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Tax Facts 2005

The 2005 federal and provincial budgets have all been tabled, and corporations in several provinces will benefit from corporate tax reductions. As announced this year (and last year in some cases), the small business income threshold has been increased in many jurisdictions. Saskatchewan, New Brunswick, Prince Edward Island and the Yukon have all implemented a reduction to their small business tax rate for 2005. Manitoba has decreased its general corporate rate, while Prince Edward Island has eliminated its tax rate incentive on M&P income, thereby increasing its tax rate on such income. Certain provinces have announced future income tax reductions, as follows:

- ◆ The federal government has proposed to eliminate the corporate surtax and reduce the general corporate tax rate on business income,
- ◆ Manitoba will further reduce its general and small business corporate tax rates in 2006 and 2007,
- ◆ Quebec will introduce a small business tax rate in 2006, while increasing its general corporate tax rate over the next few years,
- ◆ New Brunswick will continue to increase its small business income threshold and reduce its small business tax rate until 2007,
- ◆ Nova Scotia will further increase its small business income threshold in 2006, and
- ◆ The Yukon will increase its small business income threshold beyond the federal threshold in 2007.

Note also that a few provinces have announced capital tax reductions.

For individuals, the tax changes were limited this year. However, many provinces continue to provide automatic indexing of taxable income thresholds and non-refundable tax credits. As announced last year, individuals resident in the Northwest Territories will see tax rate changes – with lower rates at lower levels of income, and higher rates at higher income levels.

Tax Facts 2005 provides you with a summary of 2005 personal income tax rates and amounts, as well as corporate tax rates (as at July 1, 2005), based on announcements made to May 31, 2005. For 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 2005 - 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 2005. 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 2005.

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.

Ontario Health Premiums - The health premium tax for 2005 is set out on page 9.

Comparison of Pre-Tax Yields on Interest, Dividends and Capital Gains - On page 9, we have also 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.

RRSP, RPP and DPSP Limits - On page 12, 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 13 we have provided the 2005 Employment Insurance rates and premiums, and the 2005 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.

2005 Top Personal Marginal Tax Rates

(Based on rates announced to May 31, 2005)

Jurisdiction	Tax-On-Income Top Rate (%)	Tax-On-Tax Top Rate (%)	Provincial Surtax (%)	2005 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
Northwest Territories	14.05	---	---	43.05	29.65	21.53
Nunavut	11.50	---	---	40.50	28.96	20.25
Non-Resident	---	48.00	---	42.92	---	21.46

2005 Personal Income Tax Rates

British Columbia Residents

Federal Tax Calculation

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

Taxable Income	Federal Tax
0 to \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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

3. Total Federal Tax \$ _____

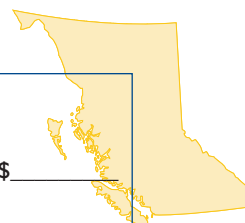
British Columbia Tax Calculation

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

Taxable Income	BC Tax
0 to \$33,061	6.05%
\$33,061 to \$66,123	\$2,000 plus 9.15% of the amount over \$33,061
\$66,123 to \$75,917	\$5,025 plus 11.7% of the amount over \$66,123
\$75,917 to \$92,185	\$6,171 plus 13.7% of the amount over \$75,917
\$92,185 and over	\$8,400 plus 14.7% of the amount over \$92,185

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 \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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

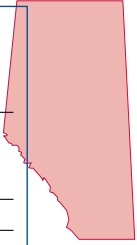
3. Total Federal Tax \$ _____

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 \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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

3. Total Federal Tax \$ _____

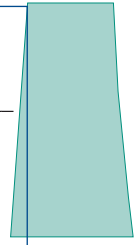
Saskatchewan Tax Calculation

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

Taxable Income	Sask. Tax
0 to \$36,770	11%
\$36,770 to \$105,056	\$4,045 plus 13% of the amount over \$36,770
\$105,056 and over	\$12,922 plus 15% of the amount over \$105,056

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 \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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

3. Total Federal Tax \$ _____

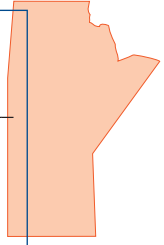
Manitoba Tax Calculation

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

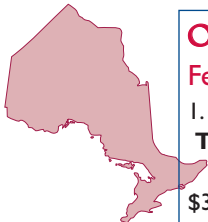
Taxable Income	Manitoba Tax
0 to \$30,544	10.9%
\$30,544 to \$65,000	\$3,329 plus 14.0% of the amount over \$30,544
\$65,000 and over	\$8,153 plus 17.4% of the amount over \$65,000

