

AFTER-TAX INCOME COMPARISON

The following example compares how a taxpayer in the top tax-bracket could be taxed on a \$100 dividend (from taxable Canadian corporations), interest and capital gain.

	Dividend \$	Interest \$	Capital Gain \$
Cash Payment	100.00	100.00	100.00
Dividend gross-up	45.00		
Non-taxable portion			(50.00)
Taxable income	145.00	100.00	50.00
Federal tax @ 29%	42.05	29.00	14.50
Dividend tax credit @ 19%	(27.55)	–	–
Basic federal tax	14.50	29.00	14.50
Provincial tax @ 15%	21.75	15.00	7.50
Provincial dividend tax credit	(12.25)	–	–
Total tax	24.00	44.00	22.00
Amount retained after tax	\$76.00	\$56.00	\$78.00

This information is provided for information purposes only and is not intended to replace the advice of a lawyer or accountant and should not be relied upon as such. It is recommended that individuals consult with their own tax advisor before acting on any information contained here.

Note: *The above is based on a hypothetical top tax rate of 44%. Please check with your tax advisor for the actual tax based on your specific circumstance including province of residence.*

At the time of publication, the Federal dividend tax credit and gross-up has been increased to 19% and 45% respectively. New Provincial rates have not yet been announced.

