

## Corporate tax rates<sup>1</sup>

		2006	2007	2008
<b>Federal<sup>2</sup></b>	General/M&P/Investment	22.12	22.12	20.50
	Small business	13.12	13.12	11.50
	Investment – CCPC	35.79	35.79	34.67
<b>British Columbia<sup>3</sup></b>	General/M&P/Investment	12	12	12
	Small business	4.5	4.5	4.5
<b>Alberta<sup>4</sup></b>	General/M&P/Investment	11.5/10	10	10
	Small business	3	3	3
<b>Saskatchewan<sup>5</sup></b>	General/Investment	17/14	14/13	13/12
	Small business	5	5	5
	M&P	10	10	10
<b>Manitoba<sup>6</sup></b>	General/M&P/Investment	14.5	14	14/13
	Small business	4.5	3	3
<b>Ontario<sup>7</sup></b>	General/Investment	14	14	14
	Small business	5.5	5.5	5.5
	M&P	12	12	12
<b>Québec<sup>8</sup></b>	General/M&P	9.9	9.9	11.4
	Small business	8.5/8	8	8
	Investment	16.25	16.25	16.25
<b>New Brunswick<sup>9</sup></b>	General/M&P/Investment	13	12	12
	Small business	2/1.5	1.5/1	1
<b>Nova Scotia<sup>10</sup></b>	General/M&P/Investment	16	16	16
	Small business	5	5	5
<b>Prince Edward Island<sup>11</sup></b>	General/M&P/Investment	16	16	16
	Small business	6.5/5.4	5.4/4.3	4.3/3.2
<b>Newfoundland and Labrador<sup>12</sup></b>	General/Investment	14	14	14
	Small business/M&P	5	5	5
<b>Yukon<sup>12</sup></b>	General/Investment	15	15	15
	Small business	4	4	4
	M&P	2.5	2.5	2.5
<b>Northwest Territories<sup>12,13</sup></b>	General/M&P/Investment	14/11.5	11.5	11.5
	Small business	4	4	4
<b>Nunavut<sup>12</sup></b>	General/M&P/Investment	12	12	12
	Small business	4	4	4

M&P: Manufacturing and processing; CCPC: Canadian-controlled private corporation.

<sup>1</sup> This table provides the corporate income tax rates (federal, provincial and territorial) announced up to May 10, 2006.

<sup>2</sup> The income limit for the purposes of the small business deduction (SBD limit) has been \$300,000 since 2005 and will be raised to \$400,000 as of January 1, 2007. The business limit must be allocated between associated corporations. The SBD is reduced progressively on a straight-line basis for CCPCs where their taxable capital used in Canada varies between \$10 million and \$15 million. The corporate surtax (4%) will be eliminated for taxation years ending after December 31, 2007.

<sup>3</sup> SBD limit: increased to \$400,000 for taxation years ending after December 31, 2004.

<sup>4</sup> SBD limit: \$400,000, since April 1, 2003. The general rate is reduced to 10%, effective April 1, 2006.

<sup>5</sup> SBD limit: \$300,000, since January 1, 2002; \$400,000, effective July 1, 2006; \$450,000, effective July 1, 2007; and \$500,000, effective July 1, 2008. The general rate is reduced to 14%, effective July 1, 2006; 13%, effective July 1, 2007; and 12%, effective July 1, 2008.

<sup>6</sup> SBD limit: \$400,000 since 2005. General corporate rate reduced to 13%, effective July 1, 2008.

<sup>7</sup> Threshold and ceiling for small businesses: \$400,000 and \$1,128,519 since January 1, 2004.

<sup>8</sup> Rate on active income: increased to 9.9%, effective January 1, 2006; to 11.4%, effective January 1, 2008; and to 11.9%, effective January 1, 2009. Rate for SBD limit (\$400,000): reduced to 8.5%, effective January 1, 2006, and to 8%, effective March 24, 2006.