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

3. Total Manitoba Tax \$ _____



2005 Personal Income Tax Rates



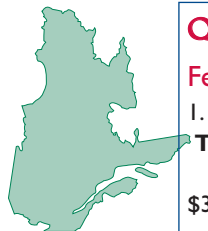
Ontario Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below \$ _____
- | Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$35,595 | 16% |
| \$35,595 to \$71,190 | \$5,695 plus 22% of the amount over \$35,595 |
| \$71,190 to \$115,739 | \$13,526 plus 26% of the amount over \$71,190 |
| \$115,739 and over | \$25,109 plus 29% of the amount over \$115,739 |
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 \$34,010 | 6.05% |
| \$34,010 to \$68,020 | \$2,058 plus 9.15% of the amount over \$34,010 |
| \$68,020 and over | \$5,170 plus 11.16% of the amount over \$68,020 |
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 \$3,929 plus
◆ 36% of BOT over \$4,957 \$ _____
5. Total Ontario Tax \$ _____



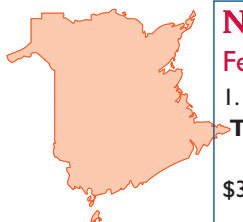
Québec Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below \$ _____
- | Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$35,595 | 16% |
| \$35,595 to \$71,190 | \$5,695 plus 22% of the amount over \$35,595 |
| \$71,190 to \$115,739 | \$13,526 plus 26% of the amount over \$71,190 |
| \$115,739 and over | \$25,109 plus 29% of the amount over \$115,739 |
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 \$28,030 | 16% |
| \$28,030 to \$56,070 | \$4,485 plus 20% of the amount over \$28,030 |
| \$56,070 and over | \$10,093 plus 24% of the amount over \$56,070 |
2. Reduce tax by total personal tax credits
See page 10 for details \$ _____
3. Total Québec Tax \$ _____



New Brunswick Residents

Federal Tax Calculation

1. Calculate Federal tax using the table below \$ _____
- | Taxable Income | Federal Tax |
|-----------------------|--|
| 0 to \$35,595 | 16% |
| \$35,595 to \$71,190 | \$5,695 plus 22% of the amount over \$35,595 |
| \$71,190 to \$115,739 | \$13,526 plus 26% of the amount over \$71,190 |
| \$115,739 and over | \$25,109 plus 29% of the amount over \$115,739 |
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 \$32,730 | 9.68% |
| \$32,730 to \$65,462 | \$3,168 plus 14.82% of the amount over \$32,730 |
| \$65,462 to \$106,427 | \$8,019 plus 16.52% of the amount over \$65,462 |
| \$106,427 and over | \$14,787 plus 17.84% of the amount over \$106,427 |
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 \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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 \$ _____

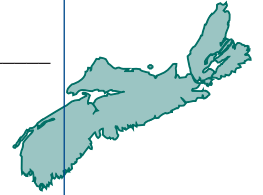
Taxable Income	NS Tax
0 to \$29,590	8.79%
\$29,590 to \$59,180	\$2,601 plus 14.95% of the amount over \$29,590
\$59,180 to \$93,000	\$7,025 plus 16.67% of the amount over \$59,180
\$93,000 and over	\$12,662 plus 17.50% of the amount over \$93,000

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 \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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 \$ _____

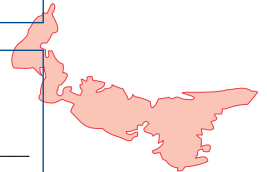
Taxable Income	PEI Tax
0 to \$30,754	9.8%
\$30,754 to \$61,509	\$3,014 plus 13.8% of the amount over \$30,754
\$61,509 and over	\$7,258 plus 16.7% of the amount over \$61,509

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 \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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 \$ _____

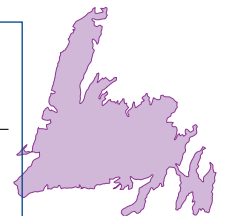
Taxable Income	Newfoundland and Labrador Tax
0 to \$29,590	10.57%
\$29,590 to \$59,180	\$3,128 plus 16.16% of the amount over \$29,590
\$59,180 and over	\$7,909 plus 18.02% of the amount over \$59,180

