

Ontario

Combined federal and provincial personal income tax rates – 2010^{1,5}

Taxable income		Ontario					
Lower limit	Upper limit	Basic tax ²	Rate on excess	Marginal rate on			
				Eligible dividend income ³	Other dividend income ³	Capital gains ⁴	
\$ -	to \$ 10,382	\$-	0.00%	0.00%	0.00%	0.00%	
10,383	to 13,022	-	15.00	0.00	2.08	7.50	
13,023	to 17,101 ⁶	396	25.10	0.00	3.46	12.55	
17,102	to 37,106	1,420	20.05	0.00	2.77	10.03	
37,107	to 40,970	5,431	24.15	3.96	7.89	12.08	
40,971	to 65,344	6,364	31.15	9.76	16.64	15.58	
65,345	to 74,214	13,956	32.98	10.55	17.81	16.49	
74,215	to 76,986	16,882	35.39	14.03	20.82	17.70	
76,987	to 81,941	17,863	39.41	16.49	23.82	19.70	
81,942	to 127,021	19,816	43.41	22.25	28.82	21.70	
127,022	and up	39,385	46.41	26.57	32.57	23.20	

- The tax rates include the provincial surtaxes and reflect budget proposals and news releases up to 15 December 2010. The rates do not include the Ontario Health Premium (see note 5 below). Where the tax is determined under the alternative minimum tax provisions (AMT), the above table is not applicable. AMT may be applicable where the tax otherwise payable is less than the tax determined by applying the relevant AMT rate to the individual's taxable income adjusted for certain preference items.
- The tax determined by the table should be reduced by the applicable federal and provincial tax credits (see chart below), other than the basic personal tax credits, which have been reflected in the calculations.
- The rates apply to the actual amount of taxable dividends received from taxable Canadian corporations. Eligible dividends are those paid by public corporations and private companies out of earnings that have been taxed at the general corporate tax rate (the dividend must be designated by the payor corporation as an eligible dividend).
- The rates apply to the actual amount of the capital gain. The capital gains exemption on qualified farm or fishing property and small business corporation shares may apply to eliminate the tax on those specific properties.
- Individuals resident in Ontario on 31 December 2010 with taxable income in excess of \$20,000 must pay the Ontario Health Premium. The premium ranges from \$nil to \$900 depending on the individual's taxable income, with the top premium being payable by individuals with taxable income in excess of \$200,599.
- Individuals resident in Ontario on 31 December 2010 with taxable income up to \$13,022 pay no provincial income tax as a result of a low-income tax reduction. The low-income tax reduction (\$206 of Ontario tax) is clawed back for income in excess of \$13,022 until the reduction is eliminated, resulting in an additional 5.05% of provincial tax on income between \$13,022 and \$17,101.

Federal and provincial personal tax credits – 2010

	Federal credit	Provincial credit ¹
Amount of credits:		
Basic personal credit (see note 2 above)	\$ 1,557	\$ 705
Spousal credit (reduced when spouse's income over \$0 (federal) and \$759 (provincial))	1,557	598
Equivalent-to-spouse credit (reduced when dependant's income over \$0 (federal) and \$759 (provincial))	1,557	598
Infirm dependant aged 18 or over (reduced when dependant's income over \$5,992)	633	332
Caregiver credit (reduced when particular person's income over \$14,422 (federal) and \$14,421 (provincial))	633	332
Age credit (65 and over) ²	967	220
Disability credit	1,086	569
Pension income (maximum)	300	97
Education and textbook - per month	70	38
Canada employment credit	158	-
Child tax credit - per child under 18	315	-
Credits as a percentage of:		
Tuition fees	15.00%	7.88%
Public transit passes	15.00%	-
Medical expenses ³	15.00%	7.88%
Charitable donations		
- First \$200	15.00%	7.88%
- Remainder	29.00%	17.41%
CPP contributions ⁴	15.00%	7.88%
EI premiums	15.00%	7.88%

- The tax value of each provincial tax credit includes the reduction in provincial surtax as it would apply to taxpayers in the highest tax bracket (except for the age credit).
- The maximum federal age credit of \$967 occurs at \$32,506 of net income and declines to nil as net income rises to \$75,480. The maximum provincial age credit of \$220 occurs at \$32,506 of net income and declines to nil as net income rises to \$61,613.
- The credit applies to eligible medical expenses that exceed the lesser of \$2,024 and 3% of net income.
- One-half of CPP paid by self-employed individuals is deductible in computing taxable income.

Source: Ernst & Young Electronic Publishing Services Inc.