

Tax Facts 2004



There have been several corporate and personal tax changes announced in this year's federal and provincial budgets. For corporations, there has been some good news with further rate reductions in some provinces. However, from a personal tax perspective, certain provinces have announced tax rate increases.

Personal Tax Changes - Both Nova Scotia and the Northwest Territories have announced personal tax increases for 2004 at higher income levels, while Ontario has reintroduced health premiums.

Corporate Tax Changes - Alberta has reduced its small business and general corporate tax rates, effective April 1, 2004. Manitoba's general corporate tax rate has also been reduced for 2004, and its small business tax rate threshold has increased. Manitoba has also announced further reductions to its small business and general corporate tax rates, effective January 1, 2006. New Brunswick has further reduced its small business rate and increased its small business tax rate threshold, giving qualifying New Brunswick businesses the lowest corporate tax rate in Canada on the first \$425,000 of active business income. The federal government has accelerated its previously announced increase in the small business tax rate threshold. The Yukon has reduced taxes for Canadian-controlled private corporations on active business income starting in 2005, while Ontario has set a plan to eliminate capital tax by 2012. Note that there have been a couple of tax rate increases—corporations paying income tax in Ontario and the Northwest Territories will be subject to higher tax rates starting in 2004.

Tax Facts 2004 provides you with a summary of 2004 personal tax rates and amounts, as well as corporate tax rates (as at July 1, 2004), based on announcements made to June 21, 2004. For more details on what's inside, refer to the box below.

If you require further information on how these tax rates and changes affect you or your business, contact your BDO advisor.

What's Inside

Top Personal Rates for 2004 - On page 2, we have set out the top rates in Canada on regular income, dividends and capital gains.

Personal Tax Rates - On pages 2 to 6, we have set out the tax brackets that apply for the year 2004. 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 10 and 11 to estimate your taxes for 2004.

Combined Federal, Provincial and Territorial Tax Brackets - On pages 7 and 8 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.

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.

Ontario Health Premiums - In 2004, health premiums were reintroduced in Ontario, as set out on page 9.

Comparison of Pre-Tax Yields on Interest, Dividends and Capital Gains - On page 9, we have set out equivalent pre-tax yields for top-rate individuals resident in each province and territory.

Personal Tax Credits - On pages 10 and 11, 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 12 and 13.

CPP and EI Rates - On page 12 we have provided the 2004 employment insurance rates and premiums, and on page 13 you will find the 2004 Canada pension plan rates and contributions.

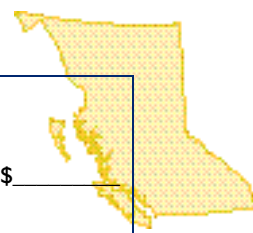
Business Tax Rate Information - On pages 14 and 15 we have provided a summary of corporate income tax rates, as well as payroll and sales tax rates. On page 16, we have summarized capital tax rates.

2004 Top Personal Marginal Tax Rates

(Based on rates announced to June 21, 2004)

Jurisdiction	Tax-On-Income Top Rate (%)	Tax-On-Tax Top Rate (%)	Provincial Surtax (%)	2004 Combined Top Marginal Rates		
				Regular Income (%)	Dividends (%)	Capital Gains (%)
Federal	29.00	---	---	---	---	---
British Columbia	14.70	---	---	43.70	31.58	21.85
Alberta	10.00	---	---	39.00	24.08	19.50
Saskatchewan	15.00	---	---	44.00	28.33	22.00
Manitoba	17.40	---	---	46.40	35.08	23.20
Ontario	11.16	---	20/36	46.41	31.34	23.20
Québec	24.00	---	---	48.22	32.81	24.11
New Brunswick	17.84	---	---	46.84	37.26	23.42
Nova Scotia	17.50	---	10	48.25	33.06	24.13
Prince Edward Island	16.70	---	10	47.37	31.96	23.69
Newfoundland and Labrador	18.02	---	9	48.64	37.32	24.32
Yukon	12.76	---	5	42.40	28.59	21.20
NWT	13.55	---	---	42.55	29.02	21.28
Nunavut	11.50	---	---	40.50	28.96	20.25
Non-Resident	---	48.00	---	42.92	---	21.46

2004 Personal Income Tax Rates



British Columbia Residents

Federal Tax Calculation

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

Taxable Income	Federal Tax
0 to \$35,000	16%
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804

2. Reduce tax by total personal tax credits
See page 10 for details \$ _____

3. Total Federal Tax \$ _____

British Columbia Tax Calculation

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

Taxable Income	BC Tax
0 to \$32,476	6.05%
\$32,476 to \$64,954	\$1,965 plus 9.15% of the amount over \$32,476
\$64,954 to \$74,575	\$4,937 plus 11.7% of the amount over \$64,954
\$74,575 to \$90,555	\$6,062 plus 13.7% of the amount over \$74,575
\$90,555 and over	\$8,251 plus 14.7% of the amount over \$90,555

2. Reduce tax by total personal tax credits
See page 10 for details \$ _____

3. Total BC Tax \$ _____

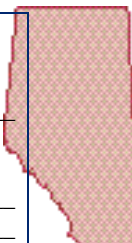
Alberta Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below \$ _____
- | Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$35,000 | 16% |
| \$35,000 to \$70,000 | \$5,600 plus 22% of the amount over \$35,000 |
| \$70,000 to \$113,804 | \$13,300 plus 26% of the amount over \$70,000 |
| \$113,804 and over | \$24,689 plus 29% of the amount over \$113,804 |
2. Reduce tax by total personal tax credits
See page 10 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 10 for details \$ _____
3. Total Alberta Tax \$ _____



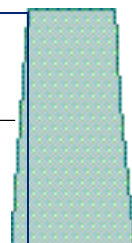
Saskatchewan Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below \$ _____
- | Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$35,000 | 16% |
| \$35,000 to \$70,000 | \$5,600 plus 22% of the amount over \$35,000 |
| \$70,000 to \$113,804 | \$13,300 plus 26% of the amount over \$70,000 |
| \$113,804 and over | \$24,689 plus 29% of the amount over \$113,804 |
2. Reduce tax by total personal tax credits
See page 10 for details \$ _____
3. Total Federal Tax \$ _____