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

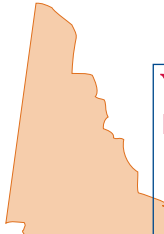
3. Basic Newfoundland and Labrador Tax (BNLT) \$ _____

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

5. Total Newfoundland and Labrador Tax \$ _____



2005 Personal Income Tax Rates



Yukon Residents

Federal Tax Calculation

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

Taxable Income	Federal Tax
0 to \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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 \$35,595	7.04%
\$35,595 to \$71,190	\$2,506 plus 9.68% of the amount over \$35,595
\$71,190 to \$115,739	\$5,951 plus 11.44% of the amount over \$71,190
\$115,739 and over	\$11,048 plus 12.76% of the amount over \$115,739

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 \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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

3. Total Federal Tax \$ _____

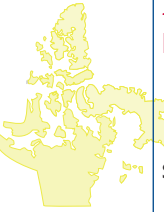
NWT Tax Calculation

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

Taxable Income	NWT Tax
0 to \$33,811	5.90%
\$33,811 to \$67,622	\$1,995 plus 8.60% of the amount over \$33,811
\$67,622 to \$109,939	\$4,903 plus 12.20% of the amount over \$67,622
\$109,939 and over	\$10,065 plus 14.05% of the amount over \$109,939

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 \$35,595	16%
\$35,595 to \$71,190	\$5,695 plus 22% of the amount over \$35,595
\$71,190 to \$115,739	\$13,526 plus 26% of the amount over \$71,190
\$115,739 and over	\$25,109 plus 29% of the amount over \$115,739

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 \$35,595	4%
\$35,595 to \$71,190	\$1,424 plus 7% of the amount over \$35,595
\$71,190 to \$115,739	\$3,915 plus 9% of the amount over \$71,190
\$115,739 and over	\$7,925 plus 11.5% of the amount over \$115,739

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

3. Total Nunavut Tax \$ _____

2005 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	\$ 33,061	\$ 0	22.05	4.52	11.03
33,061	35,595	7,290	25.15	8.39	12.58
35,595	66,123	7,927	31.15	15.89	15.58
66,123	71,190	17,437	33.70	19.08	16.85
71,190	75,917	19,144	37.70	24.08	18.85
75,917	92,185	20,926	39.70	26.58	19.85
92,185	115,739	27,385	40.70	27.83	20.35
115,739	and over	36,971	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	\$ 35,595	\$ 0	26.00	7.83	13.00
35,595	71,190	9,255	32.00	15.33	16.00
71,190	115,739	20,645	36.00	20.33	18.00
115,739	and over	36,683	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	\$ 35,595	\$ 0	27.00	7.08	13.50
35,595	36,770	9,611	33.00	14.58	16.50
36,770	71,190	9,998	35.00	17.08	17.50
71,190	105,056	22,045	39.00	22.08	19.50
105,056	115,739	35,253	41.00	24.58	20.50
115,739	and over	39,633	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	35,595	8,216	30.00	14.58	15.00
35,595	65,000	9,732	36.00	22.08	18.00
65,000	71,190	20,317	39.40	26.33	19.70
71,190	115,739	22,756	43.40	31.33	21.70
115,739	and over	42,091	46.40	35.08	23.20

Ontario

(does not include Ontario Health Premium Tax)

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 34,010	\$ 0	22.05	4.48	11.03
34,010	35,595	7,499	25.15	8.36	12.58
35,595	59,882	7,898	31.15	15.86	15.58
59,882	68,020	15,463	32.98	16.86	16.49
68,020	70,559	18,147	35.39	19.88	17.70
70,559	71,190	19,046	39.41	22.59	19.70
71,190	115,739	19,294	43.41	27.59	21.70
115,739	and over	38,633	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	\$ 28,030	\$ 0	29.36	9.24	14.68
28,030	35,595	8,230	33.36	14.24	16.68
35,595	56,070	10,753	38.37	20.51	19.19
56,070	71,190	18,610	42.37	25.51	21.19
71,190	115,739	25,016	45.71	29.68	22.86
115,739	and over	45,379	48.22	32.81	24.11