<sup>9</sup> Reduced rates are applicable as of July 1, 2006 and July 1, 2007, and the corresponding SBD limits are: \$450,000, \$475,000 and \$500,000.

<sup>10</sup> SBD limit: increased to \$350,000, effective April 1, 2005, and to \$400,000, effective April 1, 2006.

<sup>11</sup> Rate applicable to the SBD limit: reduced to 6.5%, effective April 1, 2005, and reduced by 1.1% in each of the coming five years, including 2006, to reach 1% in 2010. SBD limit: \$300,000 for 2005 and subsequent taxation years.

<sup>12</sup> SBD limit: \$300,000 for 2005 and subsequent taxation years. For Yukon, the SBD limit will be \$400,000 in 2007.

<sup>13</sup> The income tax rate for large corporations is reduced to 11.5%, effective July 1, 2006; the 4% rate for small businesses is under deliberation.

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## 2006 — Federal, provincial and territorial income tax for individuals

TAXABLE INCOME (\$)	BRITISH COLUMBIA	ALBERTA	SASKATCHEWAN	MANITOBA	ONTARIO	QUÉBEC	NEW BRUNSWICK	NOVA SCOTIA	PRINCE EDWARD ISLAND	NEWFOUNDLAND AND LABRADOR	YUKON	NORTHWEST TERRITORIES	NUNAVUT	NON-RESIDENTS
20,000	2,376	2,212	2,957	3,039	2,405	2,710	2,858	2,824	2,936	3,033	2,524	2,182	2,066	2,519
25,000	3,441	3,475	4,270	4,347	3,470	4,147	4,104	4,026	4,188	4,324	3,638	3,240	3,028	3,648
30,000	4,506	4,737	5,582	5,654	4,535	5,635	5,351	5,254	5,441	5,638	4,753	4,297	3,991	4,776
35,000	5,610	6,000	6,895	7,100	5,608	7,272	6,677	6,764	6,863	7,208	5,867	5,367	4,953	5,905
40,000	7,074	7,507	8,500	8,807	7,072	9,113	8,425	8,518	8,560	9,023	7,322	6,804	6,269	7,395
45,000	8,632	9,107	10,250	10,607	8,630	11,031	10,266	10,366	10,350	10,931	8,906	8,334	7,719	9,023
50,000	10,189	10,707	12,000	12,407	10,187	12,950	12,107	12,213	12,140	12,839	10,490	9,864	9,169	10,651
55,000	11,747	12,307	13,750	14,207	11,745	14,868	13,948	14,061	13,973	14,747	12,074	11,394	10,619	12,279
60,000	13,304	13,907	15,500	16,007	13,302	16,890	15,789	15,922	15,832	16,692	13,658	12,924	12,069	13,907
70,000	16,483	17,107	19,000	19,777	16,590	21,127	19,524	19,789	19,821	20,856	16,826	16,016	14,969	17,163
80,000	20,192	20,596	22,790	24,006	20,736	25,605	23,665	23,946	24,148	25,310	20,427	19,725	18,303	20,848
90,000	24,162	24,196	26,690	28,346	25,077	30,176	27,917	28,366	28,585	29,875	24,229	23,545	21,803	24,696
100,000	28,191	27,796	30,590	32,686	29,418	34,747	32,169	32,863	33,022	34,439	28,030	27,365	25,303	28,544
110,000	32,261	31,396	34,543	37,026	33,759	39,318	36,438	37,388	37,459	39,003	31,831	31,142	28,803	32,392
120,000	36,382	35,048	38,694	41,418	38,151	43,932	40,873	41,965	41,947	43,619	35,707	35,198	32,398	36,316
130,000	40,752	38,948	43,094	46,058	42,792	48,754	45,557	46,790	46,684	48,483	39,947	39,503	36,448	40,608
140,000	45,122	42,848	47,494	50,698	47,433	53,575	50,241	51,615	51,421	53,347	44,187	43,808	40,498	44,900
150,000	49,492	46,748	51,894	55,338	52,074	58,397	54,925	56,440	56,158	58,211	48,427	48,113	44,548	49,192
200,000	71,342	66,248	73,894	78,538	75,279	82,504	78,345	80,565	79,843	82,532	69,626	69,638	64,798	70,652
300,000	115,042	105,248	117,894	124,938	121,689	130,719	125,185	128,815	127,213	131,174	112,024	112,688	105,298	113,572
400,000	158,742	144,248	161,894	171,338	168,098	178,934	172,025	177,065	174,583	179,816	154,422	155,738	145,798	156,492
500,000	202,442	183,248	205,894	217,738	214,508	227,149	218,865	225,315	221,953	228,457	196,820	198,788	186,298	199,412
750,000	311,692	280,748	315,894	333,738	330,532	347,687	335,965	345,940	340,378	350,062	302,815	306,413	287,548	306,712
1,000,000	420,942	378,248	425,894	449,738	446,556	468,224	453,065	466,565	458,803	471,666	408,810	414,038	388,798	414,012

