.695% of portion over $100,000	$7,783	$33,208	$84,058
Nunavut	$215 to $425	$425	$425	$425
Ontario	1.5% of portion over $50,000	$6,750	$29,250	$74,250
Prince Edward Island	$400 + 0.4% of portion over $100,000	$2,000	$8,000	$20,000
Quebec[28]	Nominal fee	Nominal fee	Nominal fee	Nominal fee
Saskatchewan	$200 + 0.7% of estate	$3,700	$14,200	$35,200
Yukon	$140	$140	$140	$140

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

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

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

Tax for a Canadian Controlled Private Corporation (CCPC)

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

Some types of corporate income and distributions to shareholders

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

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

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

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

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

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

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

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

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

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

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

Tax rates for CCPCs

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

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

Source: Tax Templates Inc.

Corporate investing

When you earn income through your corporation as a shareholder, there are 2 layers of income tax: your corporation first pays corporate tax on its income; then, when the corporation distributes its after-tax corporate income, you pay personal tax on the dividends. In contrast, when you earn the income directly yourself (or as an employee of your corporation[29]), there is only one layer of income tax: personal.

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

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

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

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

Additional information is available in the CIBC reports Bye Bye Bonus and In Good Company.

Integration calculations for SBD Income

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

SBD Income earned through a corporation ($)

Description	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Corporate tax	-1,100	-1,100	-900	-1,150	-1,150	-1,150	-1,100	-1,200	-1,220	-1,000	-1,220	-1,000	-900
Corporate after-tax income (A)	8,900	8,900	9,100	8,850	8,850	8,850	8,900	8,800	8,780	9,000	8,780	9,000	9,100
Personal tax	-3,765	-4,351	-4,247	-4,144	-4,333	-4,273	-3,277	-3,325	-4,192	-4,313	-4,276	-3,721	-4,008
Net amount (B)	5,135	4,549	4,853	4,706	4,517	4,577	5,623	5,475	4,588	4,687	4,504	5,279	5,092

SBD Income earned directly by an individual ($)

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

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

Description	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Tax Deferral (Prepayment) (A) − (C)	3,700	4,250	4,140	4,100	4,330	4,250	3,605	3,250	4,133	4,200	4,110	3,750	3,900
Tax Savings (Cost) (B) − (C)	(65)	(101)	(107)	(44)	(3)	(23)	328	(75)	(59)	(113)	(165)	29	(108)

Source: Tax Templates Inc.

Integration rates of various types of income earned in a corporation

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

Tax Deferral (Prepayment), as a percentage of income

Description	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
SBD Income	37.0	42.5	41.4	41.0	43.3	42.5	36.1	32.5	41.3	42.0	41.1	37.5	39.0
General Income	25.0	26.5	23.4	23.5	24.8	25.0	20.6	17.5	27.0	21.0	26.8	20.5	21.0
Investment income	1.3	2.8	(0.3)	(0.2)	1.1	1.3	(3.1)	(6.2)	3.4	(2.7)	3.1	(3.2)	(2.7)
Foreign income, 15% withholding tax	1.3	2.8	(0.3)	(0.2)	1.1	1.3	(3.1)	(6.2)	3.4	(2.7)	3.1	(3.2)	(2.7)
Capital gains	0.7	1.4	(0.1)	(0.1)	0.6	0.7	(1.6)	(3.1)	1.7	(1.3)	1.6	(1.6)	(1.3)
Eligible dividends	(4.0)	(1.8)	(0.6)	(5.9)	7.9	3.3	(10.0)	(5.3)	1.0	(1.8)	1.8	(8.7)	(9.4)
Non-eligible dividends	4.0	10.6	8.3	8.5	10.6	9.9	(1.5)	(0.5)	9.4	9.6	10.4	3.0	5.7

Tax Savings (Cost), as a percentage of income

Description	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
SBD Income	(0.7)	(1.0)	(1.1)	(0.4)	0.0	(0.2)	3.3	(0.8)	(0.6)	(1.1)	(1.7)	0.3	(1.1)
General Income	(1.8)	(0.3)	(4.3)	0.5	(7.5)	(4.5)	(0.4)	(6.7)	(2.0)	(4.2)	(2.8)	(1.3)	(0.3)
Investment income	(3.5)	(5.6)	(6.9)	(6.7)	(6.9)	(6.3)	(2.1)	(5.7)	(4.4)	(9.7)	(5.4)	(5.6)	(7.2)
Foreign income, 15% withholding tax	(10.4)	(11.7)	(13.3)	(12.4)	(12.0)	(11.8)	(9.6)	(13.1)	(10.6)	(14.6)	(11.5)	(12.6)	(13.9)
Capital gains	(1.8)	(2.8)	(3.5)	(3.4)	(3.4)	(3.2)	(1.0)	(2.9)	(2.2)	(4.9)	(2.7)	(2.8)	(3.6)
Eligible dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-eligible dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Retention Advantage (Disadvantage), as a percentage of income

Description	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Investment income	4.8	8.4	6.6	6.5	8.0	7.6	(1.0)	(0.5)	7.8	7.0	8.5	2.4	4.5
Foreign income, 15% withholding tax	11.7	14.5	13.0	12.2	13.1	13.1	6.5	6.9	14.0	11.9	14.6	9.4	11.2
Capital gains	2.5	4.2	3.4	3.3	4.0	3.9	(0.6)	(0.2)	3.9	3.6	4.3	1.2	2.3
Eligible dividends	(4.0)	(1.8)	(0.6)	(5.9)	7.9	3.3	(10.0)	(5.3)	1.0	(1.8)	1.8	(8.7)	(9.4)
Non-eligible dividends	4.0	10.6	8.3	8.5	10.6	9.9	(1.5)	(0.5)	9.4	9.6	10.4	3.0	5.7

Source: Tax Templates Inc.

How to use the integration tables

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

Example 1: Choosing whether to earn business income in a corporation

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

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

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

Example 2: Choosing whether to incorporate (transfer to your corporation) your personal investments

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

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

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

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

Example 3: Choosing whether to retain after-tax income from corporate investments in a corporation

Once you've decided to earn investment income in a corporation, either because you've retained after-tax business income in a corporation (see Example 1) or you've incorporated an investment portfolio (see Example 2), you'll be able to earn investment income on that capital. You'll then need to decide whether or not to retain any after-tax investment income earned on that capital in your corporation. If there is a Retention Advantage, it may be better to retain and reinvest the after-tax investment income in your corporation. If there is a Retention Disadvantage, it may be better to distribute the after-tax investment income as dividends in the year the income is earned, so you can invest the after-tax proceeds personally.

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

Other considerations

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

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

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

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

A final thought

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

Changes were introduced for the calculation of Alternative Minimum Tax (AMT) starting in 2024 and additional information is available in the CIBC report The new Alternative Minimum Tax (AMT). The AMT has not been considered in any tax calculations in the Tax Toolkit.

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

The information in this CIBC Tax Toolkit is for the 2025 calendar year and was updated on January 31, 2025. The information contained in this document can be subject to change. We recommend consulting with a tax and/or legal professional prior to making any decisions based on the information within this document.