2005 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	\$ 32,730	\$ 0	25.68	10.81	12.84
32,730	35,595	8,405	30.82	17.23	15.41
35,595	65,462	9,288	36.82	24.73	18.41
65,462	71,190	20,285	38.52	26.86	19.26
71,190	106,427	22,492	42.52	31.86	21.26
106,427	115,739	37,474	43.84	33.51	21.92
115,739	and over	41,557	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	35,595	7,335	30.95	12.39	15.48
35,595	59,180	9,194	36.95	19.89	18.48
59,180	71,190	17,909	38.67	22.04	19.34
71,190	80,841	22,553	42.67	27.04	21.34
80,841	93,000	26,671	44.34	28.17	22.17
93,000	115,739	32,062	45.25	29.31	22.63
115,739	and over	42,351	48.25	33.06	24.13

Prince Edward Island

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	35,595	7,935	29.80	10.96	14.90
35,595	51,858	9,377	35.80	18.46	17.90
51,858	61,509	15,199	37.18	19.22	18.59
61,509	71,190	18,787	40.37	23.21	20.19
71,190	115,739	22,696	44.37	28.21	22.19
115,739	and over	42,462	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	35,595	7,862	32.16	17.28	16.08
35,595	58,595	9,793	38.16	24.78	19.08
58,595	59,180	18,570	39.61	26.04	19.81
59,180	71,190	18,802	41.64	28.57	20.82
71,190	115,739	23,803	45.64	33.57	22.82
115,739	and over	44,136	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	\$ 35,595	\$ 0	23.04	4.76	11.52
35,595	71,190	8,201	31.68	15.56	15.84
71,190	76,628	19,478	37.44	22.76	18.72
76,628	115,739	21,514	38.01	23.10	19.01
115,739	and over	36,380	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	\$ 33,811	\$ 0	21.90	3.33	10.95
33,811	35,595	7,405	24.60	6.58	12.30
35,595	67,622	7,843	30.60	14.08	15.30
67,622	71,190	17,644	34.20	18.58	17.10
71,190	109,939	18,864	38.20	23.58	19.10
109,939	115,739	33,666	40.05	25.90	20.03
115,739	and over	35,989	43.05	29.65	21.53

Nunavut

Taxable Income Range		Tax on Bottom of Range	Rate on Regular Income (%)	Rate on Dividends (%)	Rate on Capital Gains (%)
From:	To:				
\$ 0	\$ 35,595	\$ 0	20.00	3.33	10.00
35,595	71,190	7,119	29.00	14.58	14.50
71,190	115,739	17,442	35.00	22.08	17.50
115,739	and over	33,034	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	\$ 35,595	\$ 0	23.68	-	11.84
35,595	71,190	8,429	32.56	-	16.28
71,190	115,739	20,019	38.48	-	19.24
115,739	and over	37,161	42.92	-	21.46

Ontario Health Premium Tax

The Ontario government introduced a health premium tax 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.

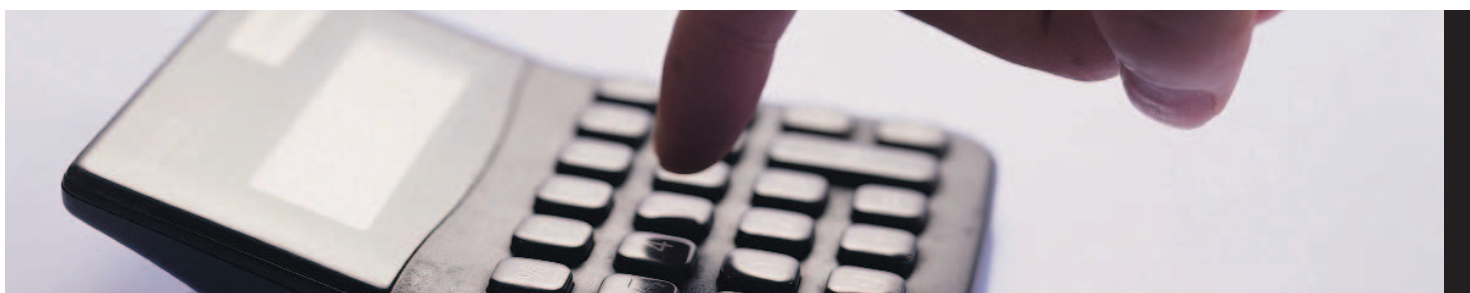
Premiums for Ontario Residents	
Taxable Income	2005 and Subsequent Taxation Years
Up to \$20,000	--
\$20,000 - \$25,000	6% of TI over \$20,000
\$25,000 - \$36,000	\$300
\$36,000 - \$38,500	\$300 plus 6% of TI over \$36,000
\$38,500 - \$48,000	\$450
\$48,000 - \$48,600	\$450 plus 25% of TI over \$48,000
\$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

