

Tax facts and figures Canada 2016

Canadian individual and corporate tax changes, tax rates, tax deadlines and a wide range of other valuable tax information.



Key 2016 income tax rates – individuals and corporations

Applies to taxable income above \$200,000 in all jurisdictions except:

- \$300,000 in Alberta
- \$220,000 in Ontario
- \$500,000 in Yukon

Individuals (page 5)

Top combined marginal rates

	Ordinary income and interest	Capital gains	Canadian dividends	
			Eligible	Non-eligible
Federal	33.00%	16.50%	24.81%	26.30%
Alberta	48.00%	24.00%	31.71%	40.25%
British Columbia	47.70%	23.85%	31.30%	40.61%
Manitoba	50.40%	25.20%	37.78%	45.74%
New Brunswick	53.30%	26.65%	34.20%	45.81%
Newfoundland and Labrador	49.80%	24.90%	40.54%	41.86%
Northwest Territories	47.05%	23.53%	28.33%	35.72%
Nova Scotia	54.00%	27.00%	41.58%	46.97%
Nunavut	44.50%	22.25%	33.08%	36.35%
Ontario	53.53%	26.76%	39.34%	45.30%
Prince Edward Island	51.37%	25.69%	34.22%	43.87%
Quebec	53.31%	26.65%	39.83%	43.84%
Saskatchewan	48.00%	24.00%	30.33%	39.91%
Yukon	48.00%	24.00%	24.81%	40.18%

The rate applies to dividends received after June 30, 2016. The rate is 41.16% for non-eligible dividends received before July 1, 2016.

Corporations (page 20)

Combined rates

General and M&P	Canadian-Controlled Private Corporations (CCPCs)	
	Active business income to \$500,000	Investment income
	15%	10.5%
	27%	13.5%
	26%	13%
	27%	10.5% or 22.5%
	28.5%	14.12%
	30%	13.5%
	26.5%	14.5%
	31%	13.5% or 26.5%
	27%	14.5%
General M&P	26.5%	50.17%
	25%	n/a
	31%	54.67%
General M&P	26.9%	18.5%
		14.5%
General M&P	27%	12.5%
	25%	n/a
General M&P	30%	13.5%
	17.5%	12%
		n/a

For December 31 year end (12-month taxation year).

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Tax facts and figures

Canada 2016

A message from our tax leader

This past year has brought a new federal government and, in turn, many new tax initiatives. Some are highly technical in nature. Taxpayers engaged in international transactions may be affected. Shareholders in Canadian-controlled private corporations should also take note.

PwC's 39th edition of *Tax facts and figures* will help you stay up-to-date on the federal – as well as provincial and territorial – tax changes and determine which apply to you or your company. What's more – it puts individual and corporate tax rates and tax deadlines at your fingertips.

To stay informed throughout the year, explore the wealth of tax publications on our website: www.pwc.com/ca/taxpublications. To subscribe or update your contact information, visit www.pwc.com/ca/stayintouch.

Also, check out PwC's:

- Tax rate app* to get the latest corporate, personal and sales tax rates
- income tax calculator at www.pwc.com/ca/calculator to estimate your personal tax bill and marginal tax rates
- worldwide tax summaries at www.pwc.com/taxsummaries for information on corporate and personal tax systems in over 150 countries

We would be happy to help you plan for and respond to the myriad tax issues you or your business face. Please contact us.



Chris

Christopher P. Kong
National Managing Partner, Tax
PwC Canada

****To get our Tax rate app,
scan this code on your
iPhone and iPad***



Let's talk

For a deeper discussion of how the tax issues in *Tax facts and figures* might affect you or your business, please contact:

- your PwC tax adviser
- any of the individuals listed at www.pwc.com/ca/taxcontacts

Office addresses and telephone numbers are available at www.pwc.com/ca/offices.

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This booklet is published with the understanding that PwC is not thereby engaged in rendering accounting, legal or other professional service or advice. The comments included in this booklet are not intended to constitute professional advice, nor should they be relied upon to replace professional advice.

Rates and other information are current to June 24, 2016, but may change as a result of legislation or regulations issued after that date.

