



BDO Dunwoody LLP
Chartered Accountants
and Advisors



Tax Facts 2006

current to December 31, 2006

What's Inside

Top Personal Rates for 2006 - On page 3, we have set out the top rates in Canada on regular income, dividends and capital gains.

Personal Tax Rates - On pages 4 to 8, we have set out the tax brackets that apply for the year 2006. For ease of use, a section has been provided for each province and territory containing both federal and provincial/territorial rates. This information can be used along with the personal tax credit information on pages 14 and 15 to estimate your taxes for 2006.

Ontario Health Premiums - The health premium tax for 2006 is set out on page 8.

RRSP, RPP and DPSP Limits - On page 9, we have set out the limits for registered retirement savings plans, registered pension plans and deferred profit sharing plans.

CPP and EI Rates - On page 9, we have provided the 2006 Employment Insurance rates and premiums, and the 2006 Canada Pension Plan rates and contributions.

Combined Federal and Provincial/Territorial Tax Brackets - On pages 10 and 13, we have condensed the detailed tax rate information for each province into a chart. You can use the chart that applies to you to estimate your combined federal and provincial/territorial tax liability and to determine effective tax rates on regular income, dividends and capital gains within the income ranges provided.

Personal Tax Credits - On pages 14 and 15, we have set out a summary of federal, provincial and territorial tax credit amounts. Under the tax on income system, a different set of credit amounts will apply federally and in each province and territory.

Quick Estimates - To allow you to quickly estimate your tax liability, we have provided a quick estimate chart on pages 16 and 17.

Business Tax Rate Information - On pages 18 and 19, we have provided a summary of corporate income tax rates, as well as payroll and sales rates. On page 20, we have summarized capital tax rates.

Corporate Tax Highlights

The 2006 federal and provincial budgets have all been tabled, and corporations in several provinces will benefit from corporate tax reductions. As announced this year (and previously in some cases), some provinces have increased their small business income (SBI) threshold and some have implemented reductions in their general corporation tax rate and/or their small business tax rate for 2006. Saskatchewan, New Brunswick and Nova Scotia have increased their SBI threshold. General corporate rates have decreased in 2006 in Alberta, Manitoba, Saskatchewan and the Northwest Territories while the small business tax rates have decreased in Manitoba, New Brunswick and Prince Edward Island.

Effective the beginning of this year, Québec implemented a small business tax rate of 8.5% which is applicable to an SBI threshold of \$400,000 (subject to clawback if taxable capital exceeds \$10 million). In their 2006 budget, the Québec government reduced this rate to 8.0% effective March 24, 2006. However, the general corporate tax rate was increased for 2006.

Corporate Tax Highlights continued from page 1

In addition to the changes implemented for this year, future income tax reductions include the following:

- ♦ The federal government will eliminate the corporate surtax in 2008 and has reduced the rates on general income (in 2008 to 2010) and small business income (in 2008 and 2009); as well, the government has proposed to increase the SBI threshold in 2007,
- ♦ Alberta will increase its SBI threshold over 2007 to 2009,
- ♦ Saskatchewan will further reduce its general and small business corporate tax rates as well as raise their SBI threshold in 2007 and 2008,
- ♦ Manitoba will further decrease its small business tax rate in 2007 as well implement further reductions to the general corporate tax rate in 2007 (note that the effective date of the general corporate tax rate reduction is now January 1, 2007 rather than July 1, 2007 as originally announced in the budget),
- ♦ Québec will further increase its general corporate tax rate in 2008 and 2009,
- ♦ New Brunswick will further increase its SBI threshold and reduce its small business and general corporate tax rates in 2007,
- ♦ Prince Edward Island will continue to reduce its small business tax rate until 2010, and
- ♦ Prince Edward Island, Newfoundland and Labrador, the Northwest Territories and Nunavut have historically followed the federal SBI threshold (although the federal government's proposed increase in the SBI threshold for 2007 have yet to be confirmed by these provinces and territories). The Yukon will follow the Federal SBI threshold change.

The federal capital tax has been eliminated effective January 1, 2006. Note also that there are capital tax reductions on a

Personal Tax Highlights

From an individual perspective, the federal government increased the rate for the lowest tax bracket from 15.0% to 15.25% for 2006. This rate will further increase to 15.5% for 2007. They also confirmed increases over the next several years to the basic personal credit and the spousal/common-law partner/wholly dependant relative credit. As well, the federal government increased the Pension Income Tax Credit and introduced several new non-refundable tax credits for 2006: Canada Employment Credit (effective Jan.1, 2006), Textbook Tax Credit (effective Jan.1, 2006) and the Tax Credit for Public Transit Passes (effective July 1, 2006). From a provincial perspective, Manitoba reduced the rate of tax on income in the second lowest tax bracket from 14% to 13.5% for 2006 while many provinces continued to provide automatic indexing of taxable income thresholds and non-refundable tax credits.

With respect to the announcement in the fall regarding changes to the taxation of dividends, the federal government confirmed their intention to proceed with measures to enhance the dividend gross-up and dividend tax credit mechanism for eligible dividends. For eligible dividends, shareholders will include 145% of the dividend amount in income and the federal dividend tax credit with respect to the dividend will be approximately 19% of the grossed-up amount which reflects the general corporate income tax rate that will apply beginning in 2010. This change will reduce the top federal tax rate on dividends from approximately 19.6% to 14.6% and will apply to eligible dividends paid after 2005.

If you want further details regarding the dividend tax credit changes, read our Fast Fact "Taxation of Dividends". If you require further information on how these tax rates and changes affect you or your business, contact your BDO advisor.

Tax Facts 2006 provides you with a summary of 2006 personal income tax rates and amounts, as well as corporate tax rates (as at July 1, 2006), based on announcements made to December 31, 2006. For details on what's inside, refer to the box on the previous page.

Call your local BDO representative now for advice on minimizing your taxes. *Tax Facts 2006* is a publication of BDO Dunwoody LLP on developments in the area of taxation. This material is general in nature and should not be relied upon to replace the requirement for specific professional advice. For more information, call your local BDO office or contact our National office at: Telephone: **1-800-805-9544** Fax: **(416) 367-3912** Internet: **www.bdo.ca** E-mail: **info@bdo.ca**

The information in this publication is current as of December 31, 2006. Proposed changes announced in the 2006 federal, provincial and territorial budgets are reflected in the information provided, and are subject to change until passed into law.

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2006 Top Personal Marginal Tax Rates

| Jurisdiction | Tax on Income Top Rate (%) | Tax-On-Tax Top Rate (%) | Provincial Surtax (%) | 2006 Combined Top Marginal Rates | | | |
|--------------|----------------------------|-------------------------|-----------------------|----------------------------------|------------------------|--------------------------|-------------------|
| | | | | Regular Income (%) | Eligible Dividends (%) | Ineligible Dividends (%) | Capital Gains (%) |
| Fed. | 29.00 | --- | --- | --- | --- | --- | --- |
| B.C. | 14.70 | --- | --- | 43.70 | 18.47 | 31.58 | 21.85 |
| Alta. | 10.00 | --- | --- | 39.00 | 18.18 | 24.58 | 19.50 |
| Sask. | 15.00 | --- | --- | 44.00 | 20.35 | 28.33 | 22.00 |
| Man. | 17.40 | --- | --- | 46.40 | 23.83 | 35.25 | 23.20 |
| Ont. | 11.16 | --- | 20/36 | 46.41 | 25.09 | 31.34 | 23.21 |
| Qué. | 24.00 | --- | --- | 48.22 | 29.69 | 36.35 | 24.11 |
| N.B. | 17.84 | --- | --- | 46.84 | 23.02 | 37.26 | 23.42 |
| N.S. | 17.50 | --- | 10 | 48.25 | 28.35 | 33.06 | 24.13 |
| P.E.I. | 16.70 | --- | 10 | 47.37 | 24.44 | 33.61 | 23.69 |
| Nfld. | 18.02 | --- | 9 | 48.64 | 32.52 | 37.32 | 24.32 |
| Yukon | 12.76 | --- | 5 | 42.40 | 17.23 | 30.49 | 21.20 |
| N.W.T. | 14.05 | --- | --- | 43.05 | 18.25 | 29.65 | 21.53 |
| Nunavut | 11.50 | --- | --- | 40.50 | 22.24 | 28.96 | 20.25 |
| Non-Resident | --- | 48.00 | --- | 42.92 | --- | --- | 21.46 |

Notes:

Refer to page 2 for a summary of the changes to the taxation of dividends.