Saskatchewan Tax Calculation

1. Calculate Sask. tax using the table below \$ _____
- | Taxable Income | Sask. Tax |
|-----------------------|--|
| 0 to \$36,155 | 11% |
| \$36,155 to \$103,300 | \$3,977 plus 13% of the amount over \$36,155 |
| \$103,300 and over | \$12,706 plus 15% of the amount over \$103,300 |
2. Reduce tax by total personal tax credits
See page 10 for details \$ _____
3. Total Saskatchewan Tax \$ _____



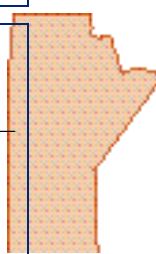
Manitoba Residents

Federal Tax Calculation

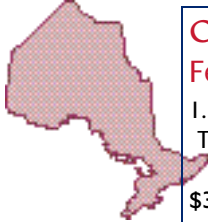
1. Calculate Federal tax using the table below \$ _____
- | Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$35,000 | 16% |
| \$35,000 to \$70,000 | \$5,600 plus 22% of the amount over \$35,000 |
| \$70,000 to \$113,804 | \$13,300 plus 26% of the amount over \$70,000 |
| \$113,804 and over | \$24,689 plus 29% of the amount over \$113,804 |
2. Reduce tax by total personal tax credits
See page 10 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 14.0% of the amount over \$30,544 |
| \$65,000 and over | \$8,153 plus 17.4% of the amount over \$65,000 |
2. Reduce tax by total personal tax credits
See page 10 for details \$ _____
3. Total Manitoba Tax \$ _____



2004 Personal Income Tax Rates



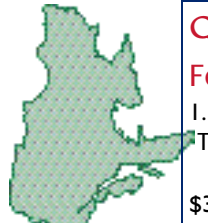
Ontario Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below		\$ _____
Taxable Income	Federal Tax	
0 to \$35,000	16%	
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000	
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000	
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804	
2. Reduce tax by total personal tax credits See page 10 for details		\$ _____
3. Total Federal Tax		\$ _____

Ontario Tax Calculation

1. Calculate Ontario tax using the table below		\$ _____
Taxable Income	Ontario Tax	
0 to \$33,375	6.05%	
\$33,375 to \$66,752	\$2,019 plus 9.15% of the amount over \$33,375	
\$66,752 and over	\$5,073 plus 11.16% of the amount over \$66,752	
2. Reduce tax by total personal tax credits See page 10 for details		\$ _____
3. Basic Ontario Tax (BOT)		\$ _____
4. Add: Ontario Surtax		
	◆ 20% of BOT over \$3,856 plus	\$ _____
	◆ 36% of BOT over \$4,864	\$ _____
5. Total Ontario Tax		\$ _____



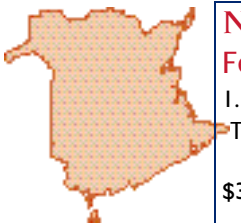
Québec Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below		\$ _____
Taxable Income	Federal Tax	
0 to \$35,000	16%	
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000	
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000	
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804	
2. Reduce tax by total personal tax credits See page 10 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 \$27,635	16%	
\$27,635 to \$55,280	\$4,422 plus 20% of the amount over \$27,635	
\$55,280 and over	\$9,951 plus 24% of the amount over \$55,280	
2. Reduce tax by total personal tax credits See page 10 for details		\$ _____
3. Reduce tax by Québec tax reduction, equal to \$1,500 for a couple with children and \$1,195 for a single-parent family. Credit is reduced by 3% of family income in excess of \$27,635		\$ _____
4. Total Québec Tax		\$ _____



New Brunswick Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below		\$ _____
Taxable Income	Federal Tax	
0 to \$35,000	16%	
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000	
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000	
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804	
2. Reduce tax by total personal tax credits See page 10 for details		\$ _____
3. Total Federal Tax		\$ _____

New Brunswick Tax Calculation

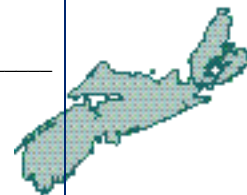
1. Calculate NB tax using the table below		\$ _____
Taxable Income	NB Tax	
0 to \$32,183	9.68%	
\$32,183 to \$64,368	\$3,115 plus 14.82% of the amount over \$32,183	
\$64,368 to \$104,648	\$7,885 plus 16.52% of the amount over \$64,368	
\$104,648 and over	\$14,539 plus 17.84% of the amount over \$104,648	
2. Reduce tax by total personal tax credits See page 11 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 \$35,000	16%	
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000	
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000	
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804	
2. Reduce tax by total personal tax credits		
See page 10 for details		\$ _____
3. Total Federal Tax		\$ _____

Nova Scotia Tax Calculation

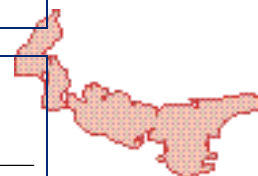
1. Calculate NS tax using the table below		\$ _____
Taxable Income	NS Tax	
0 to \$29,590	8.79%	
\$29,590 to \$59,180	\$ 2,601 plus 14.95% of the amount over \$29,590	
\$59,180 to \$93,000	\$ 7,025 plus 16.67% of the amount over \$59,180	
\$93,000 and over	\$12,662 plus 17.50 % of the amount over \$93,000	
2. Reduce tax by total personal tax credits		
See page 11 for details		\$ _____
3. Basic NS Tax (BNST)		\$ _____
4. Add: NS 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 \$35,000	16%	
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000	
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000	
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804	
2. Reduce tax by total personal tax credits		
See page 10 for details		\$ _____
3. Total Federal Tax		\$ _____

