

2019 PERSONAL AND CORPORATE TAX RATES

Personal tax brackets increased for inflation with no change to marginal rates. The highest combined marginal tax bracket of 49.8% begins on income in excess of \$210,371. For 2019, BC has the 7th lowest top marginal rate (2018 - 8th).

The maximum annual contribution limit is \$26,500 for RRSP's and \$6,000 for TFSA's.

The Lifetime Capital Gains Exemption is \$866,912 (Deduction - \$433,456) for qualified small business corporation shares and \$1 million for qualified fishing or farming property.

Maximum CPP pensionable earnings are \$57,400. The contribution rate increased to 5.1% (2018-4.95%) for maximum CPP contribution of \$2,749. Maximum EI insurable earnings are \$53,100 with a maximum premium of \$860.

The maximum CPP retirement benefit is \$13,855 (\$1,155/month) and the CPP post-retirement benefit is \$346 (\$29/month) for contributions made after you receive retirement pension, contributions are mandatory until 65.

Maximum OAS payments for the year are \$7,217 (\$601/month). OAS claw back begins at net income of \$77,580 and is eliminated once net income exceeds \$125,696.

For investment income, tax on regular dividends is lower than tax on capital gains until income reaches \$40,707, after which capital gains become the less expensive option. Eligible dividends are grossed-up 38% and receive a 20.73% tax credit, they have a negative tax rate until income exceeds \$47,630. Small business dividends are grossed-up 15% and receive a 10.38% dividend tax credit.

Table 1 – 2019 Personal Tax Rates

<u>Taxable Income</u>	<u>Salary & Interest</u>	<u>Small Business Dividends¹</u>	<u>Eligible Dividends¹</u>	<u>Capital Gains²</u>
0 - 40,707	20.06%	10.43%	(9.60)%	10.03%
40,708 - 47,630	22.70%	13.47%	(5.96)%	11.35%
47,631 - 81,416	28.20%	19.79%	1.63%	14.10%
81,417 - 93,476	31.00%	23.01%	5.49%	15.50%
93,477 - 95,259	32.79%	25.07%	7.96%	16.40%
95,260 - 113,506	38.29%	31.39%	15.55%	19.15%
113,507 - 147,667	40.70%	34.17%	18.88%	20.35%
147,668 - 153,900	43.70%	37.62%	23.02%	21.85%
153,901 - 210,371	45.80%	40.03%	25.92%	22.90%
210,372 and above	49.80%	44.63%	31.44%	24.90%

1. Marginal tax rate is for actual amount of dividends received (not the "gross-up" taxable amount). 2. Marginal tax rate is for actual amount of gain (not the 50% taxable amount).

The corporate small business limit remains at \$500,000. The small business limit is clawed back at a rate of \$5 for every \$1 of passive income earned in excess of \$50,000 by an associated group and is completely phased out at a passive income level of \$150,000.

Table 2 – 2019 Corporate Tax Rates (Canadian Controlled Private Corporations – CCPC)

	<u>\$0 – \$500,000</u>	<u>General</u>	<u>M & P</u>	<u>Inactive³</u>
Federal	9.00%	15.00%	15.00%	38.67%
Provincial	<u>2.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
Total	<u>11.00%</u>	<u>27.00%</u>	<u>27.00%</u>	<u>50.67%</u>

3. 30.67% of the 50.67% corporate tax paid on inactive income is refundable upon payment of dividends, resulting in net tax payable of 20%.