2006 Personal Income Tax Rates



British Columbia Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

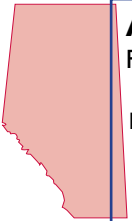
British Columbia Tax Calculation

1. Calculate B.C. tax using the table below. \$ _____

| Taxable Income | B.C. Tax |
|----------------------|--|
| 0 to \$33,755 | 6.05% |
| \$33,755 to \$67,511 | \$2,042 plus 9.15% of the amount over \$33,755 |
| \$67,511 to \$77,511 | \$5,131 plus 11.7% of the amount over \$67,511 |
| \$77,511 to \$94,121 | \$6,301 plus 13.7% of the amount over \$77,511 |
| \$94,121 and over | \$8,577 plus 14.7% of the amount over \$94,121 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total British Columbia Tax \$ _____



Alberta Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

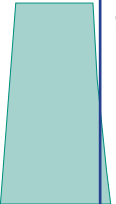
Alberta Tax Calculation

1. Calculate Alberta tax using the formula below. \$ _____

Taxable income x 10%

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Alberta Tax \$ _____



Saskatchewan Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

Saskatchewan Tax Calculation

1. Calculate Sask. tax using the table below. \$ _____

| Taxable Income | Sask. Tax |
|-----------------------|--|
| 0 to \$37,579 | 11.00% |
| \$37,579 to \$107,367 | \$4,134 plus 13% of the amount over \$37,579 |
| \$107,367 and over | \$13,206 plus 15% of the amount over \$107,367 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Saskatchewan Tax \$ _____

Manitoba Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

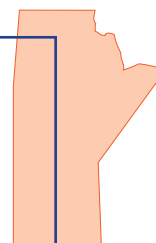
Manitoba Tax Calculation

1. Calculate Manitoba tax using the table below. \$ _____

| Taxable Income | Manitoba Tax |
|----------------------|--|
| 0 to \$30,544 | 10.9% |
| \$30,544 to \$65,000 | \$3,329 plus 13.5% of the amount over \$30,544 |
| \$65,000 and over | \$7,981 plus 17.4% of the amount over \$65,000 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Manitoba Tax \$ _____

**Ontario Residents**

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

Ontario Tax Calculation

1. Calculate Ontario tax using the table below. \$ _____

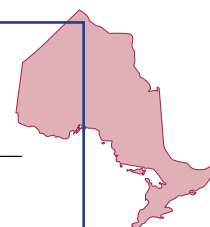
| Taxable Income | Ontario Tax |
|----------------------|---|
| 0 to \$34,758 | 6.05% |
| \$34,758 to \$69,517 | \$2,103 plus 9.15% of the amount over \$34,758 |
| \$69,517 and over | \$5,283 plus 11.16% of the amount over \$69,517 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Basic Ontario Tax (BOT) \$ _____

4. Add: Ontario Surtax
♦ 20% of BOT over \$4,016 plus
♦ 36% of BOT over \$5,065

5. Total Ontario Tax \$ _____

**Québec Residents**

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Basic Federal Tax (BFT) \$ _____

4. Deduct Québec abatement, 16.5% of BFT \$ _____

5. Net Federal Tax \$ _____

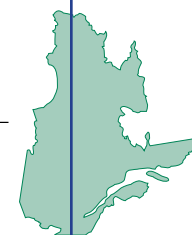
Québec Tax Calculation

1. Calculate Québec tax using the table below. \$ _____

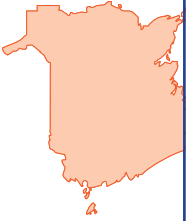
| Taxable Income | Québec Tax |
|----------------------|---|
| 0 to \$28,710 | 16% |
| \$28,710 to \$57,430 | \$4,594 plus 20% of the amount over \$28,710 |
| \$57,430 and over | \$10,338 plus 24% of the amount over \$57,430 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Québec Tax \$ _____



2006 Personal Income Tax Rates



New Brunswick Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

New Brunswick Tax Calculation

1. Calculate N.B. tax using the table below. \$ _____

| Taxable Income | N.B. Tax |
|-----------------------|---|
| 0 to \$33,450 | 9.68% |
| \$33,450 to \$66,902 | \$3,238 plus 14.82% of the amount over \$33,450 |
| \$66,902 to \$108,768 | \$8,196 plus 16.52% of the amount over \$66,902 |
| \$108,768 and over | \$15,112 plus 17.84% of the amount over \$108,768 |

2. Reduce tax by total personal tax credits.
See page 15 for details. \$ _____

3. Total New Brunswick Tax \$ _____

Nova Scotia Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

Nova Scotia Tax Calculation

1. Calculate N.S. tax using the table below. \$ _____

| Taxable Income | N.S. Tax |
|----------------------|--|
| 0 to \$29,590 | 8.79% |
| \$29,590 to \$59,180 | \$2,601 plus 14.95% of the amount over \$29,590 |
| \$59,180 to \$93,000 | \$7,025 plus 16.67% of the amount over \$59,180 |
| \$93,000 and over | \$12,662 plus 17.50% of the amount over \$93,000 |

2. Reduce tax by total personal tax credits.
See page 15 for details. \$ _____

3. Basic N.S. Tax (BNST) \$ _____

4. Add: N.S. Surtax

◆ 10% of BNST over \$10,000 \$ _____

5. Total Nova Scotia Tax \$ _____

Prince Edward Island Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

Prince Edward Island Tax Calculation

1. Calculate P.E.I. tax using the table below. \$ _____

| Taxable Income | P.E.I. Tax |
|----------------------|--|
| 0 to \$30,754 | 9.8% |
| \$30,754 to \$61,509 | \$3,014 plus 13.8% of the amount over \$30,754 |
| \$61,509 and over | \$7,258 plus 16.7% of the amount over \$61,509 |

2. Reduce tax by total personal tax credits.
See page 15 for details. \$ _____

3. Basic P.E.I. Tax (BPEIT) \$ _____

4. Add: P.E.I. Surtax

◆ 10% of BPEIT over \$5,200 \$ _____

5. Total Prince Edward Island Tax \$ _____

Newfoundland and Labrador Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

Newfoundland and Labrador Tax Calculation

1. Calculate Nfld. and Lab. tax using the table below. \$ _____

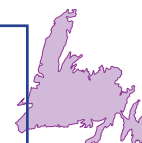
| Taxable Income | Newfoundland and Labrador Tax |
|----------------------|---|
| 0 to \$29,590 | 10.57% |
| \$29,590 to \$59,180 | \$3,128 plus 16.16% of the amount over \$29,590 |
| \$59,180 and over | \$7,909 plus 18.02% of the amount over \$59,180 |

2. Reduce tax by total personal tax credits.
See page 15 for details. \$ _____

3. Basic Newfoundland and Labrador Surtax (BNLT) \$ _____

4. Add: Newfoundland and Labrador Tax
♦ 9% of BNLT over \$7,032 \$ _____

5. Total Newfoundland and Labrador Tax \$ _____

**Yukon Residents**

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

Yukon Tax Calculation

1. Calculate Yukon tax using the table below. \$ _____

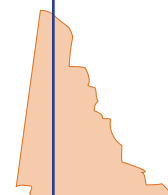
| Taxable Income | Yukon Tax |
|-----------------------|---|
| 0 to \$36,378 | 7.04% |
| \$36,378 to \$72,756 | \$2,561 plus 9.68% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$6,082 plus 11.44% of the amount over \$72,756 |
| \$118,285 and over | \$11,291 plus 12.76% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 15 for details. \$ _____

3. Basic Yukon Tax (BYT) \$ _____

4. Add: Yukon Surtax
♦ 5% of BYT over \$6,000 \$ _____

5. Total Yukon Tax \$ _____

**Northwest Territories Residents**

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.
See page 14 for details. \$ _____