2005 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%	8.04%	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%	2.90%	4.86%	4.35%	6.48%	5.81%	8.09%	7.26%	9.71%	8.71%
Nunavut	3.35%	2.98%	5.03%	4.48%	6.70%	5.97%	8.38%	7.46%	10.05%	8.95%



2005 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.	BC	Alta.	Sask. ⁽²⁾	Man.	Ont.	Qué.
Tax Credit Multiplier	16%	6.05%	10%	11%	10.9%	6.05%	20%
Personal credit amount	\$8,148	\$8,676	\$14,523	\$8,404	\$7,634	\$8,196	\$6,365 ⁽⁴⁾
Spouse/Common law partner Reduction threshold	6,919 692	7,429 743	14,523 0	8,404 840	6,482 649	6,960 696	(5)
Eligible dependant amount Reduction threshold	6,919 692	7,429 743	14,523 0	8,404 840	6,482 649	6,960 696	(6)
Age credit Reduction-15% of inc. over	3,979 29,619	3,891 28,962	4,074 30,331	3,979 ⁽³⁾ 29,619	3,728 27,749	4,002 29,793	2,200 28,030
Disability credit amount Self Dependant (maximum) ⁽¹⁾	6,596 10,444	6,507 10,303	6,755 10,695	6,596 10,444	6,180 9,785	6,622 10,485	2,200 2,200
Disabled/infirm dependant Age 18 (19 in Québec) and over Reduction threshold	3,848 5,460	3,797 6,047	3,940 5,591	3,848 5,460	3,605 5,115	3,863 5,492	6,365 N/A
Caregiver credit Reduction threshold	3,848 13,141	3,796 12,849	3,940 13,457	3,848 13,141	3,605 12,312	3,863 13,218	N/A N/A
Pension credit amount	1,000	1,000	1,126	1,000	1,000	1,133	1,000 ⁽⁷⁾
Education credit Full-time amount per month Part-time amount per month	400 120	200 60	450 135	400 120	400 120	441 132	N/A N/A
CPP/QPP credit (max. amt.)	1,861	1,861	1,861	1,861	1,861	1,861	(4)
EI credit (max. amt.)	761	761	761	761	761	761	(4)
Other credits	Payment	Payment	Payment	Payment	Payment	Payment	Payment
Medical credit Reduction threshold	Amt. Paid 1,844	Amt. Paid 1,804	Amt. Paid 1,914	Amt. Paid 1,844	Amt. Paid 1,728	Amt. Paid 1,855	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 disability supports expenses. In Québec, the credit is for an infirm dependant of any age.
2. Saskatchewan allows a child amount of \$2,626 for each child under the age of 18 at any time during the year 2005. 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 \$1,051, regardless of their estimated income.
4. The simplified system is eliminated in 2005, and a complementary amount will be added to the basic amount of \$6,365. This complementary amount will be the greater of \$2,965 and the total of the employee's employment insurance premiums (max. \$1,861), QPP contributions (max. \$761) 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.

	NB	NS	PEI	Nfld.	Yukon	NWT	Nunavut
Tax Credit Multiplier	9.68%	8.79%	9.8%	10.57%	7.04%	5.9%	4.0%
Personal credit amount	\$7,888	\$7,231	\$7,412	\$7,410	\$8,148	\$11,609	\$10,674
Spouse/Common law partner Reduction threshold	6,698 670	6,140 614	6,294 629	6,055 606	6,919 692	11,609 0	10,674 0
Eligible dependant amount Reduction threshold	6,698 670	6,140 614	6,294 629	6,055 606	6,919 692	11,609 0	10,674 0
Age credit Reduction-15% of inc. over	3,851 28,672	3,531 26,284	3,619 26,941	3,482 25,921	3,979 29,619	5,678 29,619	8,005 29,619
Disability credit amount Self Dependant (maximum) ⁽¹⁾	6,386 10,112	4,293 7,234	5,400 8,415	5,000 7,353	6,596 10,444	9,414 13,262	10,674 14,522
Disabled/infirm dependant Age 18 (19 in Québec) and over Reduction threshold	3,726 5,285	2,386 4,845	2,446 4,966	2,353 5,057	3,848 5,460	3,848 5,460	3,848 5,460
Caregiver credit Reduction threshold	3,725 12,722	4,176 11,661	2,446 11,953	2,353 11,500	3,848 13,141	3,848 13,141	3,848 13,141
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.)	1,861	1,861	1,861	1,861	1,861	1,861	1,861
EI credit (max. amt.)	761	761	761	761	761	761	761
Other credits	Payment	Payment	Payment	Payment	Payment	Payment	Payment
Medical credit Reduction threshold	Amt. Paid 1,785	Amt. Paid 1,637	Amt. Paid 1,678	Amt. Paid 1,614	Amt. Paid 1,844	Amt. Paid 1,844	Amt. Paid 1,844
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%	5.9% 14.05%	4% 11.5%
Dividend tax credit - on actual amount received	4.625%	9.625%	9.625%	6.25%	7.375%	7.5%	5%