Highlights for individuals and corporations: 2016 and beyond

Federal

Personal income tax rates: increased on taxable income over \$200,000, reduced on taxable income of \$90,563 or less, and increased for non-eligible dividends, in 2016 (p. 10)

Corporate income tax rates (general and M&P): unchanged (p. 25)

Taxation of CCPCs: CCPC rate decreased from 11% to 10.5% and CCPC refundable investment tax rate increased from 6-2/3% to 10-2/3%, in 2016; refundable Part IV tax rate and dividend refund rate on taxable dividends paid by a corporation increased from 33-1/3% to 38-1/3%, after 2015; tax planning structures to multiply the small business deduction nullified, for taxation years beginning after March 21, 2016 (p. 25)

Tax system review: goal is to eliminate poorly targeted and inefficient tax measures, particularly the ability of high net worth individuals to reduce or defer tax through the use of private corporations (p. 10)

Tax-free savings account (TFSA): contribution limit decreased from \$10,000 to \$5,500, starting 2016 (p. 10)

Eligible capital property (ECP) regime: replaced with a new capital cost allowance pool, starting January 1, 2017 (p. 25)

Withholding tax for non-resident employers: certain non-resident employers with non-resident employees in Canada exempt from payroll withholding requirements, effective January 1, 2016 (p. 26)

Back-to-back loans: rules extended and clarified (p. 26)

Country-by-country reporting: introduced, for taxation years beginning after 2015 (p. 26)

Tax avoidance and evasion: to be targeted by additional resources (p. 11)

Alberta

Personal income tax rates: increased on taxable income over \$125,000 in 2016; increasing for non-eligible dividends, starting 2016¹ (p. 12)

Corporate income tax rates: general and M&P rate unchanged; CCPC rate decreasing from 3% to 2% on January 1, 2017² (p. 27)

British Columbia

Personal income tax rates: decreased on taxable income over \$151,050 from 16.8% to 14.7%, starting 2016¹ (p. 12)

Corporate income tax rates: unchanged² (p. 27)

Manitoba

Personal income tax rates: increasing for non-eligible dividends, starting 2016¹ (p. 13)

Corporate income tax rates: unchanged² (p. 28)

CCPC threshold: increased from \$425,000 to \$450,000 on January 1, 2016 (p. 28)

New Brunswick

Personal income tax rates: decreased on taxable income over \$150,000, starting 2016; changing on eligible and non-eligible¹ dividends, in 2016 and 2017 (p. 14)

Corporate income tax rates: general and M&P rate increased from 12% to 14% and CCPC rate² decreased from 4% to 3.5%, on April 1, 2016 (p. 28)

Financial institutions capital tax rate: for banks only, increased from 4% to 5% on April 1, 2016 (p. 28)

Harmonized Sales Tax rate: increasing from 13% to 15% on July 1, 2016 (pp. 14, 28)

1. 2016 personal tax rates on non-eligible dividends in the province or territory increased due to a federal change.

2. 2016 combined federal/provincial/territorial CCPC rate decreased and CCPC investment income tax rate increased due to federal changes.

Highlights for individuals and corporations: 2016 and beyond

Newfoundland and Labrador

Personal income tax rates: increasing at all taxable income levels in 2016 and 2017; increasing for non-eligible dividends¹ after June 30, 2016 (p. 14)

Corporate income tax rates: general rate increased from 14% to 15% and M&P rate increased 5% to 15% on January 1, 2016; CCPC rate unchanged² (p. 29)

Financial corporations capital tax rate: increased from 5% to 6% on January 1, 2016 (p. 29)

Temporary deficit reduction levy: imposed on individuals, starting July 1, 2016 (p. 14)

Harmonized Sales Tax rate: increasing from 13% to 15% on July 1, 2016 (pp. 15, 29)

Northwest Territories

Personal and corporate income tax rates: unchanged^{1,2} (pp. 15, 29)

Nova Scotia

Personal and corporate income tax rates: unchanged^{1,2} (pp. 16, 30)

Nunavut

Personal and corporate income tax rates: unchanged^{1,2} (pp. 16, 30)

Ontario

Personal and corporate income tax rates: unchanged^{1,2} (pp. 17, 31)

Research and development tax credits: rates reduced for eligible R&D expenditures incurred in taxation years ending after May 31, 2016 (p. 31)

Prince Edward Island

Personal and corporate income tax rates: unchanged^{1,2} (pp. 17, 31)

Harmonized Sales Tax rate: increasing from 14% to 15% on October 1, 2016 (pp. 17, 31)

Quebec

Personal income tax rates: unchanged¹ (p. 18)

Corporate income tax rates: general and M&P rate decreasing from 11.9% to 11.5% over four years, starting 2017; CCPC regular rate remains 8% and lowest CCPC M&P rate remains 4%; criteria to qualify for CCPC rates changing after 2016, which may increase rates² (p. 32)

Business tax credit rates: many changes (p. 32)

Saskatchewan

Personal income tax rates: changing for non-eligible dividends in 2016¹ (p. 19)

Corporate income tax rates: unchanged² (p. 33)

Yukon

Personal and corporate income tax rates: unchanged^{1,2} (pp. 19, 34)

1. 2016 personal tax rates on non-eligible dividends in the province or territory increased due to a federal change.