3. Total Federal Tax \$ _____

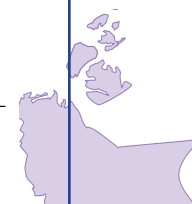
Northwest Territories Tax Calculation

1. Calculate N.W.T. tax using the table below. \$ _____

| Taxable Income | N.W.T. Tax |
|-----------------------|---|
| 0 to \$34,555 | 5.90% |
| \$34,555 to \$69,110 | \$2,039 plus 8.60% of the amount over \$34,555 |
| \$69,110 to \$112,358 | \$5,011 plus 12.20% of the amount over \$69,110 |
| \$112,358 and over | \$10,287 plus 14.05% of the amount over \$112,358 |

2. Reduce tax by total personal tax credits.
See page 15 for details. \$ _____

3. Total Northwest Territories Tax \$ _____



2006 Personal Income Tax Rates



Nunavut Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below. \$ _____

| Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$36,378 | 15.25% |
| \$36,378 to \$72,756 | \$5,548 plus 22% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$13,551 plus 26% of the amount over \$72,756 |
| \$118,285 and over | \$25,388 plus 29% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.

See page 14 for details.

\$ _____

3. Total Federal Tax

\$ _____

Nunavut Tax Calculation

1. Calculate Nunavut tax using the table below. \$ _____

| Taxable Income | Nunavut Tax |
|-----------------------|---|
| 0 to \$36,378 | 4% |
| \$36,378 to \$72,756 | \$1,455 plus 7% of the amount over \$36,378 |
| \$72,756 to \$118,285 | \$4,001 plus 9% of the amount over \$72,756 |
| \$118,285 and over | \$8,099 plus 11.5% of the amount over \$118,285 |

2. Reduce tax by total personal tax credits.

See page 15 for details.

\$ _____

3. Total Nunavut Tax

\$ _____

Ontario Health Premium Tax

The Ontario government introduced a health premium tax in its 2004 budget. Unlike health premiums in B.C. and Alberta, Ontario health premiums are based on an individual's taxable income level, similar to personal income tax rates, and the premiums increase at higher levels of taxable income, as set out in the chart below.

| Premiums for Ontario Residents | |
|--------------------------------|-------------------------------------|
| Taxable Income | 2006 and Subsequent Taxation Years |
| Up to \$20,000 | -- |
| \$20,000 - \$25,000 | 6% of TI** over \$20,000 |
| \$25,000 - \$36,000 | \$300 |
| \$36,000 - \$38,500 | \$300 plus 6% of TI over \$36,000 |
| \$38,500 - \$48,000 | \$450 |
| \$48,000 - \$48,600 | \$450 plus 25% of TI over \$48,000 |
| \$48,600 - \$72,000 | \$600 |
| \$72,000 - \$72,600 | \$600 plus 25% of TI over \$72,000 |
| \$72,600 - \$200,000 | \$750 |
| \$200,000 - \$200,600 | \$750 plus 25% of TI over \$200,000 |
| More than \$200,600 | \$900 |

** TI = taxable income

RRSP Contribution Limits ⁽¹⁾

| Year | Dollar Limit | Income Level ⁽²⁾ |
|------|--------------|-----------------------------|
| 2006 | \$18,000 | \$100,000 |
| 2007 | 19,000 | 105,556 |
| 2008 | 20,000 | 111,111 |
| 2009 | 21,000 | 116,667 |
| 2010 | 22,000 | 122,222 |
| 2011 | Indexed | Indexed |

(1) RRSP Contribution Limit for a year is the lesser of the dollar limit for that year and 18% of the prior year's earned income, less any pension adjustment for the prior year (reported on your T4).

(2) Earned income needed in prior year for maximum contribution.

RPP and DPSP Limits

| Year | Defined Benefit RPP ⁽¹⁾ | Money Purchase RPP ⁽²⁾ |
|------|------------------------------------|-----------------------------------|
| 2006 | \$2,111 | \$19,000 |
| 2007 | 2,222 | 20,000 |
| 2008 | 2,333 | 21,000 |
| 2009 | 2,444 | 22,000 |
| 2010 | Indexed | Indexed |

(1) Maximum pension benefit per year of service.

(2) Annual contribution limit.

Note: The DPSP limit is one-half of the money purchase RPP annual contribution limit.

2006 Employment Insurance Rates and Premiums

| Maximum Yearly Insurable Earnings | Employee's Premium Rate | Employer's Premium Rate | Maximum Yearly Employee Premium | Maximum Yearly Employer Premium |
|-----------------------------------|-------------------------|-------------------------|---------------------------------|---------------------------------|
| \$39,000 | 1.87% | 2.618% | \$729.30 | \$1,021.02 |

2006 Canada Pension Plan Rates and Contributions

| Maximum Pensionable Earnings | Basic Exemption | Maximum Contributory Earnings | Employee and Employer Rate | Maximum Employee/ Employer Contribution | Maximum Self-Employed Contribution |
|------------------------------|-----------------|-------------------------------|----------------------------|---|------------------------------------|
| \$42,100 | \$3,500 | \$38,600 | 4.95% | \$1,910.70 | \$3,821.40 |

2006 Combined Federal and Provincial/Territorial Tax Brackets

Use the tables on pages 10 to 13 to estimate your combined federal and provincial/territorial tax and your effective combined tax rates on regular income, dividends and capital gains. Tax rates and amounts include surtaxes where applicable. Reduce the tax by your total federal and provincial/territorial tax credits (see pages 14 and 15). Note that provincial/territorial tax reductions at lower levels of income have not been included.

British Columbia

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$33,755 | \$0 | 21.30 | 0.00 | 3.59 | 10.65 |
| 33,755 | 36,378 | 7,190 | 24.40 | 0.00 | 7.46 | 12.20 |
| 36,378 | 67,511 | 7,830 | 31.15 | 4.40 | 15.89 | 15.58 |
| 67,511 | 72,756 | 17,528 | 33.70 | 4.40 | 19.08 | 16.85 |
| 72,756 | 77,511 | 19,295 | 37.70 | 10.20 | 24.08 | 18.85 |
| 77,511 | 94,121 | 21,088 | 39.70 | 12.67 | 26.58 | 19.85 |
| 94,121 | 118,285 | 27,682 | 40.70 | 14.12 | 27.83 | 20.35 |
| 118,285 | and over | 37,517 | 43.70 | 18.47 | 31.58 | 21.85 |

Alberta

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$36,378 | \$0 | 25.25 | 3.63 | 7.40 | 12.63 |
| 36,378 | 72,756 | 9,185 | 32.00 | 8.03 | 15.83 | 16.00 |
| 72,756 | 118,285 | 20,826 | 36.00 | 13.83 | 20.83 | 18.00 |
| 118,285 | and over | 37,217 | 39.00 | 18.18 | 24.58 | 19.50 |

Saskatchewan

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$36,378 | \$0 | 26.25 | 0.00 | 6.15 | 13.13 |
| 36,378 | 37,579 | 9,549 | 33.00 | 4.40 | 14.58 | 16.50 |
| 37,579 | 72,756 | 9,946 | 35.00 | 7.30 | 17.08 | 17.50 |
| 72,756 | 107,367 | 22,258 | 39.00 | 13.10 | 22.08 | 19.50 |
| 107,367 | 118,285 | 35,756 | 41.00 | 16.00 | 24.58 | 20.50 |
| 118,285 | and over | 40,232 | 44.00 | 20.35 | 28.33 | 22.00 |

Manitoba

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$30,544 | \$0 | 26.15 | 0.00 | 9.94 | 13.08 |
| 30,544 | 36,378 | 7,987 | 28.75 | 3.63 | 13.19 | 14.38 |
| 36,378 | 65,000 | 9,665 | 35.50 | 8.03 | 21.62 | 17.75 |
| 65,000 | 72,756 | 19,825 | 39.40 | 13.68 | 26.49 | 19.70 |
| 72,756 | 118,285 | 22,881 | 43.40 | 19.48 | 31.49 | 21.70 |
| 118,285 | and over | 42,641 | 46.40 | 23.83 | 35.24 | 23.20 |