### TOP MARGINAL RATES (%)<sup>1</sup>

	BRITISH COLUMBIA	ALBERTA	SASKATCHEWAN	MANITOBA	ONTARIO	QUÉBEC	NEW BRUNSWICK	NOVA SCOTIA	PRINCE EDWARD ISLAND	NEWFOUNDLAND AND LABRADOR	YUKON	NORTHWEST TERRITORIES	NUNAVUT	NON-RESIDENTS
<b>Capital Gains</b>	21.85	19.50	22.00	23.20	23.20	24.11	23.42	24.13	23.69	24.32	21.20	21.53	20.25	21.46
<b>Other Income</b>	43.70	39.00	44.00	46.40	46.41	48.22	46.84	48.25	47.37	48.64	42.40	43.05	40.50	42.92

<sup>1</sup> The top marginal rates on dividends have not been included in this table. The May 2, 2006 federal budget proposed various changes to the existing dividend tax regime. Under the proposal, effective January 1, 2006, the gross-up of "eligible dividends" is increased from 25% to 45% and the dividend tax credit will be increased from 13.33% of the grossed-up dividend to 19%. It is uncertain at this time if the provinces and territories (with the exception of Quebec) will make any changes to the provincial taxation of dividends. The combined top marginal rates on dividends, when available, will be included in an updated edition of *Quick Tax Facts* at [www.deloitte.ca](http://www.deloitte.ca).

- This table cannot be used if taxable income includes Canadian dividends.
- Tax was calculated using the information available up to May 17, 2006 and incorporates proposed changes announced in the federal, provincial, and territorial budgets. Tax includes federal, provincial and territorial tax (and surtax, where applicable), but excludes minimum tax.
- All provinces and territories are using a "Tax-on-Income" system and apply provincial and territorial tax rates to taxable income. Tax for non-residents is calculated at 48% of basic federal tax.

- In calculating tax, only the basic personal non-refundable credits, both federal and provincial/territorial, have been considered. The non-refundable credits for EI and CPP/QPP contributions, the northern resident deduction, low income tax reductions and credits and refunds of GST and provincial sales taxes have not been considered.
- This table does not include the Ontario Health Premium. For the 2006 taxation year, the premium will vary from \$0 for individuals having a taxable income of \$20,000 or less to a maximum of \$900 when the taxable income is \$200,600 or higher.

### Deferred income plans — Maximum annual contributions

Year	RRSP	RPP*
2005	16,500	18,000
2006	18,000	19,000
2007	19,000	20,000
2008	20,000	21,000
2009	21,000	22,000
2010	22,000	Indexed
2011	Indexed	Indexed

\* The RPP annual contribution limits apply to defined contribution pension plans only.

