

# Financial & Estate Planning Group – 2009 Quick Tax Facts

## COMBINED FEDERAL, PROVINCIAL AND TERRITORIAL INCOME TAX FOR INDIVIDUALS\*

Taxable Income (\$)	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland and Labrador	Yukon	Northwest Territories	Nunavut	Canadian Non-Resident
20,000	1,990	1,775	2,192	2,734	2,125	2,321	2,552	2,508	2,657	2,393	2,133	1,885	1,786	4,440
25,000	2,993	3,025	3,492	4,024	3,177	3,748	3,784	3,698	3,897	3,528	3,235	2,930	2,736	5,550
30,000	3,996	4,275	4,792	5,314	4,230	5,174	5,017	4,913	5,137	4,663	4,337	3,975	3,686	6,660
35,000	4,999	5,525	6,092	6,682	5,282	6,600	6,249	6,410	6,497	5,999	5,439	5,020	4,636	7,770
40,000	6,115	6,775	7,392	8,069	6,432	8,091	7,690	7,908	7,937	7,389	6,541	6,149	5,621	8,880
45,000	7,549	8,324	9,089	9,756	7,939	9,967	9,464	9,704	9,676	9,078	8,055	7,628	7,020	10,433
50,000	9,034	9,924	10,839	11,493	9,497	11,886	11,289	11,552	11,466	10,818	9,639	9,158	8,470	12,061
55,000	10,519	11,524	12,589	13,231	11,054	13,804	13,114	13,399	13,256	12,558	11,223	10,688	9,920	13,689
60,000	12,004	13,124	14,339	14,968	12,612	15,723	14,939	15,261	15,046	14,298	12,807	12,218	11,370	15,317
70,000	14,974	16,324	17,839	18,583	15,820	19,560	18,589	19,128	18,801	17,991	15,975	15,278	14,270	18,573
80,000	18,184	19,524	21,339	22,523	19,413	23,526	22,368	22,995	22,671	21,741	19,143	18,562	17,217	21,829
90,000	21,919	23,066	25,181	26,805	23,696	28,048	26,510	27,350	26,883	25,833	22,857	22,324	20,659	25,591
100,000	25,758	26,666	29,081	31,145	28,037	32,619	30,710	31,848	31,184	29,983	26,658	26,144	24,159	29,439
110,000	29,828	30,266	32,981	35,485	32,378	37,190	34,910	36,373	35,621	34,133	30,459	29,964	27,659	33,287
120,000	33,898	33,866	36,989	39,825	36,719	41,761	39,149	40,898	40,058	38,283	34,260	33,785	31,159	37,135
130,000	38,080	37,578	41,201	44,277	41,172	46,426	43,561	45,535	44,607	42,545	38,226	37,903	34,865	41,149
140,000	42,450	41,478	45,601	48,917	45,813	51,247	48,161	50,360	49,344	46,995	42,465	42,208	38,915	45,441
150,000	46,820	45,378	50,001	53,557	50,454	56,069	52,761	55,185	54,081	51,445	46,705	46,513	42,965	49,733
200,000	68,670	64,878	72,001	76,757	73,659	80,176	75,761	79,310	77,766	73,695	67,904	68,038	63,215	71,193
300,000	112,370	103,878	116,001	123,157	120,068	128,391	121,761	127,560	125,136	118,195	110,302	111,088	103,715	114,113
400,000	156,070	142,878	160,001	169,557	166,478	176,606	167,761	175,810	172,506	162,695	152,700	154,138	144,215	157,033
500,000	199,770	181,878	204,001	215,957	212,888	224,821	213,761	224,060	219,876	207,195	195,098	197,188	184,715	199,953
750,000	309,020	279,378	314,001	331,957	328,912	345,359	328,761	344,685	338,301	318,445	301,093	304,813	285,965	307,253
1,000,000	418,270	376,878	424,001	447,957	444,936	465,896	443,761	465,310	456,726	429,695	407,088	412,438	387,215	414,553

\* This table cannot be used if taxable income includes Canadian dividends.

\* Tax includes federal, provincial and territorial tax (and surtax, where applicable), but does not take into account minimum tax.

\* In 2009, all provinces and territories are using a "Tax-on-income" system and apply provincial and territorial tax rates to taxable income. Tax for non-residents is equal to 148% of basic federal tax.

\* In calculating tax, only the basic personal non-refundable credits, both federal and provincial/territorial, have been considered. The non-refundable credits for EI and CPP/QPP contributions, the northern resident deduction, low income tax reductions and credits and refunds of GST and provincial sales taxes have not been considered. Note that the basic personal credit was not taken into account in the case of a non-resident individual.

\* This table does not include health premiums contributions.