Ontario (does not include Ontario Health Premium Tax)

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$34,758 | \$0 | 21.30 | 0.00 | 3.55 | 10.65 |
| 34,758 | 36,378 | 7,403 | 24.40 | 3.84 | 7.43 | 12.20 |
| 36,378 | 61,206 | 7,799 | 31.15 | 8.24 | 15.86 | 15.58 |
| 61,206 | 69,517 | 15,533 | 32.98 | 9.01 | 16.86 | 16.49 |
| 69,517 | 72,102 | 18,274 | 35.39 | 12.51 | 19.88 | 17.70 |
| 72,102 | 72,756 | 19,189 | 39.41 | 14.94 | 22.59 | 19.71 |
| 72,756 | 118,285 | 19,446 | 43.41 | 20.74 | 27.59 | 21.71 |
| 118,285 | and over | 39,210 | 46.41 | 25.09 | 31.34 | 23.21 |

Québec

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$28,710 | \$0 | 28.73 | 5.95 | 12.00 | 14.37 |
| 28,710 | 36,378 | 8,249 | 32.73 | 11.75 | 17.00 | 16.37 |
| 36,378 | 57,430 | 10,760 | 38.37 | 15.42 | 24.05 | 19.19 |
| 57,430 | 72,756 | 18,838 | 42.37 | 21.22 | 29.05 | 21.19 |
| 72,756 | 118,285 | 25,331 | 45.71 | 26.07 | 33.22 | 22.86 |
| 118,285 | and over | 46,142 | 48.22 | 29.70 | 36.35 | 24.11 |

New Brunswick

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$33,450 | \$0 | 24.93 | 0.00 | 9.88 | 12.47 |
| 33,450 | 36,378 | 8,339 | 30.07 | 4.09 | 16.30 | 15.04 |
| 36,378 | 66,902 | 9,220 | 36.82 | 8.49 | 24.73 | 18.41 |
| 66,902 | 72,756 | 20,458 | 38.52 | 10.95 | 26.86 | 19.26 |
| 72,756 | 108,768 | 22,713 | 42.52 | 16.75 | 31.86 | 21.26 |
| 108,768 | 118,285 | 38,026 | 43.84 | 18.67 | 33.51 | 21.92 |
| 118,285 | and over | 42,198 | 46.84 | 23.02 | 37.26 | 23.42 |

2006 Combined Federal and Provincial/Territorial Tax Brackets

Nova Scotia

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$29,590 | \$0 | 24.04 | 0.00 | 3.76 | 12.02 |
| 29,590 | 36,378 | 7,113 | 30.20 | 8.85 | 11.46 | 15.11 |
| 36,378 | 59,180 | 9,163 | 36.95 | 13.25 | 19.89 | 18.48 |
| 59,180 | 72,756 | 17,589 | 38.67 | 15.74 | 22.04 | 19.34 |
| 72,756 | 80,841 | 22,839 | 42.67 | 21.54 | 27.04 | 21.34 |
| 80,841 | 93,000 | 26,288 | 44.34 | 22.67 | 28.17 | 22.17 |
| 93,000 | 118,285 | 31,679 | 45.25 | 24.00 | 29.31 | 22.63 |
| 118,285 | and over | 43,121 | 48.25 | 28.35 | 33.06 | 24.13 |

Prince Edward Island

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$30,754 | \$0 | 25.05 | 0.00 | 6.52 | 12.53 |
| 30,754 | 36,378 | 7,704 | 29.05 | 4.79 | 11.52 | 14.53 |
| 36,378 | 51,859 | 9,338 | 35.80 | 9.19 | 19.96 | 17.90 |
| 51,859 | 61,509 | 14,880 | 37.18 | 9.66 | 20.87 | 18.59 |
| 61,509 | 72,756 | 18,468 | 40.37 | 14.29 | 24.86 | 20.19 |
| 72,756 | 118,285 | 23,008 | 44.37 | 20.09 | 29.86 | 22.19 |
| 118,285 | and over | 43,209 | 47.37 | 24.44 | 33.61 | 23.69 |

Newfoundland and Labrador

| Taxable Income Range | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|----------------------|----------|------------------------|----------------------------|--------------------------------|----------------------------------|---------------------------|
| From: | To: | | | | | |
| \$0 | \$29,590 | \$0 | 25.82 | 5.68 | 9.36 | 12.91 |
| 29,590 | 36,378 | 7,640 | 31.41 | 13.79 | 16.35 | 15.71 |
| 36,378 | 58,597 | 9,772 | 38.16 | 18.19 | 24.78 | 19.08 |
| 58,597 | 59,180 | 18,251 | 39.61 | 19.43 | 26.04 | 19.81 |
| 59,180 | 72,756 | 18,482 | 41.64 | 22.37 | 28.57 | 20.82 |
| 72,756 | 118,285 | 24,135 | 45.64 | 28.17 | 33.57 | 22.82 |
| 118,285 | and over | 44,915 | 48.64 | 32.52 | 37.32 | 24.32 |

Yukon

| Taxable Income Range From: To: | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|-----------------------------------|----------|---------------------------|-------------------------------------|---|---|------------------------------------|
| \$0 | \$36,378 | \$0 | 22.29 | 0.00 | 5.64 | 11.15 |
| 36,378 | 72,756 | 8,109 | 31.68 | 4.40 | 17.37 | 15.84 |
| 72,756 | 77,161 | 19,633 | 37.44 | 10.84 | 24.57 | 18.72 |
| 77,161 | 118,285 | 21,282 | 38.01 | 10.87 | 25.01 | 19.01 |
| 118,285 | and over | 36,914 | 42.40 | 17.23 | 30.49 | 21.20 |

Northwest Territories

| Taxable Income Range From: To: | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|-----------------------------------|----------|---------------------------|-------------------------------------|---|---|------------------------------------|
| \$0 | \$34,555 | \$0 | 21.15 | 0.00 | 2.40 | 10.58 |
| 34,555 | 36,378 | 7,308 | 23.85 | 0.00 | 5.65 | 11.93 |
| 36,378 | 69,110 | 7,743 | 30.60 | 4.40 | 14.08 | 15.30 |
| 69,110 | 72,756 | 17,759 | 34.20 | 5.42 | 18.58 | 17.10 |
| 72,756 | 112,358 | 19,006 | 38.20 | 11.22 | 23.58 | 19.10 |
| 112,358 | 118,285 | 34,134 | 40.05 | 13.90 | 25.90 | 20.03 |
| 118,285 | and over | 36,508 | 43.05 | 18.25 | 29.65 | 21.53 |

Nunavut

| Taxable Income Range From: To: | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|-----------------------------------|----------|---------------------------|-------------------------------------|---|---|------------------------------------|
| \$0 | \$36,378 | \$0 | 19.25 | 0.00 | 2.40 | 9.63 |
| 36,378 | 72,756 | 7,003 | 29.00 | 5.56 | 14.58 | 14.50 |
| 72,756 | 118,285 | 17,552 | 35.00 | 14.26 | 22.08 | 17.50 |
| 118,285 | and over | 33,488 | 40.50 | 22.24 | 28.96 | 20.25 |

Non-Resident

| Taxable Income Range From: To: | | Tax on Bottom of Range | Rate on Regular Income (%) | Rate on Eligible Dividends (%) | Rate on Ineligible Dividends (%) | Rate on Capital Gains (%) |
|-----------------------------------|----------|---------------------------|-------------------------------------|---|---|------------------------------------|
| \$0 | \$36,378 | \$0 | 22.57 | -- | -- | 11.29 |
| 36,378 | 72,756 | 8,211 | 32.56 | -- | -- | 16.28 |
| 72,756 | 118,285 | 20,055 | 38.48 | -- | -- | 19.24 |
| 118,285 | and over | 37,574 | 42.92 | -- | -- | 21.46 |