Notes:

6. Québec offers several additional credits, as follows:
- ◆ Individual living alone - credit amount \$1,130 (15% reduction for income over \$28,030)
 - ◆ Amount for children of full age (18 or older) who are full-time students - \$2,585 with an additional amount of \$220 for the child designated as the first dependent child (if the child is of full age and the individual does not have any children who are minors)
 - ◆ Amount for other adult dependants - \$2,585 (no infirmity test)
 - ◆ Amount for a child who is a minor or who is of full age and engaged in full-time professional training or post secondary studies - \$1,780 per term
 - ◆ Amount for a single parent family - \$1,400

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 a quarterly basis.

7. The Quebec pension credit amount is subject to a reduction of 15% of family net income over \$28,030.

2005 Personal Tax 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	\$ 376	\$ 296	\$ 472	\$ 554	\$ 405	\$ 574	\$ 501
15,000	1,479	1,144	1,822	1,899	1,508	2,042	1,785
20,000	2,581	2,444	3,172	3,244	2,610	3,510	3,069
25,000	3,684	3,744	4,522	4,589	3,713	4,978	4,353
30,000	4,786	5,044	5,872	5,934	4,815	6,525	5,637
35,000	5,949	6,344	7,222	7,417	5,949	8,193	7,037
40,000	7,470	7,908	8,901	9,181	7,471	10,082	8,842
45,000	9,028	9,508	10,651	10,981	9,028	12,000	10,683
50,000	10,585	11,108	12,401	12,781	10,586	13,919	12,524
55,000	12,143	12,708	14,151	14,581	12,143	15,837	14,365
60,000	13,700	14,308	15,901	16,381	13,703	17,913	16,206
65,000	15,258	15,908	17,651	18,181	15,352	20,032	18,047
70,000	16,914	17,508	19,401	20,151	17,049	22,150	19,966
75,000	18,752	19,261	21,303	22,274	19,149	24,396	22,044
80,000	20,718	21,061	23,253	24,444	21,320	26,681	24,170
85,000	22,703	22,861	25,203	26,614	23,490	28,967	26,296
90,000	24,688	24,661	27,153	28,784	25,661	31,252	28,422
95,000	26,702	26,461	29,103	30,954	27,831	33,538	30,548
100,000	28,737	28,261	31,053	33,124	30,002	35,823	32,674
105,000	30,772	30,061	33,003	35,294	32,172	38,109	34,800
110,000	32,807	31,861	35,052	37,464	34,343	40,394	36,974
115,739	35,143	33,927	37,405	39,955	36,834	43,018	39,490

RRSP Contribution Limits⁽¹⁾

Year	Dollar Limit	Income Level ⁽²⁾
2005	\$16,500	\$ 91,667
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⁾
2005	\$ 2,000	\$ 18,000
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.