### Top Marginal Rates %

Ordinary income	43.70%	39.00%	44.00%	46.40%	46.41%	48.22%	46.00%	48.25%	47.37%	44.50%	42.40%	43.05%	40.50%	42.92%
Non-eligible dividends	32.71%	27.71%	30.83%	38.21%	31.34%	36.35%	34.21%	33.06%	38.15%	32.71%	30.49%	29.65%	28.96%	*
Eligible dividends	19.92%	14.55%	20.35%	23.83%	23.06%	29.69%	21.80%	28.35%	24.44%	22.89%	17.23%	18.25%	22.24%	*
Capital gains	21.85%	19.50%	22.00%	23.20%	23.20%	24.11%	23.00%	24.13%	23.69%	22.25%	21.20%	21.53%	20.25%	21.46%

\* Dividends earned by non-residents are subject to a federal withholding tax of 25% and the rate of such withholding may be lowered where a tax treaty applies.

\* Generally, eligible dividends are dividends paid from income which is subject to the general corporate tax rate, excluding investment income.

\* Generally, non-eligible dividends are those paid by CCPCs from income eligible to the SBD or from investment income

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- **BUSINESS SUCCESSION STRATEGIES** including facilitating discussions and identifying issues on exit strategies, succession concerns and post succession planning.



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## DEFERRED INCOME PLANS – MAXIMUM RRSP CONTRIBUTION LIMITS

Year	RRSP	RPP*
2009	\$21,000	\$22,000
2010	\$22,000	Indexed
2011	Indexed	Indexed

\*The RPP annual contribution limits apply to defined contribution pension plans only.

**Note: Annual RRSP contributions are limited to the lesser of 18% of your earned income from the prior year or the annual maximum contribution noted above.**

## NON-RESIDENT TAX

NRT applies when dividends are paid to a non-resident of the country in which the security resides or Canadian interest earned on credit balances is paid to a non-resident.

## DIVIDENDS ON CANADIAN EQUITIES

15% Treaty Country  
25% Non-treaty Country

## DIVIDENDS ON U.S. EQUITIES

15% Treaty Country  
25% Non-treaty Country

### Notes:

- The recent addition of the fifth Protocol to the Canada/U.S. treaty eliminates withholding tax on cross-border interest payments between arm's length persons which are on or after the first day of the second month that begins after the Protocol's entry into force; and related persons which are subject to the Limitation of Benefits article, and phases it out over three years from 10% to 7%, retroactively on amounts paid or credited after December 31, 2007, to 4% in 2009 and to nil after 2009.
- Commencing 2008, Canadian withholding tax is eliminated on most interest paid to arm's-length non-residents.

(For a detailed listing of treaty countries and other withholding rates please contact a Financial Planning Consultant)

## CPP/QPP & OAS

- Maximum CPP/QPP benefit for 2009: \$908.75/month
- Maximum OAS pension for 2009: \$516.96/month (changes quarterly)
- For 2009, the threshold at which the OAS clawback starts is \$66,335 of net income (including OAS)
- OAS will be entirely clawed back if your net income exceeds \$107,692

## SPOUSAL RRSP RULES

- Any amounts that may be contributed to an individual's own plan under his/her personal deduction limit may be contributed to a spousal loan instead.
- For a 2009 withdrawal, the contributor declares income if contributions were made to a spousal RRSP in 2007, 2008 or 2009.
- Contributions to a spousal RRSP may be made by an individual up to and including the year the spouse turns 71.

## PROBATE RATES

Province	Estate size	Fee/tax
British Columbia	All estates exceeding \$25,000 in value	Filing Fee of \$208
	\$25,000 - \$50,000	0.60%
	Over \$50,000	1.40%
Alberta	First \$10,000	\$25
	\$10,001 - \$249,999	Progressive to \$300
	Over \$250,000	\$400 (maximum)
Saskatchewan	All Estates	0.70%
Manitoba	First \$10,000	\$70
	Over \$10,000	\$70 + 0.70%
Ontario	\$1,000 or less	\$0
	\$1,001 to \$50,000	0.50%
	Over \$50,000	1.50%
Quebec	Notarial Wills	No fee
	Verification of Wills for a natural person	\$98
	Verification of Wills for a corporation	\$110
New Brunswick	First \$5,000	\$25
	\$5,001 to \$20,000	Progressive to \$100
	Over \$100,000	0.50%
Nova Scotia	First \$10,000	\$74.76
	\$10,001 to \$100,000	Progressive to \$875.76
	Over \$100,000	\$875.76 + 1.479%
Prince Edward Island	First \$10,000	\$50
	\$10,001 to \$100,000	Progressive to \$400
Newfoundland & Labrador	First \$1,000	\$90
	Over \$1,000	\$90 + 0.50%
Yukon	\$25,000 or less	\$0
	Over \$25,000	\$140
Northwest Territories	Less than \$10,000	\$25
(includes Nunavut)	\$10,000 - \$250,000	Progressive to \$300
	\$250,001 or more	\$400

