

# 2018 TAX PLANNING

## Quick Reference Guide

### Provincial/Territorial Income Tax Rates\*

(current to Jan. 2018)

Province/Territory	Income Bracket	Rate
British Columbia	First \$39,676	5.06%
	\$39,677 – \$79,353	7.70%
	\$79,354 – \$91,107	10.50%
	\$91,108 – \$110,630	12.29%
	\$110,631 – \$150,000	14.70%
\$150,001 and over	16.80%	
Alberta	First \$128,145	10.00%
	\$128,146 – \$153,773	12.00%
	\$153,774 – \$205,031	13.00%
	\$205,032 – \$307,547	14.00%
	\$307,548 and over	15.00%
Saskatchewan	First \$45,225	10.50%
	\$45,226 – \$129,214	12.50%
	\$129,215 and over	14.50%
Manitoba	First \$31,843	10.80%
	\$31,844 – \$68,821	12.75%
	\$68,822 and over	17.40%
Ontario	First \$42,960	5.05%
	\$42,961 – \$85,923	9.15%
	\$85,924 – \$150,000	11.16%
	\$150,001 – 220,000	12.16%
	\$220,001 and over	13.16%
Quebec	First \$43,055	15.00%
	\$43,056 – \$86,105	20.00%
	\$86,106 – \$104,765	24.00%
	\$104,766 and over	25.75%
	New Brunswick	First \$41,675
\$41,676 – \$83,351		14.82%
\$83,352 – \$135,510		16.52%
\$135,511 – \$154,382		17.84%
\$154,383 and over		20.30%
Nova Scotia	First \$29,590	8.79%
	\$29,591 – \$59,180	14.95%
	\$59,181 – \$93,000	16.67%
	\$93,001 – \$150,000	17.50%
	\$150,001 and over	21.00%
Prince Edward Island	First \$31,984	9.80%
	\$31,985 – \$63,969	13.80%
	\$63,970 and over	16.70%
Newfoundland & Labrador	First \$36,926	8.70%
	\$36,927 – \$73,852	14.50%
	\$73,853 – \$131,850	15.80%
	\$131,851 – \$184,590	17.30%
\$184,591 and over	18.30%	
Yukon	First \$46,605	6.40%
	\$46,606 – \$93,208	9.00%
	\$93,209 – \$144,489	10.90%
	\$144,490 – \$500,000	12.80%
	\$500,001 and over	15.00%
Northwest Territories	First \$42,209	5.90%
	\$42,210 – \$84,420	8.60%
	\$84,421 – \$137,247	12.20%
	\$137,248 and over	14.05%
Nunavut	First \$44,437	4.00%
	\$44,438 – \$88,873	7.00%
	\$88,874 – \$144,488	9.00%
	\$144,489 and over	11.50%

\*The table includes and assumes all proposed rates from 2018 provincial budgets, where applicable, have been passed.

### 2018 Top Marginal Tax Rates (Federal and Provincial Rates Combined)\*

Province/Territory	Interest/Foreign Dividends	Capital Gains**	Eligible Dividends	Non-Eligible Dividends
British Columbia	49.80%	24.90%	34.20%	43.73%
Alberta	48.00%	24.00%	31.71%	41.64%
Saskatchewan	47.50%	23.75%	29.64%	39.76%
Manitoba	50.40%	25.20%	37.78%	45.92%
Ontario	53.53%	26.77%	39.34%	46.84%
Quebec	53.30%	26.65%	39.83%	43.94%
New Brunswick	53.30%	26.65%	33.51%	46.88%
PEI	51.37%	25.69%	34.22%	44.25%
Nova Scotia	54.00%	27.00%	41.58%	47.34%
Newfoundland/Labrador	51.30%	25.65%	42.61%	43.81%
Yukon	48.00%	24.00%	28.93%	41.42%
NWT	47.05%	23.53%	28.33%	35.98%
Nunavut	44.50%	22.25%	33.08%	36.78%

\*Rates include federal and provincial combined marginal tax rates, including provincial surtaxes.

\*\*The capital gains rate for qualifying securities donated to registered charities in-kind is 0%.

### RRSP/TFSA Contribution Limits

18% of previous year's earned income to a maximum of:	2018 – \$26,230 2019 – \$26,500
TFSA Contribution Limit	2018 – \$5,500

### Withholding Tax Rates for RRSP/RRIF Withdrawals

	Quebec	All Other Provinces
Up to \$5,000	21%	10%
\$5,001 – \$15,000	26%	20%
Over \$15,001	31%	30%

### Attribution Rules

Recipient	Gift	No or low interest loan	Loan at prescribed or commercial rate
<b>Spouse or Partner</b>			
Income	Attributed to "gifter"	Attributed to lender	No attribution
Capital Gains	Attributed to "gifter"	Attributed to lender	No attribution
2 <sup>nd</sup> Generation Income	No attribution	No attribution	No attribution
<b>Child under 18</b>			
Income	Attributed to "gifter"	Attributed to lender	No attribution
Capital Gains	No attribution	No attribution	No attribution
2 <sup>nd</sup> Generation Income	No attribution	No attribution	No attribution
<b>Child over 18</b>			
Income	No attribution	No attribution*	No attribution
Capital Gains	No attribution	No attribution*	No attribution
<b>Corporation (excluding small business corporation)</b>			
	Attribution may result if reason for transfer is to confer a benefit on a family member and reduce family tax payable	Attribution may result if reason for transfer is to confer a benefit on a family member and reduce family tax payable	No attribution

\*Anti-avoidance provision can apply to attribute income and capital gains if one of the main reasons for the loan is to reduce taxes payable. Note: Attribution generally ceases on death or in cases of non-residency.