2006 Personal Tax Credits - Federal, Provincial and Territorial

The following chart summarizes federal, provincial and territorial tax credit amounts and rates. Where a threshold is indicated, income over the threshold reduces the credit amount listed. To determine your total non-refundable credits, add up the credits you're eligible for and apply the tax credit multiplier.

| | Fed. ⁽¹⁾ | B.C. | Alta. | Sask. ⁽²⁾ | Man. | Ont. | Qué. |
|--|--|-------------------|-------------------|--------------------------------|-------------------|-------------------|------------------------|
| Tax Credit Multiplier | 15.25% | 6.05% | 10% | 11% | 10.9% | 6.05% | 20% |
| Personal credit amount | \$8,839 | \$8,858 | \$14,899 | \$8,589 | \$7,734 | \$8,377 | \$6,520 ⁽⁴⁾ |
| Spouse/Common-law partner Reduction threshold | 7,505 751 | 7,585 759 | 14,899 0 | 8,589 859 | 6,482 649 | 7,113 711 | ⁽⁵⁾ |
| Eligible dependant amount Reduction threshold | 7,505 751 | 7,585 759 | 14,899 0 | 8,589 859 | 6,482 649 | 7,113 711 | ⁽⁶⁾ |
| Age credit Reduction - 15% of income over | 5,066 30,270 | 3,972 29,570 | 4,152 30,907 | 4,066 ⁽³⁾ 30,270 | 3,728 27,749 | 4,090 30,448 | 2,200 28,710 |
| Disability credit amount Self Dependant (maximum) ⁽¹⁾ | 6,741 10,674 | 6,644 10,520 | 6,883 10,898 | 6,741 10,674 | 6,180 9,785 | 6,768 10,716 | 2,250 2,250 |
| Disabled/infirm dependant Age 18 and over Reduction threshold | 3,933 5,580 | 3,876 6,174 | 4,015 5,697 | 3,933 5,580 | 3,605 5,115 | 3,948 5,613 | ⁽⁸⁾ |
| Caregiver credit Reduction threshold | 3,933 13,430 | 3,877 13,118 | 4,015 13,713 | 3,933 13,430 | 3,605 12,312 | 3,948 13,509 | ⁽⁸⁾ |
| Pension credit amount | 2,000 | 1,000 | 1,147 | 1,000 | 1,000 | 1,158 | 1,000 ⁽⁷⁾ |
| Education credit Full-time amount per month Part-time amount per month | 465 ⁽⁹⁾ 140 ⁽⁹⁾ | 200 60 | 459 138 | 400 120 | 400 120 | 451 135 | N/A N/A |
| CPP/QPP credit (max. amt.) | 1,911 | 1,911 | 1,911 | 1,911 | 1,911 | 1,911 | ⁽⁴⁾ |
| EI credit (max. amt.) | 729 | 729 | 729 | 729 | 729 | 729 | ⁽⁴⁾ |
| Other credits | Payment | Payment | Payment | Payment | Payment | Payment | Payment |
| Medical credit Reduction threshold | Amt. Pd. 1,884 | Amt. Pd. 1,842 | Amt. Pd. 1,925 | Amt. Pd. 1,884 | Amt. Pd. 1,728 | Amt. Pd. 1,896 | Amt. Pd. 0 |
| Adoption expenses (max. amt.) | 10,220 | n/a | 10,190 | n/a | 10,000 | 10,220 | ⁽¹⁰⁾ |
| Donation credit rate On first \$200 On balance | 15.25% 29% | 6.05% 14.7% | 10% 12.75% | 11% 15% | 10.9% 17.4% | 6.05% 11.16% | 20% 24% |
| Ineligible dividend tax credit - on actual amount received | 16 2/3% | 6.375% | 7.5% | 10% | 6.0875% | 6.4125% | 10% |
| Eligible dividend tax credit - on actual amount received | 27.5 % | 17.4 % | 10.875% | 15.95% | 15.95% | 9.425% | 17.255% |

Notes:

- (1) Except for Québec, the credit is for minor dependants and is subject to a reduction based on child care and disability supports expenses. In Québec, the credit is for an infirm dependant of any age.
- (2) Saskatchewan allows a child amount of \$2,684 for each child under the age 18 at any time during the year 2006. The amount cannot be claimed for a child who has been claimed as a dependant by the taxpayer or anyone else.
- (3) Every senior who resides in Saskatchewan can claim the senior supplementary amount of \$1,074, regardless of their estimated income.
- (4) A complementary amount is added to the basic amount, equal to the greater of \$3,035 and the total of the employee's employment insurance premiums (max. \$729), QPP contributions (max. \$1,911) and contributions to the Health Services Fund (max. \$1,000).
- (5) Under Québec's non-refundable tax credit system, certain unused personal credits of either spouse are transferable to the other spouse.
- (6) Québec offers several additional credits, as follows:
 - ◆ Individual living alone - credit amount \$1,155 (15% reduction for income over \$28,710)
 - ◆ Amount for children of full age (18 or older) who are full-time students - \$2,650 with an additional amount of \$225 for the child designated as the first dependant child (if the child is of full age and the individual does not have any children who are minors)
 - ◆ Amount for other adult dependants - \$2,650 (no infirmity test)
 - ◆ Amount for a child engaged in full-time professional training or post-secondary studies - \$1,825 per term

| | N.B. | N.S. | P.E.I. | Nfld. | Yukon | N.W.T. | Nunavut |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Tax Credit Multiplier | 9.68% | 8.79% | 9.8% | 10.57% | 7.04% | 5.9% | 4.0% |
| Personal credit amount | \$8,061 | \$7,231 | \$7,412 | \$7,410 | \$8,839 | \$11,864 | \$10,909 |
| Spouse/Common law partner Reduction threshold | 6,845 685 | 6,140 614 | 6,294 629 | 6,055 606 | 7,505 751 | 11,864 0 | 10,909 0 |
| Eligible dependant amount Reduction threshold | 6,845 685 | 6,140 614 | 6,294 629 | 6,055 606 | 7,071 708 | 11,864 0 | 10,909 0 |
| Age credit Reduction - 15% of income over | 3,936 29,303 | 3,531 26,284 | 3,619 26,941 | 3,482 25,921 | 4,066 30,270 | 5,803 30,270 | 8,181 30,270 |
| Disability credit amount Self Dependant (maximum) ⁽¹⁾ | 6,526 10,334 | 4,293 7,234 | 5,400 8,415 | 5,000 7,353 | 6,741 10,674 | 9,621 13,554 | 10,909 14,841 |
| Disabled/infirm dependant Age 18 and over Reduction threshold | 3,807 5,402 | 2,386 4,845 | 2,446 4,966 | 2,353 5,057 | 3,933 5,580 | 3,933 5,580 | 3,933 5,580 |
| Caregiver credit Reduction threshold | 3,807 13,002 | 4,176 11,661 | 2,446 11,953 | 2,353 11,500 | 3,933 13,430 | 3,933 13,430 | 3,933 13,430 |
| Pension credit amount | 1,000 | 1,000 | 1,000 | 1,000 | 2,000 | 1,000 | 1,000 |
| Education credit Full-time amount per month Part-time amount per month | 400 120 | 200 60 | 200 60 | 200 60 | 400 120 | 400 120 | 400 120 |
| CPP/QPP credit (max. amt.) | 1,911 | 1,911 | 1,911 | 1,911 | 1,911 | 1,911 | 1,911 |
| El credit (max. amt.) | 729 | 729 | 729 | 729 | 729 | 729 | 729 |
| Other credits | Payment | Payment | Payment | Payment | Payment | Payment | Payment |
| Medical credit Reduction threshold | Amt. Pd. 1,824 | Amt. Pd. 1,637 | Amt. Pd. 1,678 | Amt. Pd. 1,614 | Amt. Pd. 1,884 | Amt. Pd. 1,884 | Amt. Pd. 1,884 |
| Adoption expenses (max. amt.) | n/a | n/a | n/a | 10,000 | 10,220 | n/a | n/a |
| Donation credit rate On first \$200 On balance | 9.68% 17.84% | 8.79% 17.5% | 9.8% 16.7% | 10.57% 18.02% | 7.04% 12.76% | 5.9% 14.05% | 4% 11.5% |
| Ineligible dividend tax credit - on actual amount received | 4.625% | 9.625% | 8.125% | 6.25% | 5.56% | 7.5% | 5% |
| Eligible dividend tax credit - on actual amount received | 17.4% | 12.8325% | 15.225% | 9.6425% | 15.95% | 16.675% | 8.99% |

Notes:

♦ Amount for a single parent family - \$1,435

Note that the basic amount representing dependent children, the tax reduction for families and the tax credit for child care expenses are now paid to eligible recipients as child assistance payments on quarterly basis.

