

Financial & Estate Planning Group – 2008 Quick Tax Facts

FEDERAL AND PROVINCIAL OR TERRITORIAL INCOME TAX FOR INDIVIDUALS¹

Taxable Income	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland and Labrador	Yukon	Northwest Territories	Nunavut	Non-Residents ²
20,000	2,126	1,944	2,776	2,864	2,245	2,460	2,734	2,638	2,765	2,580	2,292	2,011	1,906	2,309
25,000	3,138	3,194	4,076	4,159	3,297	3,886	3,990	3,828	4,005	3,740	3,394	3,056	2,856	3,419
30,000	4,150	4,444	5,376	5,454	4,350	5,312	5,246	5,043	5,245	4,900	4,496	4,101	3,806	4,529
35,000	5,162	5,694	6,676	6,832	5,402	6,738	6,511	6,540	6,605	6,304	5,598	5,146	4,756	5,639
40,000	6,459	7,092	8,141	8,367	6,726	8,388	8,183	8,186	8,193	7,867	6,904	6,447	5,917	6,968
45,000	7,958	8,692	9,891	10,105	8,284	10,307	10,057	10,033	9,983	9,632	8,488	7,977	7,367	8,596
50,000	9,457	10,292	11,641	11,842	9,841	12,225	11,931	11,881	11,773	11,397	10,072	9,507	8,817	10,224
55,000	10,956	11,892	13,391	13,580	11,399	14,144	13,805	13,728	13,563	13,162	11,656	11,037	10,267	11,852
60,000	12,455	13,492	15,141	15,317	12,956	16,062	15,679	15,590	15,353	14,927	13,240	12,567	11,717	13,480
70,000	15,453	16,692	18,641	18,978	16,191	19,899	19,432	19,457	19,108	18,715	16,408	15,627	14,617	16,736
80,000	18,872	20,061	22,311	23,087	20,063	24,078	23,481	23,493	23,147	22,684	19,827	19,146	17,771	20,242
90,000	22,693	23,661	26,211	27,427	24,404	28,649	27,761	27,908	27,417	26,884	23,628	22,966	21,271	24,090
100,000	26,579	27,261	30,111	31,767	28,745	33,220	32,041	32,406	31,718	31,084	27,429	26,786	24,771	27,938
110,000	30,649	30,861	34,011	36,107	33,086	37,791	36,321	36,931	36,155	35,284	31,230	30,606	28,271	31,786
120,000	34,719	34,461	38,074	40,447	37,427	42,362	40,678	41,456	40,592	39,484	35,032	34,481	31,771	35,634
130,000	38,994	38,266	42,379	44,992	41,972	47,103	45,278	46,185	45,234	43,889	39,132	38,690	35,646	39,785
140,000	43,364	42,166	46,779	49,632	46,613	51,925	49,973	51,010	49,971	48,389	43,372	42,995	39,696	44,077
150,000	47,734	46,066	51,179	54,272	51,254	56,746	54,668	55,835	54,708	52,889	47,611	47,300	43,746	48,369
200,000	69,584	65,566	73,179	77,472	74,459	80,854	78,143	79,960	78,393	75,389	68,810	68,825	63,996	69,829
300,000	113,284	104,566	117,179	123,872	120,868	129,069	125,093	128,210	125,763	120,389	111,208	111,875	104,496	112,749
400,000	156,984	143,566	161,179	170,272	167,278	177,284	172,043	176,460	173,133	165,389	153,606	154,925	144,996	155,669
500,000	200,684	182,566	205,179	216,672	213,688	225,499	218,993	224,710	220,503	210,389	196,004	197,975	185,496	198,589
750,000	309,934	280,066	315,179	332,672	329,712	346,036	336,368	345,335	338,928	322,889	301,999	305,600	286,746	305,889
1,000,000	419,184	377,566	425,179	448,672	445,736	466,574	453,743	465,960	457,353	435,389	407,994	413,225	387,996	413,189

Top Marginal Rates %

Ordinary income	43.70	39.00	44.00	46.40	46.41	48.22	46.95	48.25	47.37	45.00	42.40	43.05	40.50	42.92
Non-eligible dividends ³	31.58	25.46	30.83	37.40	31.34	36.35	35.40	33.06	36.63	33.33	30.49	29.65	28.96	- ⁵
Eligible dividends ⁴	18.47	16.00	20.35	23.83	23.96	29.69	23.18	28.35	24.44	28.11	17.23	18.25	22.24	- ⁵
Capital gains	21.85	19.50	22.00	23.20	23.20	24.11	23.48	24.13	23.69	22.50	21.20	21.53	20.25	21.46

1. Tax as calculated incorporates proposed changes announced in the federal, provincial and territorial budgets. Tax includes federal, provincial and territorial tax (and surtax, where applicable), but excludes minimum 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, credits and refunds of GST and provincial sales taxes and the Ontario Health Premium have not been considered.

2. Tax for non-residents is calculated at 48% of basic federal tax.
 3. Dividends paid by Canadian-controlled private corporations (CCPC) from income which is eligible for the small business deduction (SBD) or from investment income (other than eligible dividends paid by public corporations).
 4. Dividends paid by public corporations, by CCPCs from income (except for investment income other than eligible dividends paid by public corporations) which is not eligible for the SBD, and by other corporations resident in Canada

subject to the general federal corporate tax rate.
 5. Dividends earned by non-residents are subject to a 25% tax under Part XIII of the Income Tax Act; the rate may be lowered where an International tax treaty applies.
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- **INSURANCE PLANNING** including review of current coverage and identifying gaps, integration with estate and/or charitable giving plan. Works closely with IC.
- **TAX STRATEGIES** including income splitting, RESPs, interest deductibility and estate freezes.
- **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
Spouse			
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
Child under 18			
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
Child Over 18			
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.