### 2018 Federal Income Tax Rates

First \$46,605	15.0%
\$46,606 – \$93,208	20.5%
\$93,209 – \$144,489	26.0%
\$144,490 – \$205,842	29.0%
\$205,843 and over	33.0%
Basic personal exemption	\$11,809

# 2018 TAX PLANNING

## 2018 Employment Insurance (EI) Premiums

	All provinces/territories except Quebec	Quebec
Maximum Yearly Insurable Earnings	\$51,700	\$51,700
Employee's Premium Rate	1.66%	1.30%
Employer's Premium Rate	2.324%	1.82%
Maximum Yearly Employee Premium	\$858.22	\$672.10
Maximum Yearly Employer Premium	\$1,201.51	\$940.94

## 2018 Canada Pension Plan Premiums

	All provinces/territories except Quebec	Quebec*
Maximum Pensionable Earnings	\$55,900	\$55,900
Basic Exemption	\$3,500	\$3,500
Maximum Contributory Earnings	\$52,400	\$52,400
Employee and Employer Rate	4.95%	5.40%
Maximum Employee/Employer contribution	\$2,593.80	\$2,829.60
Maximum Self-employed contribution	\$5,187.60	\$5,659.20

\*In Quebec contributions are made to the Quebec Pension Plan.

## 2018 CPP and QPP Retirement Benefit

Maximum monthly benefit (assuming payments begin at age 65): **\$1,134.17**

## 2018 Old Age Security (OAS) Payment Rates (current to Jan. 2018)

Maximum Monthly Benefit	\$586.66
Maximum Annual Income	Pensioners with a net income of \$75,910 or more are subject to OAS clawback. Clawback rate is 15% for each dollar beyond \$75,910. OAS is fully eliminated once net income reaches \$122,843.

## RRIF Minimum Withdrawals

Age	Withdrawal	Age	Withdrawal
60	3.33%	79	6.58%
61	3.45%	80	6.82%
62	3.57%	81	7.08%
63	3.70%	82	7.38%
64	3.85%	83	7.71%
65	4.00%	84	8.08%
66	4.17%	85	8.51%
67	4.35%	86	8.99%
68	4.55%	87	9.55%
69	4.76%	88	10.21%
70	5.00%	89	10.99%
71	5.28%	90	11.92%
72	5.40%	91	13.06%
73	5.53%	92	14.49%
74	5.67%	93	16.34%
75	5.82%	94	18.79%
76	5.98%	95+	20.00%
77	6.17%		
78	6.36%		

## Marginal versus Effective Tax Rates – What's the Difference?

**Marginal Tax Rate:** Tax rate applicable to last dollar of income earned. Does not consider deductions and credits available to taxpayer.

**Effective Tax Rate:** Actual rate of tax paid by taxpayer. Considers deductions, credits and graduated tax brackets.

## Commonly Used CRA Guides

<b>P105</b> Students and Income Tax	<b>RC4178</b> Death of a RRIF Annuitant
<b>P113</b> Gifts and Income Tax	<b>T4002</b> Business and Professional Income
<b>RC4092</b> Registered Education Savings Plans (RESPs)	<b>T4011</b> Preparing Returns for Deceased Persons
<b>RC4110</b> Employee or Self-employed?	<b>T4036</b> Rental Income
<b>RC4112</b> Lifelong Learning Plan (LLP)	<b>T4037</b> Capital Gains
<b>RC4169</b> Tax Treatment of Mutual Funds for Individuals	<b>T4040</b> RRSPs and Other Registered Plans for Retirement
<b>RC4466</b> Tax Free Savings Account Guide for Individuals	<b>T4055</b> Newcomers to Canada
<b>RC4177</b> Death of an RRSP Annuitant or a PRPP Member	<b>T4058</b> Non-Residents and Income Tax

## Mackenzie Tax Brochures

- Education Planning
- Income Splitting
- Guide to Tax-Efficient Investing: Corporate Class Funds – Series T
- Mackenzie Charitable Giving Fund Program Guide
- Strategies for Trusts in Tax and Estate Planning
- TFSA Investor Guide
- Registered Disability Savings Plan Investor Guide
- Tax & Estate Planning for Business Owners Kit
- Canadians & US Estate Tax

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