- (7) The Québec pension credit amount is subject to a reduction of 15% of family net income over \$28,710.
- (8) The tax credit respecting a dependent child with an impairment will be replaced, as of the 2006 taxation year, by an improved supplement for handicapped children. As well, the various measures for natural caregivers of adults will be replaced by a refundable tax credit, as of the 2006 taxation year.
- (9) The proposed Federal Textbook Tax Credit has been added to the Education credit amount (\$65 per month for full-time; \$20 per month for part-time).
- (10) Québec provides a refundable tax credit with respect to eligible expenses incurred to adopt a child where certain conditions are met. This credit is equal to 30% of the eligible expenses to a maximum credit of \$6,000 per child.
- (11) In the 2006 budget, the Federal government announced other new tax credits for 2006 in addition to the Textbook Tax Credit referenced in note 9: Canada Employment Credit (maximum credit amount of \$250) and the Tax Credit for Public Transit Passes (effective Jul. 1, 2006).

2006 Personal Tax Quick Estimate Table

Estimates include basic personal tax credit. For other tax credits, see pages 14 and 15. Low-income tax reductions and refundable provincial/territorial credits are not included.

| Income Level | B.C. | Alta. | Sask. | Man. | Ont. | Qué. | N.B. |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| 10,000 | 246 | 177 | 332 | 424 | 275 | 444 | 365 |
| 15,000 | 1,311 | 950 | 1,645 | 1,732 | 1,340 | 1,881 | 1,611 |
| 20,000 | 2,376 | 2,212 | 2,957 | 3,039 | 2,405 | 3,317 | 2,858 |
| 25,000 | 3,441 | 3,475 | 4,270 | 4,347 | 3,470 | 4,754 | 4,104 |
| 30,000 | 4,506 | 4,737 | 5,582 | 5,654 | 4,535 | 6,242 | 5,351 |
| 35,000 | 5,610 | 6,000 | 6,895 | 7,077 | 5,608 | 7,879 | 6,677 |
| 40,000 | 7,074 | 7,507 | 8,500 | 8,759 | 7,072 | 9,720 | 8,425 |
| 45,000 | 8,632 | 9,107 | 10,250 | 10,534 | 8,630 | 11,638 | 10,266 |
| 50,000 | 10,189 | 10,707 | 12,000 | 12,309 | 10,187 | 13,557 | 12,107 |
| 55,000 | 11,747 | 12,307 | 13,750 | 14,084 | 11,745 | 15,475 | 13,948 |
| 60,000 | 13,304 | 13,907 | 15,500 | 15,859 | 13,302 | 17,497 | 15,789 |
| 65,000 | 14,862 | 15,507 | 17,250 | 17,634 | 14,929 | 19,615 | 17,630 |
| 70,000 | 16,483 | 17,107 | 19,000 | 19,604 | 16,590 | 21,734 | 19,524 |
| 75,000 | 18,257 | 18,796 | 20,840 | 21,664 | 18,566 | 23,927 | 21,539 |
| 80,000 | 20,192 | 20,596 | 22,790 | 23,834 | 20,736 | 26,213 | 23,665 |
| 85,000 | 22,177 | 22,396 | 24,740 | 26,004 | 22,907 | 28,498 | 25,791 |
| 90,000 | 24,162 | 24,196 | 26,690 | 28,174 | 25,077 | 30,784 | 27,917 |
| 95,000 | 26,156 | 25,996 | 28,640 | 30,344 | 27,248 | 33,069 | 30,043 |
| 100,000 | 28,191 | 27,796 | 30,590 | 32,514 | 29,418 | 35,355 | 32,169 |
| 105,000 | 30,226 | 29,596 | 32,540 | 34,684 | 31,588 | 37,640 | 34,295 |
| 110,000 | 32,261 | 31,396 | 34,543 | 36,854 | 33,759 | 39,926 | 36,438 |
| 118,285 | 35,633 | 34,379 | 37,939 | 40,450 | 37,355 | 43,713 | 40,070 |
| Top Combined Marginal Rates | | | | | | | |
| Regular Income | 43.70% | 39.00% | 44.00% | 46.40% | 46.41% | 48.22% | 46.84% |
| Dividends - Eligible | 18.47% | 18.18% | 20.35% | 23.83% | 25.09% | 29.69% | 23.02% |
| Dividends - Ineligible | 31.58% | 24.58% | 28.33% | 35.25% | 31.34% | 36.35% | 37.26% |
| Capital Gains | 21.85% | 19.50% | 22.00% | 23.20% | 23.21% | 24.11% | 23.42% |

| Income Level | N.S. | P.E.I. | Nfld. | Yukon | N.W.T. | Nunavut |
|------------------------------------|--------|--------|--------|--------|--------|---------|
| 10,000 | 420 | 431 | 451 | 295 | 177 | 177 |
| 15,000 | 1,622 | 1,683 | 1,742 | 1,409 | 1,125 | 1,103 |
| 20,000 | 2,824 | 2,936 | 3,033 | 2,524 | 2,182 | 2,066 |
| 25,000 | 4,026 | 4,188 | 4,324 | 3,638 | 3,240 | 3,028 |
| 30,000 | 5,254 | 5,441 | 5,638 | 4,753 | 4,297 | 3,991 |
| 35,000 | 6,764 | 6,863 | 7,208 | 5,867 | 5,367 | 4,953 |
| 40,000 | 8,518 | 8,560 | 9,023 | 7,322 | 6,804 | 6,269 |
| 45,000 | 10,366 | 10,350 | 10,931 | 8,906 | 8,334 | 7,719 |
| 50,000 | 12,213 | 12,140 | 12,839 | 10,490 | 9,864 | 9,169 |
| 55,000 | 14,061 | 13,973 | 14,747 | 12,074 | 11,394 | 10,619 |
| 60,000 | 15,922 | 15,832 | 16,692 | 13,658 | 12,924 | 12,069 |
| 65,000 | 17,856 | 17,803 | 18,774 | 15,242 | 14,454 | 13,519 |
| 70,000 | 19,789 | 19,821 | 20,856 | 16,826 | 16,016 | 14,969 |
| 75,000 | 21,813 | 21,929 | 23,028 | 18,539 | 17,815 | 16,553 |
| 80,000 | 23,946 | 24,148 | 25,310 | 20,427 | 19,725 | 18,303 |
| 85,000 | 26,149 | 26,366 | 27,592 | 22,328 | 21,635 | 20,053 |
| 90,000 | 28,366 | 28,585 | 29,875 | 24,229 | 23,545 | 21,803 |
| 95,000 | 30,601 | 30,803 | 32,157 | 26,129 | 25,455 | 23,553 |
| 100,000 | 32,863 | 33,022 | 34,439 | 28,030 | 27,365 | 25,303 |
| 105,000 | 35,126 | 35,240 | 36,721 | 29,930 | 29,275 | 27,053 |
| 110,000 | 37,388 | 37,459 | 39,003 | 31,831 | 31,185 | 28,803 |
| 118,285 | 41,137 | 41,135 | 42,784 | 34,980 | 34,460 | 31,703 |
| Top Combined Marginal Rates | | | | | | |
| Regular Income | 48.25% | 47.37% | 48.64% | 42.40% | 43.05% | 40.50% |
| Dividends - Eligible | 28.35% | 24.44% | 32.52% | 17.23% | 18.25% | 22.24% |
| Dividends - Ineligible | 33.06% | 33.61% | 37.32% | 30.49% | 29.65% | 28.96% |
| Capital Gains | 24.13% | 23.69% | 24.32% | 21.20% | 21.53% | 20.25% |