Income Level	NS	PEI	Nfld.	Yukon	NWT	Nunavut
\$ 10,000	\$ 540	\$ 550	\$ 570	\$ 427	\$ 296	\$ 296
15,000	1,779	1,840	1,899	1,579	1,296	1,269
20,000	3,019	3,130	3,227	2,731	2,391	2,269
25,000	4,258	4,420	4,556	3,883	3,486	3,269
30,000	5,523	5,710	5,907	5,035	4,581	4,269
35,000	7,071	7,170	7,515	6,187	5,079	5,269
40,000	8,882	8,924	9,387	7,719	7,203	6,666
45,000	10,730	10,714	11,295	9,303	8,733	8,116
50,000	12,577	12,504	13,203	10,887	10,263	9,566
55,000	14,425	14,337	15,111	12,471	11,793	11,016
60,000	16,287	16,196	17,056	14,055	13,323	12,466
65,000	18,220	18,167	19,138	15,639	14,853	13,916
70,000	20,154	20,185	21,220	17,223	16,469	15,366
75,000	22,240	22,356	23,454	19,026	18,331	17,044
80,000	24,373	24,575	25,737	20,917	20,241	18,794
85,000	26,576	26,793	28,019	22,818	22,151	20,544
90,000	28,793	29,012	30,301	24,719	24,061	22,294
95,000	31,027	31,230	32,583	26,619	25,971	24,044
100,000	33,289	33,449	34,865	28,520	27,881	25,794
105,000	35,552	35,667	37,147	30,420	29,791	27,544
110,000	37,814	37,886	39,429	32,321	31,702	29,294
115,739	40,411	40,432	42,048	34,503	34,000	31,303

2005 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	1.95%	2.73%	\$760.50	\$1,064.70

2005 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
\$41,100	\$3,500	\$37,600	4.95%	\$1,861.20	\$3,722.40

2005 Corporate Income Tax Facts and Figures

The rates shown are nominal tax rates as at July 1, 2005, as announced to May 31, 2005. 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	13.50	13.50	13.50
Alberta	3.00	400,000	11.50	11.50	11.50
Saskatchewan	5.00	300,000	17.00	10.00	17.00
Manitoba	5.00	400,000	15.00	15.00	15.00
Ontario	5.50	400,000	14.00	12.00	14.00
Québec	8.90	N/A	16.25	8.90	8.90
New Brunswick	2.00	450,000	13.00	13.00	13.00
Nova Scotia	5.00	350,000	16.00	16.00	16.00
Prince Edward Island	6.50	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	14.00	14.00	14.00
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.
- ◆ 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 small and medium-sized businesses.
- ◆ Separate legislation also to be introduced to eliminate corporate surtax for all other businesses effective Jan. 1, 2008. In addition, the general federal tax rate on business income is proposed to be reduced from 21% to 20.5% on Jan. 1, 2008, to 20% on Jan. 1, 2009 and to 19% on Jan. 1, 2010.

British Columbia

- ◆ The SBI threshold was increased from \$300,000 to \$400,000 effective Jan. 1, 2005.

Alberta

- ◆ Rate on ABI up to the SBI threshold was reduced from 4.5% to 4% effective Apr. 1, 2003 and to 3% effective Apr. 1, 2004.
- ◆ Rate on other income was reduced from 13% to 12.5% effective Apr. 1, 2003 and to 11.5% effective Apr. 1, 2004.

Saskatchewan

- ◆ Rate on ABI up to the SBI threshold was reduced from 6% to 5.5% on Jan. 1, 2004 and to 5% on Jan. 1, 2005.

Manitoba

- ◆ Rate on ABI up to SBI threshold will be reduced from 5% to 4.5% on Jan. 1, 2006 and to 4% 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% to 15.5% on Jan. 1, 2004 and to 15% on Jan. 1, 2005. The rate will be further reduced to 14.5% effective Jul. 1, 2006 and to 14% effective Jul. 1, 2007.

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% to 12% effective Jan. 1, 2004.
- ◆ Rate on all other income was increased from 12.5% to 14% effective Jan. 1, 2004.

Québec

- ◆ Rate of 16.25% applies for non-business income.
- ◆ The rate on active business income is 8.9%. This rate will be increased to 9.9% effective Jan. 1, 2006, 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% will be provided. 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 and to 2% effective Jul. 1, 2005. Further reductions will reduce the rate to 1.5% effective Jul. 1, 2006 and to 1% effective Jul. 1, 2007.
- ◆ The SBI threshold was increased from \$400,000 to \$425,000 effective Jul. 1, 2004 and to \$450,000 effective Jul. 1, 2005. Further increases will raise the threshold to \$475,000 effective Jul. 1, 2006 and to \$500,000 effective Jul. 1, 2007.

Nova Scotia

- ◆ The SBI threshold was increased from \$300,000 to \$350,000 effective Apr. 1, 2005. The threshold will further increase 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.
- ◆ Rate on M&P income was increased from 7.5% to 16% 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).