Prince Edward Island Tax Calculation

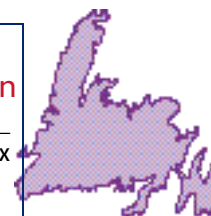
1. Calculate PEI tax using the table below		\$ _____
Taxable Income	PEI Tax	
0 to \$30,754	9.8%	
\$30,754 to \$61,509	\$3,014 plus 13.8% of the amount over \$30,754	
\$61,509 and over	\$7,258 plus 16.7% of the amount over \$61,509	
2. Reduce tax by total personal tax credits		
See page 11 for details		\$ _____
3. Basic PEI Tax (BPEIT)		\$ _____
4. Add: PEI Surtax		
◆ 10% of BPEIT over \$5,200		\$ _____
5. Total Prince Edward Island Tax		\$ _____

**Newfoundland and Labrador Residents****Federal Tax Calculation**

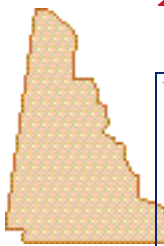
1. Calculate Federal tax using the table below		\$ _____
Taxable Income	Federal Tax	
0 to \$35,000	16%	
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000	
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000	
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804	
2. Reduce tax by total personal tax credits		
See page 10 for details		\$ _____
3. Total Federal Tax		\$ _____

Newfoundland and Labrador Tax Calculation

1. Calculate Nfld. 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 11 for details		\$ _____
3. Basic Newfoundland and Labrador Tax (BNLT)		\$ _____
4. Add: Newfoundland and Labrador Surtax		
◆ 9% of BNLT over \$7,032		\$ _____
5. Total Newfoundland and Labrador Tax		\$ _____



2004 Personal Income Tax Rates



Yukon Residents

Federal Tax Calculation

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

Taxable Income	Federal Tax
0 to \$35,000	16%
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804

2. Reduce tax by total personal tax credits
See page 10 for details \$ _____

3. Total Federal Tax \$ _____

Yukon Tax Calculation

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

Taxable Income	Yukon Tax
0 to \$35,000	7.04%
\$35,000 to \$70,000	\$2,464 plus 9.68% of the amount over \$35,000
\$70,000 to \$113,804	\$5,852 plus 11.44% of the amount over \$70,000
\$113,804 and over	\$10,863 plus 12.76% of the amount over \$113,804

2. Reduce tax by total personal tax credits
See page 11 for details \$ _____

3. Basic Yukon Tax (BYT) \$ _____

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

5. Total Yukon Tax \$ _____



Northwest Territories (NWT) Residents

Federal Tax Calculation

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

Taxable Income	Federal Tax
0 to \$35,000	16%
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804

2. Reduce tax by total personal tax credits
See page 10 for details \$ _____

3. Total Federal Tax \$ _____

NWT Tax Calculation

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

Taxable Income	NWT Tax
0 to \$33,245	7.2%
\$33,245 to \$66,492	\$2,394 plus 9.9% of the amount over \$33,245
\$66,492 to \$108,101	\$5,685 plus 11.95% of the amount over \$66,492
\$108,101 and over	\$10,657 plus 13.55% of the amount over \$108,101

2. Reduce tax by total personal tax credits
See page 11 for details \$ _____

3. Total NWT Tax \$ _____



Nunavut Residents

Federal Tax Calculation

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

Taxable Income	Federal Tax
0 to \$35,000	16%
\$35,000 to \$70,000	\$5,600 plus 22% of the amount over \$35,000
\$70,000 to \$113,804	\$13,300 plus 26% of the amount over \$70,000
\$113,804 and over	\$24,689 plus 29% of the amount over \$113,804

2. Reduce tax by total personal tax credits
See page 10 for details \$ _____

3. Total Federal Tax \$ _____

Nunavut Tax Calculation

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

Taxable Income	Nunavut Tax
0 to \$35,000	4%
\$35,000 to \$70,000	\$1,400 plus 7% of the amount over \$35,000
\$70,000 to \$113,804	\$3,850 plus 9% of the amount over \$70,000
\$113,804 and over	\$7,792 plus 11.5% of the amount over \$113,804

2. Reduce tax by total personal tax credits
See page 11 for details \$ _____

3. Total Nunavut Tax \$ _____

2004 Combined Federal, Provincial and Territorial Tax Brackets

Use the tables on pages 7 and 8 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 10 and 11). 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 Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 32,476	\$ 0	22.05	4.52	11.03
32,476	35,000	7,161	25.15	8.39	12.58
35,000	64,954	7,796	31.15	15.89	15.58
64,954	70,000	17,126	33.70	19.08	16.85
70,000	74,575	18,827	37.70	24.08	18.85
74,575	90,555	20,552	39.70	26.58	19.85
90,555	113,804	26,896	40.70	27.83	20.35
113,804	and over	36,358	43.70	31.58	21.85

Alberta

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 35,000	\$ 0	26.00	7.83	13.00
35,000	70,000	9,100	32.00	15.33	16.00
70,000	113,804	20,300	36.00	20.33	18.00
113,804	and over	36,069	39.00	24.08	19.50

Saskatchewan

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 35,000	\$ 0	27.00	7.08	13.50
35,000	36,155	9,450	33.00	14.58	16.50
36,155	70,000	9,831	35.00	17.08	17.50
70,000	103,300	21,677	39.00	22.08	19.50
103,300	113,804	34,664	41.00	24.58	20.50
113,804	and over	38,971	44.00	28.33	22.00

Manitoba

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 30,544	\$ 0	26.90	10.71	13.45
30,544	35,000	8,216	30.00	14.58	15.00
35,000	65,000	9,553	36.00	22.08	18.00
65,000	70,000	20,353	39.40	26.33	19.70
70,000	113,804	22,323	43.40	31.33	21.70
113,804	and over	41,334	46.40	35.08	23.20

Ontario

(does not include Ontario Health Premium)

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 33,375	\$ 0	22.05	4.48	11.03
33,375	35,000	7,359	25.15	8.36	12.58
35,000	58,768	7,768	31.15	15.86	15.58
58,768	66,752	15,172	32.98	16.86	16.49
66,752	69,238	17,805	35.39	19.88	17.70
69,238	70,000	18,685	39.41	22.59	19.70
70,000	113,804	18,985	43.41	27.59	21.70
113,804	and over	38,000	46.41	31.34	23.20