2006 Corporate Income Tax Facts and Figures

The rates shown are nominal tax rates as at July 1, 2006. Add federal and provincial/territorial rates to get a combined rate. Rate and amount changes set out in the notes should generally be prorated for taxation years that straddle the effective dates.

| | Canadian-Controlled Private Corporations (CCPCs) | | | Other Corporations | |
|---------------------------|--|--------------|-------------------|----------------------------|------------|
| | Active Business Income (ABI) | | Investment Income | Manufacturing & Processing | Other |
| | Rate | Income Limit | | | |
| Federal | 13.12% | \$300,000 | 35.79% | 22.12% | 22.12% |
| Provincial | | | | | |
| British Columbia | 4.50 | 400,000 | 12.00 | 12.00 | 12.00 |
| Alberta | 3.00 | 400,000 | 10.00 | 10.00 | 10.00 |
| Saskatchewan | 5.00 | 400,000 | 14.00 | 10.00 | 14.00 |
| Manitoba | 4.50 | 400,000 | 14.50 | 14.50 | 14.50 |
| Ontario | 5.50 | 400,000 | 14.00 | 12.00 | 14.00 |
| Québec | 8.00 | 400,000 | 16.25 | 9.90 | 9.90/16.25 |
| New Brunswick | 1.50 | 475,000 | 13.00 | 13.00 | 13.00 |
| Nova Scotia | 5.00 | 400,000 | 16.00 | 16.00 | 16.00 |
| Prince Edward Island | 5.40 | 300,000 | 16.00 | 16.00 | 16.00 |
| Newfoundland and Labrador | 5.00 | 300,000 | 14.00 | 5.00 | 14.00 |
| Yukon | 4.00 | 300,000 | 15.00 | 2.50 | 15.00 |
| Northwest Territories | 4.00 | 300,000 | 11.50 | 11.50 | 11.50 |
| Nunavut | 4.00 | 300,000 | 12.00 | 12.00 | 12.00 |

Notes:

Federal

- ◆ The rate on active business income (ABI) up to \$300,000 is subject to a clawback if prior year's taxable capital for the Large Corporations Tax exceeds \$10 million. The small business income (SBI) threshold was increased from \$225,000 to \$250,000 effective Jan. 1, 2004 and to \$300,000 effective Jan. 1, 2005. The threshold will increase to \$400,000 effective Jan. 1, 2007.
- ◆ The rate on ABI up to the SBI threshold will be reduced from 13.12% to 11.5% on Jan. 1, 2008 and to 11.0% on Jan. 1, 2009.
- ◆ 26 2/3% of investment income is eligible for refund at the rate of \$1 for every \$3 of dividends paid.
- ◆ The general federal rate was reduced from 24.12% to 22.12% effective Jan. 1, 2004. The reduction does not apply to income that qualifies for the M&P deduction or small business deduction and investment income that qualifies for refundable treatment.
- ◆ Effective Jan. 1, 2008, the corporate surtax will be eliminated for all businesses and the general federal tax rate on business income will be reduced from 22.12% to 20.5% on Jan. 1, 2008, to 20.0% on Jan. 1, 2009 and to 19.0% on Jan. 1, 2010.

British Columbia

- ◆ The SBI threshold was increased from \$300,000 to \$400,000 effective Jan. 1, 2005.
- ◆ Rate on other income was reduced from 13.5% to 12.0% effective Jul. 1, 2005.

Alberta

- ◆ Rate on ABI up to the SBI threshold was reduced from 4.0% to 3.0% effective Apr. 1, 2004.
- ◆ Rate on other income was reduced from 12.5% to 11.5% effective Apr. 1, 2004 and to 10% effective Apr. 1, 2006.
- ◆ The SBI threshold will be increased to \$430,000 for 2007, to \$460,000 for 2008 and to \$500,000 for 2009 and subsequent years.

Saskatchewan

- ◆ Rate on ABI up to the SBI threshold was reduced from 6.0% to 5.5% on Jan. 1, 2004 and to 5.0% on Jan. 1, 2005. The rate will be reduced to 4.5% effective Jan. 1, 2007.
- ◆ Rate on all other income decreased from 17.0% to 14.0% effective Jul. 1, 2006 and will be further reduced to 13.0% effective Jul. 1, 2007 and to 12.0% effective Jul. 1, 2008.
- ◆ The SBI threshold was increased from \$300,000 on Jul. 1, 2006 and will further increase to \$450,000 on Jul. 1, 2007 and to \$500,000 on Jul. 1, 2008.

Manitoba

- ◆ Rate on ABI up to SBI threshold was reduced from 5.0% to 4.5% on Jan. 1, 2006 and will further decrease to 3.0% on Jan. 1, 2007.
- ◆ The SBI threshold was increased from \$320,000 to \$360,000 effective Jan. 1, 2004 and to \$400,000 effective Jan. 1, 2005.
- ◆ Rate on all other income was reduced from 16.0% to 15.5% on Jan. 1, 2004, to 15.0% on Jan. 1, 2005 and to 14.5% on Jan. 1, 2006. The rate will be further reduced to 14.0% effective Jan. 1, 2007 and, subject to affordability, to 13.0% effective Jan. 1, 2008.

Ontario

- ◆ The SBI threshold was increased from \$320,000 to \$400,000 effective Jan. 1, 2004. Lower rate on ABI is subject to clawback based on taxable income over the SBI threshold at 4.667%.
- ◆ Rate on M&P income was increased from 11.0% to 12.0% effective Jan. 1, 2004.
- ◆ Rate on all other income was increased from 12.5% to 14.0% effective Jan. 1, 2004.

Québec

- ◆ Rate of 16.25% applies for non-business income.
- ◆ The rate on active business income was increased from 8.9% to 9.9% effective Jan. 1, 2006 and will further increase to 11.4% effective Jan. 1, 2008 and to 11.9% effective Jan. 1, 2009.
- ◆ Beginning Jan. 1, 2006, a small business rate of 8.5% is provided. The rate was reduced to 8.0% effective Mar. 24, 2006. The rate will apply on ABI up to an SBI threshold of \$400,000. This small business rate is subject to a clawback if taxable capital exceeds \$10 million.

New Brunswick

- ◆ Rate on ABI up to the SBI threshold was reduced from 3% to 2.5% effective Jul. 1, 2004, to 2% effective Jul. 1, 2005 and to 1.5% effective Jul. 1, 2006. The rate will be further reduced to 1.0% effective Jul. 1, 2007.
- ◆ The SBI threshold was increased from \$400,000 to \$425,000 effective Jul. 1, 2004, to \$450,000 effective Jul. 1, 2005 and to \$475,000 effective Jul. 1, 2006. The threshold will increase to \$500,000 effective Jul. 1, 2007.
- ◆ Rate on all other income will be reduced to 12.0% effective Jan. 1, 2007.

Nova Scotia

- ◆ The SBI threshold was increased from \$300,000 to \$350,000 effective Apr. 1, 2005 and to \$400,000 effective Apr. 1, 2006.

Prince Edward Island

- ◆ Rate on ABI up to the SBI threshold was reduced from 7.5% to 6.5% effective Apr. 1, 2005. The rate will be reduced annually by 1.1% effective Apr. 1 each year from 2006 to 2010 – therefore, the rate will be 5.4% effective Apr. 1, 2006, 4.3% effective Apr. 1, 2007, 3.2% effective Apr. 1, 2008, 2.1% effective Apr. 1, 2009 and 1.0% effective Apr. 1, 2010.

- ◆ Rate on M&P income was increased from 7.5% to 16.0% effective Apr. 1, 2005.
- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes).

Newfoundland and Labrador

- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes); however, the province has not confirmed the Jan. 1, 2007 federal increase.

Yukon

- ◆ Rate for ABI from M&P activities is 2.5%.
- ◆ Rate on ABI up to the SBI threshold was reduced from 6.0% to 4.0% effective Jan. 1, 2005.
- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes).

Northwest Territories

- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes); however, the territory has not confirmed the Jan. 1, 2007 federal increase.
- ◆ Rate on other income was increased from 12.0% to 14.0% effective Jan. 1, 2004. The rate was reduced to 11.5% effective Jul. 1, 2006.