2. 2016 combined federal/provincial/territorial CCPC rate decreased and CCPC investment income tax rate increased due to federal changes.

Individuals

Individual marginal rates

The tables on this page and page 5 show 2016 combined federal and provincial (or territorial) marginal tax rates – the percentage of tax paid on the last dollar of income, or on additional income.

Provincial brackets below \$11,474 are not shown.	Taxable income \$11,474 to \$45,282					Taxable income \$45,282 to \$90,563					Taxable income \$90,563 to \$140,388				
	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends¹ Eligible %	Non-eligible %	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends¹ Eligible %	Non-eligible %	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends¹ Eligible %	Non-eligible %
Federal	11,474	15.00	7.50	(0.03) to 0	5.24	45,282	20.50	10.25	7.56	11.67	90,563	26.00	13.00	15.15	18.11
Alberta	18,451	25.00	12.50	(0.03) to 0	13.34	45,282	30.50	15.25	7.56	19.77	125,000	38.00	19.00	17.91	28.55
	11,474	15.00	7.50	(0.03) to 0	5.24						90,563	36.00	18.00	15.15	26.21
British Columbia	38,210	22.70	11.35	(3.20) to 0	11.36	87,741	32.79	16.40	10.72	23.16	106,543 90,563	40.70 38.29	20.35 19.15	21.64 18.31	32.42 29.60
	11,474	20.06	10.03	(6.84) to 0	8.27	76,421 45,282	31.00 28.20	15.50 14.10	8.25 4.39 to 7.56	21.07 17.79					
Manitoba	31,000	27.75	13.88	6.53 to 6.56	19.24	67,000	37.90	18.95	20.53	31.12	90,563	43.40	21.70	28.12	37.55
	11,474	25.80	12.90	3.84 to 3.86	16.96	45,282	33.25	16.63	14.12	25.68					
New Brunswick	40,492	29.82	14.91	1.79 to 1.82	18.34	80,985	37.02	18.51	11.73	26.76	131,664	43.84	21.92	21.14	34.74
	11,474	24.68	12.34	(5.30) to 0	12.32	45,282	35.32	17.66	9.38	24.77	90,563	42.52	21.26	19.32	33.20
Newfoundland and Labrador	35,148	28.50	14.25	11.15 to 11.18	16.94²	70,295	35.05	17.53	20.19	24.60²	125,500	41.80	20.90	29.50	32.50²
	11,474	23.20	11.60	3.84 to 3.86	10.74²	45,282	34.00	17.00	18.74	23.37²	90,563	40.55	20.28	27.78	31.04²
Northwest Territories	41,011	23.60	11.80	(4.03) to 0	8.28	82,024	32.70	16.35	8.53	18.93	133,353	40.05	20.03	18.67	27.53
	14,081	20.90	10.45	(7.76) to 0	5.12 to 5.24	45,282	29.10	14.55	3.56 to 7.56	14.72	90,563	38.20	19.10	16.12	25.36
Nova Scotia	29,590	29.95	14.98	8.39 to 8.42	18.84	59,180	37.17	18.59	18.35	27.28	93,000	43.50	21.75	27.09	34.69
	11,474	23.79	11.90	(0.11) to 0	11.63	45,282	35.45	17.73	15.98	25.27	90,563	42.67	21.34	25.94	33.72
Nunavut	43,176	22.00	11.00	2.03 to 2.06	10.02	86,351	29.50	14.75	12.38	18.80	90,563	35.00	17.50	19.97	25.23
	12,947	19.00	9.50	(2.11) to 0	6.51	45,282	27.50	13.75	9.62	16.46					
Ontario	41,536	24.15	12.08	(1.20) to 0	10.93	86,177	37.91	18.95	17.79	27.03	90,563	43.41	21.70	25.38	33.46
	11,474	20.05	10.03	(6.86) to 0	6.13	83,075 73,142 45,282	33.89 31.48 29.65	16.95 15.74 14.83	12.24 8.92 6.39 to 7.56	22.33 19.51 17.37					
Prince Edward Island	31,984	28.80	14.40	4.53 to 4.55	17.82	63,969	37.20	18.60	16.12	27.65	98,314	44.37	22.19	24.56	35.68
	11,474	24.80	12.40	(0.99) to 0	13.14	45,282	34.30	17.15	12.12	24.25	90,563	42.70	21.35	23.71	34.08
Quebec	42,390	32.53	16.26	11.16 to 11.18	19.53	84,780	41.12	20.56	23.01	29.58	103,150	47.46	23.73	31.77	37.00
	14,438	28.53	14.26	5.64 to 5.66	14.85	45,282	37.12	18.56	17.49	24.90	90,563	45.71	22.86	29.35	34.95
Saskatchewan	44,601	28.00	14.00	2.73 to 2.76	16.51	45,282	33.50	16.75	10.32	22.95	127,430	41.00	20.50	20.67	31.72
	15,843	26.00	13.00	(0.03) to 0	14.17						90,563	39.00	19.50	17.91	29.38
Yukon	11,474	21.40	10.70	(11.90) to 0	9.05	45,282	29.50	14.75	(0.72) to 7.56	18.53	90,563	36.90	18.45	9.49 to 15.15	27.19
Non-resident³	11,474	22.20	11.10	(0.04) to 0	7.75	45,282	30.34	15.17	11.19	17.28	90,563	38.48	19.24	22.43	26.80