## International tax treaty rates<sup>1</sup>

COUNTRY	INTERESTS <sup>2</sup>	DIVIDENDS, INCLUDING PATRONAGE DIVIDENDS <sup>3</sup>	ROYALTIES AND RENTS — PERSONAL PROPERTY <sup>2</sup>	RENTS — REAL PROPERTY IN CANADA	PENSIONS AND ANNUITIES <sup>2</sup>	ESTATE OR TRUST
Australia	10	5/15	10	25	15	15
Belgium	0/10	5/15	0/10	25	25	15
China <sup>4</sup>	10	10/15	10	25	25	25
France	10	5/10/15	0/10	25	25	15
Germany	10	5/15	0/10	25	15/25	25
Israel	15	15	0/15	25	15/25	15/25
Italy <sup>5</sup>	15 (0/10)	15 (5/15)	0/10 (0/5/10)	25	15/25 (15)	25 (15)
Japan	10	5/15	10	25	25	25
Mexico	15	10/15	0/15	25	0/15/25	15
Netherlands	10	5/10/15	0/10	25	15/25	15
Switzerland	10	5/10/15	0/10	25	15/25	25
United Kingdom	10	5/15	0/10	25	0/10/25	15
United States	10	5/15	0/10	25	0/15/25	15

<sup>1</sup> Tax rates (in percentages) applied by Canada to certain payments to residents of selected countries with which it has signed international tax treaties. Refer to the applicable tax treaties, since certain exceptions modify the tax rates.

<sup>2</sup> Certain payments are exempt from withholding tax.

<sup>3</sup> Rates vary according to the ownership percentage, and whether the payments are made to an individual or a corporation.

<sup>4</sup> The treaty does not apply to Hong Kong.

<sup>5</sup> The amended rates (in parentheses) are contained in the treaty dated June 3, 2002, which has been signed but not yet come into force. The new rates will be effective on January 1 of the year in which the treaty comes into force.

## Capital tax (for corporations other than financial institutions)

	2006		2007		2008	
	Rate %	Exemption \$ millions	Rate %	Exemption \$ millions	Rate %	Exemption \$ millions
Federal <sup>1</sup>	—	—	—	—	—	—
Saskatchewan <sup>2</sup>	0.6/0.3	20	0.3/0.15	20	0.15/0	20/n.a.
Manitoba <sup>3</sup>	0.3/0.5	5	0.3/0.5	10	0.3/0.5	10
Ontario <sup>4</sup>	0.3	10	0.285	12.5	0.285	15
Québec <sup>5</sup>	0.525	1	0.49	1	0.36	1
New Brunswick <sup>6</sup>	0.25	5	0.2	5	0.1	5
Nova Scotia <sup>7</sup>	0.275-0.25/ 0.55-0.5	0/5	0.25-0.225/ 0.5-0.45	0/5	0.225-0.2/ 0.45-0.4	0/5

<sup>1</sup> Capital tax on large corporations is eliminated as of 2006.

<sup>2</sup> General exemption of \$10 million and additional exemption of up to \$10 million. Rate reduced to 0.3% on July 1, 2006 and to 0.15% on July 1, 2007. Capital tax is to be eliminated effective July 1, 2008.

<sup>3</sup> The 0.3% rate is applicable on taxable capital between \$10 million and \$20 million. The 0.5% rate is applicable on taxable capital in excess of \$20 million. Subject to a balanced budget, commencing July 1, 2008, the rate will be reduced to 0.2% on taxable capital between \$10 million and \$20 million and to 0.4% on taxable capital in excess of \$20 million.

<sup>4</sup> Rate reduced to 0.225% for 2009. Elimination of capital tax in 2010 should the fiscal position of the province allow it.

<sup>5</sup> Rate reduced to 0.29% for 2009. Partial reduction of the exemption where paid-up capital is between the amount of the exemption and an amount equal to four times the exemption.

<sup>6</sup> Capital tax is to be eliminated starting in 2009.

<sup>7</sup> Rate reductions are effective July 1 of each year. Lower rates are applicable on taxable capital in excess of \$10 million (no exemptions). Higher rates are applicable on taxable capital between \$5 million and \$10 million (\$5 million exemption). The capital tax will be phased out by 2012.