## ATTRIBUTION RULES

	Gift	No or low-interest loan	Loan at prescribed or commercial rate
<b>Spouse</b>			
Income	Attributed to 'gifter'	Attributed to lender	No attribution
Capital Gains	Attributed to 'gifter'	Attributed to lender	No attribution
Second Generation Income	No attribution	Attributed to lender	No attribution
<b>Child under 18</b>			
Income	Attributed to 'gifter'	Attributed to lender	No attribution
Capital Gains	No attribution	No attribution	No attribution
Second Generation Income	No attribution	No attribution	No attribution
<b>Child Over 18</b>			
Income	No attribution	No attribution	No attribution
Capital Gains	No attribution	No attribution	No attribution
Second Generation Income	No attribution	No attribution	No attribution

## PENSION INCOME SPLITTING RULES

Individuals who earn income eligible for the pension income tax credit may reduce their overall household tax bill through the pension income splitting measure introduced by the federal government in October 2006.

When it comes time to prepare personal tax returns, the higher income earning spouse can allocate up to 50% of their eligible pension income to their lower income earning spouse, where it will be taxed at their lower marginal rate.

- For people age 65 and older**, eligible pension income includes lifetime annuity payments under a registered pension plan (RPP), a registered retirement savings plan (RRSP) or a deferred profit sharing plan (DPSP), and payments received upon the death of a spouse or common-law partner.
- For individuals younger than 65**, eligible pension income includes only lifetime annuity payments from an RPP (employer-sponsored pension) and certain other payments received upon the death of a spouse or common-law partner.

It is advised however, that a couple use caution and consult their own tax advisor before implementing this income splitting strategy.

## TEMPORARY HOME RENOVATION TAX CREDIT

Budget 2009 provides a measure where by 15% non-refundable tax credit on the amount in excess of \$1,000 but not more than \$10,000, for eligible expenditures or goods acquired after January 27, 2009 and until January 31, 2010. This measure is only applicable to agreements entered into after January 27, 2009. The credit will be family based and limited to their pooled expenditures. Eligible expenditures must be of an "enduring nature" and will not include routine repairs, amounts for appliances and audio-visual equipment or financing costs associated with renovations. This measure will provide a maximum tax relief of \$1,350 (\$9,000 x 15%).

## RRIF MINIMUM WITHDRAWAL AMOUNTS

(Fair market value of RRIF multiplied by prescribed factors below)

Age on Jan 1	General	Qualifying RRIFs
69	4.76%	4.76%
70	5.00%	5.00%
71	7.38%	5.26%
72	7.48%	5.56%
73	7.59%	5.88%
74	7.71%	6.25%
75	7.85%	6.67%
76	7.99%	7.14%
77	8.15%	7.69%
78	8.33%	8.33%
79	8.53%	8.53%
80	8.75%	8.75%
81	8.99%	8.99%
82	9.27%	9.27%
83	9.58%	9.58%
84	9.93%	9.93%
85	10.33%	10.33%
86	10.79%	10.79%
87	11.33%	11.33%
88	11.96%	11.96%
89	12.71%	12.71%
90	13.62%	13.62%
91	14.73%	14.73%
92	16.12%	16.12%
93	17.92%	17.92%
94 or older	20.00%	20.00%

### Notes:

- RSPs must be converted by age 71
- For ages below 69, the formula is 1/(90-age)
- A qualifying RRIF is generally a registered retirement income fund entered into before 1993

## WITHHOLDING TAX RATES FOR RRSP AND RRIF WITHDRAWALS

Amount	All provinces excluding Quebec	
	Quebec	Quebec
Up to \$5,000	10%	(5% + 16%) = 21%
\$5,000.01 - \$15,000	20%	(10% + 16%) = 26%
Above \$15,000	30%	(15% + 16%) = 31%

### Notes:

- There is no withholding tax on RRIF minimum amounts
- The minimum withdrawal amount is waived in 2008 for RRIF owners who turn 71 in 2008. However, withdrawals up to the normal minimum withdrawal amount will still not be subject to withholding tax.
- Quebec applies a flat 16% withholding tax on all RRIF withdrawals including RRIF minimums. Federal withholding tax rates will be added on RRIF withdrawals in excess of RRIF minimums of up to \$5,000 (5%), \$5,001 to \$15,000 (10%), and over \$15,000 (15%) respectively.