Québec

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 27,635	\$ 0	29.36	9.24	14.68
27,635	35,000	8,114	33.36	14.24	16.68
35,000	55,280	10,571	38.37	20.51	19.19
55,280	70,000	18,352	42.37	25.51	21.19
70,000	113,804	24,589	45.71	29.68	22.86
113,804	and over	44,612	48.22	32.81	24.11

2004 Combined Federal, Provincial and Territorial Tax Brackets

New Brunswick

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 32,183	\$ 0	25.68	10.81	12.84
32,183	35,000	8,265	30.82	17.23	15.41
35,000	64,368	9,132	36.82	24.73	18.41
64,368	70,000	19,946	38.52	26.86	19.26
70,000	104,648	22,116	42.52	31.86	21.26
104,648	113,804	36,848	43.84	33.51	21.92
113,804	and over	40,862	46.84	37.26	23.42

Nova Scotia

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 29,590	\$ 0	24.79	4.69	12.40
29,590	35,000	7,335	30.95	12.39	15.48
35,000	59,180	9,010	36.95	19.89	18.48
59,180	70,000	17,944	38.67	22.04	19.34
70,000	80,841	22,128	42.67	27.04	21.34
80,841	93,000	26,754	44.34	28.17	22.17
93,000	113,804	32,145	45.25	29.31	22.63
113,804	and over	41,559	48.25	33.06	24.13

PEI

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 30,754	\$ 0	25.80	5.96	12.90
30,754	35,000	7,935	29.80	10.96	14.90
35,000	51,858	9,200	35.80	18.46	17.90
51,858	61,509	15,235	37.18	19.22	18.59
61,509	70,000	18,823	40.37	23.21	20.19
70,000	113,804	22,251	44.37	28.21	22.19
113,804	and over	41,687	47.37	31.96	23.69

Newfoundland and Labrador

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 29,590	\$ 0	26.57	10.29	13.29
29,590	35,000	7,862	32.16	17.28	16.08
35,000	58,595	9,602	38.16	24.78	19.08
58,595	59,180	18,606	39.61	26.04	19.81
59,180	70,000	18,838	41.64	28.57	20.82
70,000	113,804	23,343	45.64	33.57	22.82
113,804	and over	43,335	48.64	37.32	24.32

Yukon

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 35,000	\$ 0	23.04	4.76	11.52
35,000	70,000	8,064	31.68	15.56	15.84
70,000	76,244	19,152	37.44	22.76	18.72
76,244	113,804	21,482	38.01	23.10	19.01
113,804	and over	35,767	42.40	28.59	21.20

Northwest Territories

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 33,245	\$ 0	23.20	4.83	11.60
33,245	35,000	7,713	25.90	8.21	12.95
35,000	66,492	8,167	31.90	15.71	15.95
66,492	70,000	18,213	33.95	18.27	16.98
70,000	108,101	19,404	37.95	23.27	18.98
108,101	113,804	33,864	39.55	25.27	19.78
113,804	and over	36,119	42.55	29.02	21.28

Nunavut

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 35,000	\$ 0	20.00	3.33	10.00
35,000	70,000	7,000	29.00	14.58	14.50
70,000	113,804	17,150	35.00	22.08	17.50
113,804	and over	32,481	40.50	28.96	20.25

Non-Resident

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 35,000	\$ 0	23.68	-	11.84
35,000	70,000	8,288	32.56	-	16.28
70,000	113,804	19,684	38.48	-	19.24
113,804	and over	36,540	42.92	-	21.46

RRSP Contribution Limits ⁽¹⁾

Year	Dollar Limit	Income Level ⁽²⁾
2004	\$15,500	\$86,111
2005	16,500	91,667
2006	18,000	100,000
2007	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⁾
2004	\$1,833	\$16,500
2005	2,000	18,000
2006	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.

Ontario Health Premiums

The Ontario government introduced health premiums in its 2004 budget. Unlike existing 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	2004 Taxation Year	2005 and Subsequent Taxation Years
Up to \$20,000	--	--
\$20,000 - \$25,000	3% of TI over \$20,000	6% of TI over \$20,000
\$25,000 - \$36,000	\$150	\$300
\$36,000 - \$38,500	\$150 plus 3% of TI over \$36,000	\$300 plus 6% of TI over \$36,000
\$38,500 - \$48,000	\$225	\$450
\$48,000 - \$48,600	\$225 plus 12.5% of TI over \$48,000	\$450 plus 25% of TI over \$48,000
\$48,600 - \$72,000	\$300	\$600
\$72,000 - \$72,600	\$300 plus 12.5% of TI over \$72,000	\$600 plus 25% of TI over \$72,000
\$72,600 - \$200,000	\$375	\$750
\$200,000 - \$200,600	\$375 plus 12.5% of TI over \$200,000	\$750 plus 25% of TI over \$200,000
More than \$200,600	\$450	\$900

** TI = taxable income

2004 Equivalent Pre-Tax Yields for Interest, Dividends and Capital Gains

This table compares, at various rates of interest, the equivalent pre-tax dividend or capital gain yield required at the top marginal tax rate for each province/territory to provide the same after-tax cash flow.

