

INTEGRATION OF TAX RATES

For illustration purposes only. All rates are based on February 2018 tax rates applicable to B.C. residents who are at the top marginal tax rates. Corporations are assumed to be Canadian-controlled private corporations. Rates will be different for individuals and corporations not resident in B.C. and may change over time.

	Small Business Income (up to \$500,00)	Regular Active Business Income (over \$500,00)	Investment Income	Portfolio Dividends (Eligible - note 1)
Income Earned Personally				
Taxable income	\$100.00	\$100.00	\$100.00	\$100.00
Personal tax (federal and B.C.)	(\$49.80)	(\$49.80)	(\$49.80)	(\$34.20)
After-Tax Income	\$50.20	\$50.20	\$50.20	\$65.80
Income Earned Corporately				
Taxable income	\$100.00	\$100.00	\$100.00	\$100.00
Federal tax	(\$10.00)	(\$15.00)	(\$38.67)	(\$38.33)
B.C. tax	(\$2.00)	(\$12.00)	(\$12.00)	-
Total tax	(\$12.00)	(\$27.00)	(\$50.67)	(\$38.33)
After-tax corporate income	\$88.00	\$73.00	\$49.33	\$61.67
Add: refundable portion	-	-	\$30.67	\$38.33
Amount available as dividend	\$88.00	\$73.00	\$80.00	\$100.00
Personal tax on dividend (note 2)	(\$38.48)	(\$24.97)	(\$34.98)	(\$34.20)
After-Tax Income	\$49.52	\$48.03	\$45.02	\$65.80
2018 Integration Results				
Personal tax rate advantage per \$100	\$0.68	\$2.17	\$5.18	\$0.00
Corporate deferral advantage per \$100	\$37.80	\$22.80	(\$0.87)	(\$4.13)
2017 Comparatives				
Personal tax rate advantage per \$100	\$0.63	\$1.46	\$4.47	\$0.00
Corporate deferral advantage per \$100	\$35.20	\$21.70	(\$1.97)	(\$7.03)

NOTES

1. The corporate tax rate for portfolio dividends in this table applies only to eligible dividends based on the assumption that the investments are in public company shares. Dividends from public companies are generally eligible dividends.
2. The dividends paid out of small business income and investment income in this table are assumed to be regular dividends and subject to the higher regular dividend tax rate as income of these types do not generate GRIP pool that enables payment of eligible dividends. The dividends paid out of regular active business income and portfolio dividends in this table are assumed to be eligible dividends and subject to the lower eligible dividend tax rate as income of these types do generate GRIP pool that enables payment of eligible dividends.