

## **CANADIAN RELOCATION SYSTEMS**

### **Maximum Personal Marginal Income Tax Rates - 2006 (in Percentages)**

	<b>Ordinary</b>	<b>Divide</b>	<b>Capital</b>
<b>Federal</b>	29.00	19.58	14.50
British Columbia	43.70	31.58	21.85
Alberta	39.00	24.08	19.50
Saskatchewan	44.00	28.33	22.00
Manitoba	46.40	35.08	23.20
Ontario	46.41	31.33	23.20
Quebec	48.22	32.81	24.11
New Brunswick	46.84	37.26	23.42
Nova Scotia	48.25	33.06	24.13
Prince Edward	47.37	31.96	23.69
Newfoundland &	48.64	37.32	24.32
Northwest	42.55	29.02	21.28
Nunavut	40.50	28.96	20.30
Yukon	42.40	28.59	21.20

The rates shown are the actual maximum combined federal and provincial marginal tax rates, including surtaxes, where applicable at December 15, 2005.

Ordinary income includes such items as salary, interest, business income and income from other sources, but excludes Canadian dividends and capital gains.

The rates apply to the actual amount of taxable dividends received by individuals from taxable Canadian corporations.

On November 23, 2005, the Finance Minister announced that the government is proposing to reduce the federal personal tax rate on dividends received from public companies and certain Canadian controlled private companies paid out of income that has been subject to tax at the high corporate tax rate ("eligible dividends"). The top tax rates on dividends indicated in the table do not reflect this proposed decrease on eligible dividends as it is not certain that this measure will be passed into law. However, if this decrease were to be instituted as indicated by Finance in its press release, the top federal marginal rate on eligible dividends would be 14.5%, a 5.1% decrease from the current top rate of 19.6%. As well, the provinces have not yet indicated whether they will be reducing their top tax rates on eligible dividend income.