	Interest at 4%		Interest at 6%		Interest at 8%		Interest at 10%		Interest at 12%	
	Dividend Rate	Capital Gain Rate	Dividend Rate	Capital Gain Rate	Dividend Rate	Capital Gain Rate	Dividend Rate	Capital Gain Rate	Dividend Rate	Capital Gain Rate
British Columbia	3.29%	2.88%	4.94%	4.32%	6.58%	5.76%	8.23%	7.20%	9.87%	8.64%
Alberta	3.21%	3.03%	4.82%	4.55%	6.43%	6.06%	8.03%	7.58%	9.64%	9.09%
Saskatchewan	3.13%	2.87%	4.69%	4.31%	6.25%	5.74%	7.81%	7.18%	9.38%	8.62%
Manitoba	3.30%	2.79%	4.95%	4.19%	6.61%	5.58%	8.26%	6.98%	9.91%	8.38%
Ontario	3.12%	2.79%	4.68%	4.19%	6.24%	5.58%	7.81%	6.98%	9.37%	8.37%
Québec	3.08%	2.73%	4.62%	4.09%	6.17%	5.46%	7.71%	6.82%	9.25%	8.19%
New Brunswick	3.39%	2.78%	5.08%	4.17%	6.78%	5.55%	8.47%	6.94%	10.17%	8.33%
Nova Scotia	3.09%	2.73%	4.64%	4.09%	6.18%	5.46%	7.73%	6.82%	9.28%	8.19%
Prince Edward Island	3.09%	2.76%	4.64%	4.14%	6.19%	5.52%	7.74%	6.90%	9.28%	8.28%
Newfoundland and Labrador	3.28%	2.71%	4.92%	4.07%	6.56%	5.43%	8.19%	6.79%	9.83%	8.14%
Yukon	3.23%	2.92%	4.84%	4.39%	6.45%	5.85%	8.07%	7.31%	9.68%	8.77%
Northwest Territories	3.24%	2.92%	4.86%	4.38%	6.48%	5.84%	8.09%	7.30%	9.71%	8.76%
Nunavut	3.35%	2.98%	5.03%	4.48%	6.70%	5.97%	8.38%	7.46%	10.05%	8.95%

2004 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 credit, add up the credits you're eligible for and apply the tax credit multiplier.

	Fed.	BC	Alta.	Sask. ⁽²⁾	Man.	Ont.	Qué. ⁽⁴⁾
Tax Credit Multiplier	16%	6.05%	10%	11%	10.9%	6.05%	20%
Personal credit amount	\$8,012	\$8,523	\$14,337	\$8,264	\$7,634	\$8,044	\$6,275
Spouse/Common law partner Reduction threshold	6,803 681	7,298 730	14,337 0	8,264 826	6,482 649	6,830 683	(5)
Eligible dependant amount Reduction threshold	6,803 681	7,298 730	14,337 0	8,264 826	6,482 649	6,830 683	(6)
Age credit Reduction-15% of inc. over	3,912 29,124	3,822 28,450	4,022 29,942	3,912 ⁽³⁾ 29,124	3,728 27,749	3,928 29,237	2,200 27,635
Disability credit amount Self Dependant (maximum) ⁽¹⁾	6,486 10,270	6,392 10,121	6,668 10,558	6,486 10,270	6,180 9,785	6,499 10,290	2,200 2,200
Disabled/infirm dependant Age 18 (19 in Québec) and over Reduction threshold	3,784 5,368	3,730 5,940	3,890 5,519	3,784 5,368	3,605 5,115	3,791 5,390	6,275 N/A
Caregiver credit Reduction threshold	3,784 12,921	3,730 12,621	3,890 13,284	3,784 12,921	3,605 12,312	3,791 12,971	N/A N/A
Pension credit amount	1,000	1,000	1,111	1,000	1,000	1,112	1,000
Education credit Full-time amount per month Part-time amount per month	400 120	200 60	445 133	400 120	400 120	433 130	N/A N/A
CPP/QPP credit (max. amt.)	1,832	1,832	1,832	1,832	1,832	1,832	1,832
EI credit (maximum amount)	772	772	772	772	772	772	772
Other credits	Payment	Payment	Payment	Payment	Payment	Payment	Payment
Medical credit Reduction threshold	Amt. Paid 1,813	Amt. Paid 1,772	Amt. Paid 1,865	Amt. Paid 1,813	Amt. Paid 1,755	Amt. Paid 1,821	Amt. Paid 0
Donation credit rate On first \$200 (Qué-\$2,000) On balance	16% 29%	6.05% 14.7%	10% 12.75%	11% 15%	10.9% 17.4%	6.05% 11.16%	20% 24%
Dividend tax credit - on actual amount received	16 2/3%	6.375%	8%	10%	6.25%	6.4125%	13.5375%

Notes:

1. Except for Québec, the credit is for minor dependants and is subject to a reduction based on child care and attendant care expenses (subject to 2004 federal budget changes). In Québec, the credit is for an infirm dependant of any age.
2. Saskatchewan allows a child amount of \$2,583 for each child under the age of 18 at any time during the year 2004. 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 \$1,033, regardless of their estimated income.
4. A simplified system can also apply. Amounts shown are under the general system.

	NB	NS	PEI ⁽⁷⁾	Nfld.	Yukon	NWT	Nunavut
Tax Credit Multiplier	9.68%	8.79%	9.8%	10.57%	7.04%	7.2%	4.0%
Personal credit amount	7,756	7,231	7,412	\$7,410	\$8,012	\$11,415	\$10,495
Spouse/Common law partner Reduction threshold	6,586 659	6,140 614	6,294 629	6,055 606	6,803 681	11,415 0	10,495 0
Eligible dependant amount Reduction threshold	6,586 659	6,140 614	6,294 629	6,055 606	6,803 681	11,415 0	10,495 0
Age credit Reduction-15% of inc. over	3,787 28,193	3,531 26,284	3,619 26,941	3,482 25,921	3,912 29,124	5,583 29,124	7,871 29,124
Disability credit amount Self Dependant (maximum) ⁽¹⁾	6,279 9,942	4,293 7,234	5,400 8,415	5,000 7,353	6,486 10,270	9,257 13,041	10,495 14,279
Disabled/infirm dependant Age 18 (19 in Québec) and over Reduction threshold	3,663 5,197	2,386 4,845	2,446 4,966	2,353 5,057	3,784 5,368	3,784 5,368	3,784 5,368
Caregiver credit Reduction threshold	3,663 12,509	4,176 11,661	2,446 11,953	2,353 11,500	3,784 12,921	3,784 12,921	3,784 12,921
Pension credit amount	1,000	1,000	1,000	1,000	1,000	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.)	1,832	1,832	1,832	1,832	1,832	1,832	1,832
EI credit (maximum amount)	772	772	772	772	772	772	772
Other credits	Payment	Payment	Payment	Payment	Payment	Payment	Payment
Medical credit Reduction threshold	Amt. Paid 1,755	Amt. Paid 1,637	Amt. Paid 1,678	Amt. Paid 1,614	Amt. Paid 1,813	Amt. Paid 1,813	Amt. Paid 1,813
Donation credit rate On first \$200 (Qué-\$2,000) On balance	9.68% 17.84%	8.79% 17.50%	9.8% 16.7%	10.57% 18.02%	7.04% 12.76%	7.2% 13.55%	4% 11.5%
Dividend tax credit - on actual amount received	4.625%	9.625%	9.625%	6.25%	7.375%	7.5%	5%