Nunavut

- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes); however, the territory has not confirmed the Jan. 1, 2007 federal increase.

Payroll Tax

The following jurisdictions levy a payroll tax on remuneration for individuals employed in that jurisdiction. Tax rates for 2006 are listed below. Tax is payable by employer (except for the N.W.T./Nunavut, where the employee pays the tax).

| Jurisdiction | Payroll Tax Rates (%) | Notes: |
|----------------------|-----------------------|--|
| Man. ⁽¹⁾ | 0 - 4.3 | 1. Payroll of \$0 to \$1 million, no tax; from \$1 million to \$2 million, 4.3% of payroll over \$1 million; over \$2 million, 2.15% of total payroll. |
| Ont. ⁽²⁾ | 0.98 - 1.95 | 2. Rate of tax is 0.98% for payrolls under \$200,000 and 1.95% for payrolls over \$400,000 (graduated rates apply for payrolls between the thresholds). First \$400,000 of taxable payroll of an eligible employer (not associated) and of an associated group of eligible employers is exempt. |
| Qué. ⁽³⁾ | 2.7 - 4.26 | 3. Low rate applies for payrolls of less than \$1 million and is phased out for payrolls between \$1 million and \$5 million. Certain exemptions may apply. |
| Nfld. ⁽⁴⁾ | 2.0 | 4. Tax is only charged on payrolls over \$600,000. The \$600,000 exemption is phased down to \$500,000 on payrolls between \$600,000 and \$700,000. For payrolls of \$700,000 or higher, tax is charged on remuneration over \$500,000. A rate of 1.75% applies to taxable remuneration paid in relation to a renewable resource industry. |
| N.W.T. | 2.0 | |
| Nunavut | 1.0 | |

Sales Tax

| Jurisdiction ⁽¹⁾ | Sales Tax Rates (%) | Combined Rates (%) | Notes: |
|-----------------------------------|---------------------|--------------------|--|
| Federal ⁽²⁾ | 6 | see below | 1. Alberta, Nunavut, the Yukon and the Northwest Territories do not impose a sales tax. |
| B.C. ⁽³⁾ | 7 | 13 | 2. Rate decreased from 7% to 6% effective Jul. 1, 2006. |
| Sask. ⁽⁴⁾ | 5 | 13 | 3. Rate decreased from 7.5% effective Oct. 21, 2004. |
| Man. | 7 | 13 | 4. Rate decreased from 7% effective Oct. 28, 2006. |
| Ont. | 8 | 14 | 5. Québec and P.E.I. levy sales tax on taxable goods (and services where applicable) on the actual cost including GST. Consequently, the combined tax rate in Québec is 13.95% and 16.6% in P.E.I. All other provinces calculate PST independent of GST. |
| Qué. ⁽⁵⁾ | 7.5 | 13.95 | |
| N.B., N.S. & Nfld. ⁽⁶⁾ | 8 | 14 | |
| P.E.I. ⁽⁵⁾ | 10 | 16.6 | 6. These provinces have harmonized their sales tax systems with the 6% GST to produce a combined federal/provincial rate of 14%. |

2006 Capital Taxes

The following jurisdictions levy capital tax on corporate taxable capital employed by a corporation doing business through a permanent establishment in their jurisdiction. The following rates are as at July 1, 2006. Note that the rates and rules discussed can vary where the corporation is related or associated with other corporations.

| Jurisdiction | General (%) | Financial Institutions (%) | Notes: |
|---------------|----------------------------|----------------------------|--|
| Federal - LCT | -- ⁽¹⁾ | -- ⁽¹⁾ | <p>1. Large Corporations Tax (LCT) applied to taxable capital over \$10 million and the Federal surtax was creditable against the LCT. The LCT (0.175% in 2005, 0.2% in 2004 and 0.225% prior to 2004) was eliminated effective Jan. 1, 2006. Financial Institutions Capital Tax (FIT) changed to a single rate of 1.25% on taxable capital over \$1 billion effective Jul. 1, 2006. Prior to this date, the rate was 1.0% on taxable capital between \$200 million and \$300 million and 1.25% on taxable capital between \$300 million and \$1 billion.</p> <p>2. Taxable capital under \$10 million is exempt. An additional exemption of \$10 million is available for taxation years beginning on or after Jan. 1, 2005. The additional exemption is pro-rated based on salaries and wages paid in Saskatchewan. The rate was reduced from 0.6% to 0.3% effective Jul. 1, 2006 and will be further reduced to 0.15% on Jul. 1, 2007 and will be eliminated on Jul. 1, 2008. A special 3.6% surcharge may be charged on resource company revenues. Effective Apr. 1, 2005, this surcharge will apply to resource trusts. This surcharge was reduced to 3.3% on Jul. 1, 2006 and will be further reduced to 3.1% effective Jul. 1, 2007 and to 3.0% effective Jul. 1, 2008. There is a special surcharge for fourth tier oil and gas production which was also reduced on Jul. 1, 2006.</p> <p>3. Rate is 0.3% on the first \$10 million of taxable capital (net of the deduction) plus 0.5% on the excess. A \$5 million deduction from capital applies and will increase to \$10 million effective Jan. 1, 2007. Subject to affordability, the 0.3% rate will decrease to 0.2% and 0.5% rate will decrease to 0.4% for fiscal years commencing after Jul. 1, 2008.</p> <p>4. A \$10 million deduction from taxable capital applies. The deduction will be increased by \$2.5 million each year on Jan. 1 until it reaches \$15 million on Jan. 1, 2008. The tax rate will then be reduced as follows: from 0.3% to 0.285% on Jan. 1, 2007, to 0.225% on Jan. 1, 2009, to 0.15% on Jan. 1, 2010, to 0.075% on Jan. 1, 2011 and to nil on Jan. 1, 2012. It is also proposed to accelerate the elimination of the tax to 2010 if financial conditions allow. The rates for financial institutions are to be reduced gradually and eliminated in 2012.</p> <p>5. The rate was reduced from 0.6% to 0.525% effective Jan. 1, 2006 and will be further reduced to 0.49% on Jan. 1, 2007, to 0.36% on Jan. 1, 2008 and to 0.29% on Jan. 1, 2009. The deduction from paid-up capital was increased from \$250,000 to \$600,000 on Jan. 1, 2004. Effective Jan. 1, 2005 the maximum deduction increased to \$1 million, but is partially reduced where paid-up capital is between \$1 million and \$4 million.</p> <p>6. No tax is payable on the first \$5 million of taxable capital. Rate was reduced to 0.25% in 2006 and will be further reduced to 0.2% on Jan. 1, 2007, to 0.1% on Jan. 1, 2008 and to nil on Jan. 1, 2009.</p> <p>7. No tax is payable if taxable capital is less than \$5 million. If taxable capital exceeds \$10 million, the rate is 0.25% with no exemption. This rate was reduced from 0.275% effective Jul. 1, 2006. The rate will be further reduced to 0.225% on Jul. 1, 2007, to 0.2% on Jul. 1, 2008 and phased down by 0.05% per year after 2008 until it is eliminated on Jul. 1, 2012. If taxable capital is between \$5 million and \$10 million, the rate is doubled and applied after netting the \$5 million exemption.</p> |
| Federal - FIT | -- | 1.25 ⁽¹⁾ | |
| B.C. | -- | 1.0 to 3.0 | |
| Alta. | -- | -- | |
| Sask. | 0.3 ⁽²⁾ | 0.7 or 3.25 | |
| Man. | 0.3 or 0.5 ⁽³⁾ | 3.0 | |
| Ont. | 0.3 ⁽⁴⁾ | 0.6 or 0.9/0.72 | |
| Qué. | 0.525 ⁽⁵⁾ | 1.30 | |
| N.B. | 0.25 ⁽⁶⁾ | 3.0 | |
| N.S. | 0.25 or 0.5 ⁽⁷⁾ | 4.0 | |
| P.E.I. | -- | 5.0 | |
| Nfld. | -- | 4.0 | |