

NOTE ON INDIVIDUAL TAX RATES 2020

*François Brouard, DBA, FCPA, FCA
Sprott School of Business, Carleton University*

It may be useful to have a clear idea of the various Canadian tax rates for individuals. The tax rate is expressed as a percentage at which a taxpayer is taxed. Different methods are used to calculate the tax rates, which result in various types. The rates are different depending on the type of income (Canadian dividend income (non-eligible and eligible); capital gains (50% as taxable capital gains); other types of income (ex: employment, business, interest, rental)) and the province / territory where the income is earned. Individual tax rates include both federal and provincial rates. Provincial rate varies for each province.

Types of tax rates

- Statutory tax rate (or tax rate per tax table)
The rate imposed by the Income Tax Act, which varies by various income level.
- Average tax rate
The rate resulting from the calculation of dividing the total tax paid by the total income.
- Marginal tax rate
The rate by which tax expenses are increased (or decreased) by the last dollar of taxable income earned (or deduction claimed).

Summary of Top Marginal Tax Rates per Types of Income - 2020

Taxable income	Ontario				Québec			
	Canadian dividend		Capital gains	Other income	Canadian dividend		Capital gains	Other income
	non-eligible	eligible			non-eligible	eligible		
\$220,000	47.74%	39.34%	26.76%	53.53%				
\$214,368	45.95%	37.19%	25.98%	51.97%	47.14%	40.11%	26.65%	53.31%