

# Ontario

## Combined federal and provincial personal income tax rates – 2011<sup>1,5</sup>

Taxable income			Ontario				
Lower limit	to	Upper limit	Basic tax <sup>2</sup>	Rate on excess	Marginal rate on		
					Eligible dividend income <sup>3</sup>	Other dividend income <sup>3</sup>	Capital gains <sup>4</sup>
\$ -	to	\$ 10,527	\$ -	0.00%	0.00%	0.00%	0.00%
10,528	to	13,262	-	15.00	0.00	2.08	7.50
13,263	to	17,421 <sup>6</sup>	410	25.10	0.00	3.46	12.55
17,422	to	37,774	1,454	20.05	0.00	2.77	10.03
37,775	to	41,544	5,535	24.15	3.88	7.90	12.08
41,545	to	66,515	6,445	31.15	11.72	16.65	15.58
66,516	to	75,550	14,224	32.98	12.50	17.81	16.49
75,551	to	78,373	17,204	35.39	15.90	20.82	17.70
78,374	to	83,088	18,203	39.41	18.32	23.82	19.70
83,089	to	128,800	20,061	43.41	23.96	28.82	21.70
128,801	and up		39,904	46.41	28.19	32.57	23.20

- The tax rates include the provincial surtaxes and reflect budget proposals and news releases up to 15 July 2011. 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 2011 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 2011 with taxable income up to \$13,262, pay no provincial income tax as a result of a low-income tax reduction. The low-income tax reduction (\$210 of Ontario tax) is clawed back for income in excess of \$13,262 until the reduction is eliminated, resulting in an additional 5.05% of provincial tax on income between \$13,262 and \$17,421.

## Federal and provincial personal tax credits – 2011

	Federal credit	Provincial credit <sup>1</sup>
<b>Amount of credits:</b>		
Basic personal credit (see note 2 above)	\$ 1,579	\$ 717
Spousal credit (reduced when spouse's income over \$0 (federal) and \$773 (provincial))	1,579	609
Equivalent-to-spouse credit (reduced when dependant's income over \$0 (federal) and \$773 (provincial))	1,579	609
Infirm dependant aged 18 or over (reduced when dependant's income over \$6,076 (federal) and \$6,099 (provincial))	642	338
Caregiver credit (reduced when particular person's income over \$14,624 (federal) and \$14,681 (provincial))	642	338
Age credit (65 and over) <sup>2</sup>	981	224
Disability credit	1,101	579
Pension income (maximum)	300	99
Education and textbook - per month	70	39
Canada employment credit	160	-
Child tax credit - per child under 18	320	-
<b>Credits as a percentage of:</b>		
Tuition fees	15.00%	7.88%
Public transit passes	15.00%	-
Medical expenses <sup>3</sup>	15.00%	7.88%
Charitable donations		
- First \$200	15.00%	7.88%
- Remainder	29.00%	17.41%
CPP contributions <sup>4</sup>	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 \$981 occurs at \$32,961 of net income and declines to nil as net income rises to \$76,541. The maximum provincial age credit of \$224 occurs at \$33,091 of net income and declines to nil as net income rises to \$62,725.
- The credit applies to eligible medical expenses that exceed the lesser of \$2,052 and 3% of net income. The provincial credit applies to eligible medical expenses that exceed the lesser of \$2,060 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.