Notes:

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 \$1,115.
 - ◆ Amount for other adult dependants \$2,550 (no infirmity test).
 - ◆ Dependent children - \$2,765 for the first child, \$2,550 for each additional child plus \$1,380 for a single parent family.
 - ◆ Credit for children engaged in post-secondary studies, \$1,755 per term.
7. PEI allows a non-refundable credit of \$500 for a couple (\$250 for an individual) plus \$200 per child. The credit is reduced by 5% of family income in excess of \$15,000.

2004 Quick Estimate Table

Estimates include basic personal tax credit. For other tax credits, see pages 10 and 11. Low-income tax reductions and refundable provincial/territorial credits are not included.

Income Level	BC	Alta.	Sask.	Man.	Ont.	Qué.	NB
10,000	407	318	509	576	436	611	535
15,000	1,510	1,184	1,859	1,921	1,539	2,079	1,819
20,000	2,612	2,484	3,209	3,266	2,641	3,547	3,103
25,000	3,715	3,784	4,559	4,611	3,744	5,015	4,387
30,000	4,817	5,084	5,909	5,956	4,846	6,578	5,671
35,000	5,998	6,384	7,259	7,439	5,999	8,246	7,100
40,000	7,556	7,984	8,986	9,239	7,557	10,164	8,941
45,000	9,113	9,584	10,736	11,039	9,114	12,083	10,782
50,000	10,671	11,184	12,486	12,839	10,672	14,001	12,623
55,000	12,228	12,784	14,236	14,639	12,229	15,920	14,464
60,000	13,786	14,384	15,986	16,439	13,809	18,027	16,305
65,000	15,345	15,984	17,736	18,239	15,458	20,146	18,157
70,000	17,030	17,584	19,486	20,209	17,216	22,264	20,083
75,000	18,923	19,384	21,436	22,379	19,386	24,550	22,209
80,000	20,908	21,184	23,386	24,549	21,557	26,835	24,335
85,000	22,893	22,984	25,336	26,719	23,727	29,121	26,461
90,000	24,878	24,784	27,286	28,889	25,898	31,406	28,587
95,000	26,907	26,584	29,236	31,059	28,068	33,692	30,713
100,000	28,942	28,384	31,186	33,229	30,239	35,977	32,839
105,000	30,977	30,184	33,170	35,399	32,409	38,263	34,969
110,000	33,012	31,984	35,220	37,569	34,580	40,548	37,161
113,804	34,560	33,354	36,780	39,220	36,231	42,287	38,829
Top Combined Marginal Rates							
Regular income	43.70%	39.00%	44.00%	46.40%	46.41%	48.22%	46.84%
Dividends	31.58%	24.08%	28.33%	35.08%	31.34%	32.81%	37.26%
Capital gains	21.85%	19.50%	22.00%	23.20%	23.20%	24.11%	23.42%

2004 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	1.98%	2.77%	\$772.20	\$1,080.30

Income Level	NS	PEI	Nfld.	Yukon	NWT	Nunavut
10,000	561	572	592	458	318	318
15,000	1,801	1,862	1,920	1,610	1,376	1,298
20,000	3,040	3,152	3,249	2,762	2,536	2,298
25,000	4,280	4,442	4,577	3,914	3,696	3,298
30,000	5,545	5,732	5,929	5,066	4,856	4,298
35,000	7,092	7,192	7,537	6,218	6,064	5,298
40,000	8,940	8,982	9,445	7,802	7,659	6,748
45,000	10,787	10,772	11,353	9,386	9,254	8,198
50,000	12,635	12,562	13,261	10,970	10,849	9,648
55,000	14,482	14,395	15,169	12,554	12,444	11,098
60,000	16,344	16,254	17,113	14,138	14,039	12,548
65,000	18,278	18,224	19,195	15,722	15,634	13,998
70,000	20,211	20,243	21,278	17,306	17,300	15,448
75,000	22,345	22,461	23,560	19,178	19,198	17,198
80,000	24,478	24,680	25,842	21,072	21,095	18,948
85,000	26,681	26,898	28,124	22,972	22,993	20,698
90,000	28,898	29,117	30,406	24,873	24,890	22,448
95,000	31,132	31,335	32,688	26,773	26,788	24,198
100,000	33,395	33,554	34,970	28,674	28,685	25,948
105,000	35,657	35,772	37,253	30,575	30,583	27,698
110,000	37,920	37,991	39,535	32,475	32,511	29,448
113,804	39,641	39,678	41,270	33,921	34,015	30,780
Top Combined Marginal Rates						
Regular income	48.25%	47.37%	48.64%	42.40%	42.55%	40.50%
Dividends	33.06%	31.96%	37.32%	28.59%	29.02%	28.96%
Capital gains	24.13%	23.69%	24.32%	21.20%	21.28%	20.25%

2004 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
\$40,500	\$3,500	\$37,000	4.95%	\$1,831.50	\$3,663.00

