

# Prince Edward Island

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

Taxable income		Prince Edward Island					
Lower limit	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 \$ 10,259	\$ -	0.00%	0.00%	0.00%	0.00%	
10,260	to 10,527	-	9.80	0.00	11.00	4.90	
10,528	to 15,000	26	24.80	0.00	13.08	12.40	
15,001	to 20,000 <sup>5</sup>	1,136	29.80	6.06	19.33	14.90	
20,001	to 31,984	2,626	24.80	0.00	13.08	12.40	
31,985	to 41,544	5,598	28.80	4.65	18.08	14.40	
41,545	to 63,969	8,351	35.80	12.50	26.83	17.90	
63,970	to 83,088	16,379	38.70	16.59	30.46	19.35	
83,089	to 98,143	23,778	42.70	22.23	35.46	21.35	
98,144	to 128,800	30,206	44.37	23.10	37.42	22.19	
128,801	and up	43,809	47.37	27.33	41.17	23.69	

- The tax rates include the provincial surtax and reflect budget proposals and news releases up to 15 July 2011. 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 and fishing property and small business corporation shares may apply to eliminate the tax on those specific properties.
- Individuals resident in Prince Edward Island on 31 December 2011 with taxable income up to \$10,259, pay no provincial income tax as a result of a low-income tax reduction. The low-income tax reduction is clawed back for income in excess of \$15,000 until the reduction is eliminated, resulting in an additional 5% of provincial tax on income between \$15,000 and \$20,001.

## 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	\$ 831
Spousal credit (reduced when spouse's income over \$0 (federal) and \$655 (provincial))	1,579	706
Equivalent-to-spouse credit (reduced when dependant's income over \$0 (federal) and \$629 (provincial))	1,579	678
Infirm dependant aged 18 or over (reduced when dependant's income over \$6,076 (federal) and \$4,966 (provincial))	642	264
Caregiver credit (reduced when particular person's income exceeds \$14,624 (federal) and \$11,953 (provincial))	642	264
Age credit (65 and over) <sup>2</sup>	981	369
Disability credit	1,101	743
Pension income (maximum)	300	108
Education and textbook - per month	70	43
Canada employment credit	160	-
Child tax credit - per child under 18	320	-
<b>Credits as a percentage of:</b>		
Tuition fees	15.00%	10.78%
Public transit passes	15.00%	-
Medical expenses <sup>3</sup>	15.00%	10.78%
Charitable donations		
- First \$200	15.00%	10.78%
- Remainder	29.00%	18.37%
CPP contributions <sup>4</sup>	15.00%	10.78%
El premiums	15.00%	10.78%

- The tax value of each provincial credit includes the reduction in provincial surtax as it would apply to taxpayers in the highest tax bracket (except 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 \$369 occurs at \$28,019 of net income and declines to nil as net income rises to \$53,112.
- The federal credit applies to eligible medical expenses that exceed the lesser of \$2,052 and 3% of net income. The PEI credit applies to eligible medical expenses that exceed the lesser of \$1,678 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.