Yukon

- ◆ Rate for ABI from M & P activities is 2.5%.
- ◆ Rate on ABI up to the SBI threshold was reduced from 6% to 4% effective Jan. 1, 2005.
- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes), and will further increase to \$400,000 effective Jan. 1, 2007.

Northwest Territories

- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes).
- ◆ Rate on other income was increased from 12% to 14% effective Jan. 1, 2004.

Nunavut

- ◆ The SBI threshold follows 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 2005 are listed below (as announced to May 31, 2005). 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 payroll. 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. Certain exemptions may apply. 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 increased from 1.0%.
Ont. ⁽²⁾	0.98 - 1.95	
Que. ⁽³⁾	2.7 - 4.26	
Nfld. ⁽⁴⁾	2.0	
NWT ⁽⁵⁾	2.0	
Nunavut	1.0	

Sales Tax

(Based on rates announced to May 31, 2005)

Jurisdiction ⁽¹⁾	Sales Tax Rate (%)	Combined Rates (%)	Notes:
Federal	7	see below	1. Alberta, Nunavut, the Yukon and the Northwest Territories do not impose a sales tax. 2. Rate decreased from 7.5% effective Oct. 21, 2004. 3. Rate increased from 6% effective Apr. 1, 2004. 4. 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. 5. These provinces have harmonized their sales tax systems with the 7% GST to produce a combined federal/provincial rate of 15%.
BC ⁽²⁾	7	14	
Sask. ⁽³⁾	7	14	
Man.	7	14	
Ont.	8	15	
Qué. ⁽⁴⁾	7.5	15.025	
NB, NS & Nfld. ⁽⁵⁾	8.0	15	
PEI ⁽⁴⁾	10	17.7	

2005 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, 2005 (as announced to May 31, 2005). 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	0.175 ⁽¹⁾	0.175 ⁽¹⁾	<p>1. 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. For taxation years ending after 2003, the threshold for application of the tax was increased to \$50 million of capital. The rate is reduced from 0.225% to 0.200% effective Jan. 1, 2004 and to 0.175% effective Jan. 1, 2005. The rate will be further reduced as follows: 2006 - 0.125%, 2007 - 0.0625% and 2008 – nil.</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 (up from \$7.5 million which was effective for taxation years beginning on or after Jan. 1, 2004). The additional exemption is pro-rated based on salaries and wages paid in Saskatchewan. A special 3.6% surcharge may be charged on resource company revenues. Effective Apr. 1, 2005, this surcharge will apply to resource trusts.</p> <p>3. Rate is 0.3% on the first \$10 million of taxable capital plus 0.5% on the excess. A \$5 million deduction from capital applies.</p> <p>4. A \$7.5 million deduction from taxable capital applies (increased from \$5 million on Jan. 1, 2005). 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 0.300% 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.</p> <p>5. Rate will be reduced from 0.6% to 0.525% effective Jan. 1, 2006, to 0.49% effective Jan. 1, 2007, to 0.36% effective Jan. 1, 2008 and to 0.29% effective Jan. 1, 2009. The deduction from paid-up capital was increased from \$250,000 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 \$2.4 million. 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.</p> <p>7. No tax is payable if taxable capital is less than \$5 million. If taxable capital exceeds \$10 million, the rate is 0.275% with no exemption. This rate was reduced from 0.3% effective Jul. 1, 2005. The rate will be further reduced to 0.25% effective Jul. 1, 2006, to 0.225% effective Jul. 1 2007 and to 0.2% effective Jul. 1, 2008. If taxable capital is between \$5 million and \$10 million, the rate is doubled and applied after netting the \$5 million exemption. The tax is set to expire on Jun. 30, 2009.</p>
Federal—FIT	-	1.0 to 1.25	
BC	-	1.0 or 3.0	
Alta.	-	-	
Sask.	0.6 ⁽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.	0.6 ⁽⁵⁾	1.45	
NB	0.3 ⁽⁶⁾	3.0	
NS	0.275 or 0.55 ⁽⁷⁾	4.0	
PEI	-	5.0	
Nfld.	-	4.0	

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

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The information in this publication is current as of May 31, 2005. Proposed changes announced in the 2005 federal, provincial and territorial budgets are reflected in the information provided, and are subject to change until passed into law.

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