2004 Corporate Income Tax Facts and Figures

The rates shown are nominal tax rates as at July 1, 2004, as announced to June 21, 2004. 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%	\$250,000	35.79%	22.12%	22.12%
Provincial					
British Columbia	4.50	300,000	13.50	13.50	13.50
Alberta	3.00	400,000	11.50	11.50	11.50
Saskatchewan	5.50	300,000	17.00	10.00	17.00
Manitoba	5.00	360,000	15.50	15.50	15.50
Ontario	5.50	400,000	14.00	12.00	14.00
Québec	8.90	N/A	16.25	8.90	8.90
New Brunswick	2.50	425,000	13.00	13.00	13.00
Nova Scotia	5.00	250,000	16.00	16.00	16.00
Prince Edward Island	7.50	250,000	16.00	7.50	16.00
Newfoundland and Labrador	5.00	250,000	14.00	5.00	14.00
Yukon	6.00	250,000	15.00	2.50	15.00
NWT	4.00	250,000	14.00	14.00	14.00
Nunavut	4.00	250,000	12.00	12.00	12.00

Notes:

Federal

- ◆ The rate on active business income (ABI) up to \$250,000 is subject to a clawback if prior year's taxable capital for the Large Corporations Tax exceeds \$10 mil. This small business income (SBI) threshold was increased from \$200,000 to \$225,000 effective Jan. 1, 2003 and to \$250,000 effective Jan. 1, 2004. It will be further increased to \$300,000 effective Jan. 1, 2005.
- ◆ Prior to 2004, the tax rate on ABI between \$200,000 and \$300,000 was reduced from 29.12% to 22.12% (effective Jan. 1, 2001). The 22.12% rate applied on ABI exceeding the small business limit, but less than \$300,000.
- ◆ 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 28.12% to 26.12% effective Jan. 1, 2002, to 24.12% effective Jan. 1, 2003 and 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.

British Columbia

- ◆ Rate on ABI up to the SBI threshold was reduced from 4.75% effective Jan. 1, 2001. The SBI threshold was increased to \$300,000 effective Apr. 1, 2002.
- ◆ Rate on all other income was reduced from 16.5% effective Jan. 1, 2002.

Alberta

- ◆ Rate on ABI up to the SBI threshold was reduced from 6.0% to 5.0%, effective Apr. 1, 2001, to 4.5% effective Apr. 1, 2002 and to 4.0% effective Apr. 1, 2003. Rate was further reduced to 3.0% effective Apr. 1, 2004.
- ◆ The SBI threshold was increased from \$200,000 to \$300,000, effective Apr. 1, 2001, to \$350,000 effective Apr. 1, 2002 and to \$400,000 effective Apr. 1, 2003.
- ◆ Rate on other income was reduced from 15.5% (14.5% for M&P) to 13.5% effective Apr. 1, 2001, to 13.0% effective Apr. 1, 2002 and to 12.5% effective Apr. 1, 2003. Rate was further reduced to 11.5% effective Apr. 1, 2004.

Saskatchewan

- ◆ Rate on ABI up to the SBI threshold was reduced from 8.0% to 6% effective Jul. 1, 2001 and to 5.5% on Jan. 1, 2004. Rate will be further reduced to 5% on Jan. 1, 2005. The SBI threshold was increased from \$200,000, effective Jan. 1, 2002.

Manitoba

- ◆ Rate on ABI up to SBI threshold was reduced from 6% to 5% effective Jan. 1, 2002. The rate will be further reduced to 4.5% effective Jan. 1, 2006. The SBI threshold was increased from \$200,000 to \$300,000 effective Jan. 1, 2002, to \$320,000 effective Jan. 1, 2003 and to \$360,000 effective Jan. 1, 2004. It will further increase to \$400,000 effective Jan. 1, 2005.
- ◆ Rate on all other income was reduced from 17% to 16.5% effective Jan. 1, 2002, to 16% effective Jan. 1, 2003 and to 15.5% on Jan. 1, 2004. The rate will be further reduced to 15% on Jan. 1, 2005 and to 14.5% effective Jan. 1, 2006.

Ontario

- ◆ Rate on ABI up to the SBI threshold was reduced from 6.5% to 6% effective Oct. 1, 2001 and to 5.5% effective Jan. 1, 2003.
- ◆ The SBI threshold was increased from \$240,000 to \$280,000 on Oct. 1, 2001, to \$320,000 effective Jan. 1, 2003 and to \$400,000 effective Jan. 1, 2004. Lower rate on ABI is subject to clawback based on taxable income over the SBI limit at 4.667% for 2004.
- ◆ Rate on M&P income was reduced from 12% to 11% effective Oct. 1, 2001. Rate increased to 12% effective Jan. 1, 2004.
- ◆ Rate on all other income was reduced from 14% to 12.5% effective Oct. 1, 2001. Rate increased to 14% effective Jan. 1, 2004.

Québec

- ◆ The Youth Fund surtax of 1.6% was applicable to all corporate income tax for the period Mar. 15, 2000 to Mar. 14, 2003.
- ◆ Rate of 16.25% applies for non-business income.

New Brunswick

- ◆ Rate on ABI up to the SBI threshold was reduced from 4.5% to 4% effective Jan. 1, 2001, to 3.5% effective Jul. 1, 2002 and to 3.0% effective Jan. 1, 2003. The rate was further reduced to 2.5% effective Jul. 1, 2004.
- ◆ The SBI threshold was increased from \$200,000 to \$300,000 effective Jan. 1, 2001, to \$350,000 effective Jul. 1, 2002 and to \$400,000 effective Jan. 1, 2003. The SBI threshold was further increased to \$425,000 effective Jul. 1, 2004.
- ◆ Rate on all other income was reduced from 17% to 16% effective Jan. 1, 2001, to 14.5% effective Jul. 1, 2002 and to 13% effective Jan. 1, 2003.

Nova Scotia

- ◆ The SBI threshold will follow the federal increase (see federal notes).

Prince Edward Island

- ◆ The SBI threshold will follow the federal increase (see federal notes).

Newfoundland and Labrador

- ◆ The SBI threshold will follow the federal increase (see federal notes).

Yukon

- ◆ Rate for ABI from M & P activities is 2.5%.
- ◆ Rate on ABI up to the SBI threshold will be reduced to 4%, effective Jan. 1, 2005. The SBI threshold will follow the federal SBI threshold increase (see federal notes), and will further increase to \$400,000 effective Jan. 1, 2007.

Northwest Territories

- ◆ Rate on ABI up to the SBI threshold was reduced from 5.0% effective Jul. 1, 2002. The SBI threshold will follow the federal SBI threshold increase (see federal notes).
- ◆ Rate on all other income was reduced from 14.0% to 12.0% effective Jul. 1, 2002, and returned to 14% effective Jan. 1, 2004.

Nunavut

- ◆ Rate on ABI up to the SBI threshold was reduced from 5.0% effective Jan. 1, 2002. Rate on all other income was reduced from 14.0% effective Jan. 1, 2002. The SBI threshold will follow the federal SBI threshold increase (see federal notes).

Payroll Tax

The following jurisdictions levy a payroll tax on remuneration for individuals employed in that jurisdiction. Tax rates for 2004 are listed below (as announced to June 21, 2004). Tax is payable by the employer (except for the NWT/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 payment. 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. 3. Low rate applies for payrolls of less than \$1 million and is phased out for payrolls between \$1 million and \$5 million. 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. 5. Effective Jan. 1, 2005, the payroll tax rate will increase to 2.0%.
Ont. ⁽²⁾	0.98 - 1.95	
Que. ⁽³⁾	2.7 - 4.26	
Nfld. ⁽⁴⁾	2.0	
NWT ⁽⁵⁾	1.0	
Nunavut	1.0	

Sales Tax

(Based on rates announced to June 21, 2004)

Jurisdiction ⁽¹⁾	Sales Tax Rate (%)	Combined Rates (%)	Notes:
Federal	7	7	1. Alberta, Nunavut, the Yukon and the Northwest Territories do not impose a sales tax. 2. Rate increased from 6% effective Apr. 1, 2004. 3. Québec and PEI levy sales tax on taxable goods (and services where applicable) on the actual cost including GST. Consequently, the combined tax rate in Québec is 15.025% and 17.7% in PEI. All other provinces calculate PST independent of GST. 4. These provinces have harmonized their sales tax systems with the 7% GST to produce a combined federal/provincial rate of 15%.
BC	7.5	14.5	
Sask.	7 ⁽²⁾	14	
Man.	7	14	
Ont.	8	15	
Qué. ⁽³⁾	7.5	15.025	
NB, NS & Nfld. ⁽⁴⁾	8.0	15	
PEI ⁽³⁾	10	17.7	

2004 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, 2004 (as announced to June 21, 2004). 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	0.200 ⁽¹⁾	0.200 ⁽¹⁾	<ol style="list-style-type: none"> Large Corporations Tax (LCT) applies to taxable capital over \$10 million. The Federal surtax is creditable against the LCT. The Large Corporations Tax will be eliminated after 2007. This change will be implemented by increasing the threshold for application of the tax to \$50 million of capital, for taxation years ending after 2003, and by reducing the rate of tax over the period 2004 to 2008. The rate is reduced from 0.225% to 0.200% effective Jan. 1, 2004. The rate will be further reduced as follows: 2005 - 0.175%, 2006 - 0.125%, 2007 - 0.0625% and 2008 - nil. Rate was reduced to 0.15% on Sept. 1, 2001 and the tax was eliminated on Sept. 1, 2002. Taxable capital under \$10 million is exempt. Effective Jan. 1, 2002, an exemption increase of \$5 million (will be increased to \$10 million by 2005) applies based upon the proportion of total salaries and wages that are paid in Saskatchewan. A special 3.6% tax may be charged on resource company revenues. Rate is 0.3% on the first \$10 million of taxable capital plus, 0.5% on the excess. The \$5 million capital tax exemption was converted to a \$5 million deduction for fiscal years commencing after Jan. 1, 2004. As a result of this conversion, all corporations will only pay the tax on capital in excess of \$5 million. A \$5 million deduction from taxable capital currently applies, however steps will be taken to gradually eliminate capital tax by 2012. The deduction will be increased by \$2.5 million each year starting Jan. 1, 2004 until it reaches \$15 million on Jan. 1, 2008. The tax rate will then be reduced as follows: from 0.300% to 0.225% on Jan. 1, 2009, to 0.150% on Jan. 1, 2010, to 0.075% on Jan. 1, 2011 and to nil on Jan. 1, 2012. Rate was reduced from 0.64% on Jan. 1, 2003. A deduction from paid-up capital was provided to certain corporations starting Jan. 1, 2003 for \$250,000. This deduction increased to \$600,000 on Jan. 1, 2004, but is partially reduced in calendar year 2004 where the paid-up capital is between \$600,000 and \$2,400,000. Effective Jan. 1, 2005 the maximum deduction will increase to \$1,000,000, but will be partially reduced where paid-up capital is between \$1,000,000 and \$4,000,000. Minimum tax of \$250 (\$125 for farm and fishing corporations) was eliminated for taxation years ending after 2002. No tax is payable on the first \$5 million of taxable capital. No tax is payable if taxable capital is less than \$5 million. If taxable capital is between \$5 million and \$10 million, rate of 0.6% applies after netting the \$5 million exemption. If taxable capital exceeds \$10 million, rate is 0.3% with no exemption (rate increased from 0.5% and 0.25% respectively, effective Apr. 1, 2004).
Federal—FIT	-	1.0 to 1.25	
BC	- ⁽²⁾	1.0 or 3.0	
Alta.	-	-	
Sask.	0.6 ⁽³⁾	0.7 or 3.25	
Man.	0.3 or 0.5 ⁽⁴⁾	3.0	
Ont.	0.3 ⁽⁵⁾	0.6 or 0.9/0.72	
Qué.	0.6 ⁽⁶⁾	1.45	
NB	0.3 ⁽⁷⁾	3.0	
NS	0.3 or 0.6 ⁽⁸⁾	4.0	
PEI	-	5.0	
Nfld.	-	4.0	

Call your local BDO representative now for advice on minimizing your taxes.

Tax Facts 2004 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 June 21, 2004. Proposed changes announced in the 2004 federal, provincial and territorial budgets are reflected in the information provided, and are subject to change until passed into law.

© 2004 BDO Dunwoody LLP