See page 5 for footnotes.

Individuals

Individual marginal rates (continued)

	Taxable income \$140,388 to \$200,000					Taxable income > \$200,000				
	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends ¹ Eligible %	Non-eligible %	Brackets \$	Ordinary income & interest %	Capital gains %	Canadian dividends ¹ Eligible %	Non-eligible %
Federal	140,388	29.00	14.50	19.29	21.62	200,000	33.00	16.50	24.81	26.30
Alberta	150,000	42.00	21.00	23.43	33.23	300,000	48.00	24.00	31.71	40.25
	140,388	41.00	20.50	22.05	32.06	200,000	47.00	23.50	30.33	39.08
British Columbia	140,388	43.70	21.85	25.78	35.93	200,000	47.70	23.85	31.30	40.61
Manitoba	140,388	46.40	23.20	32.26	41.06	200,000	50.40	25.20	37.78	45.74
New Brunswick	150,000	49.30	24.65	28.68	41.13	200,000	53.30	26.65	34.20	45.81
	140,388	46.84	23.42	25.28	38.25					
Newfoundland and Labrador	175,700	45.80	22.90	35.02	37.18 ²	200,000	49.80	24.90	40.54	41.86 ²
	140,388	44.80	22.40	33.64	36.01 ²					
Northwest Territories	140,388	43.05	21.53	22.81	31.04	200,000	47.05	23.53	28.33	35.72
Nova Scotia	150,000	50.00	25.00	36.06	42.29	200,000	54.00	27.00	41.58	46.97
	140,388	46.50	23.25	31.23	38.20					
Nunavut	140,388	40.50	20.25	27.56	31.67	200,000	44.50	22.25	33.08	36.35
Ontario	150,000	47.97	23.98	31.67	38.80	220,000	53.53	26.76	39.34	45.30
	140,388	46.41	23.20	29.52	36.97	200,000	51.97	25.98	37.19	43.48
Prince Edward Island	140,388	47.37	23.69	28.70	39.19	200,000	51.37	25.69	34.22	43.87
Quebec	140,388	49.97	24.98	35.22	39.93	200,000	53.31	26.65	39.83	43.84
Saskatchewan	140,388	44.00	22.00	24.81	35.23	200,000	48.00	24.00	30.33	39.91
Yukon	140,388	41.80	20.90	16.26 to 19.29	32.92	500,000	48.00	24.00	24.81	40.18
						200,000	45.80	22.90	21.78 to 24.81	37.60
Non-resident³	140,388	42.92	21.46	28.55	32.00	200,000	48.84	24.42	36.72	38.92

1. Eligible dividends are designated as such by the payor. Most dividends paid by public corporations are eligible dividends. When two dividend rates are indicated, the rate that applies depends on the level of the taxpayer's other income, with the higher rate applying if the taxpayer has no other income.
2. For Newfoundland and Labrador, the non-eligible dividend rates shown are for dividends received after June 30, 2016. The rates before July 1, 2016, are:

Brackets \$	11,474	35,148	45,282	70,295	90,563	125,500	140,388	175,700	200,000
Rate %	10.04	16.24	22.67	23.90	30.34	31.80	35.31	36.48	41.16

3. Non-resident rates for interest and dividends apply only in limited cases; generally, interest (other than most interest paid to arm's-length non-residents) and dividends are subject to Part XIII non-resident withholding tax.

Individuals

How much tax? Individual tax table

This table shows 2016 combined federal and provincial (or territorial) income taxes payable, assuming all income is interest or ordinary income (such as salary) and only the basic personal tax credit is claimed (except for non-residents).

Certain types of income and deductions may trigger alternative minimum tax (AMT), affecting the results.

This table assumes the non-resident will not qualify for the basic personal tax credit. A non-resident can claim this credit only if all or substantially all (i.e. 90% or more) of his or her worldwide income is included in taxable income earned in Canada for the year.

Instead of provincial or territorial tax, non-residents pay an additional 48% of basic federal tax on income taxable in Canada that is not earned in a province or territory. Non-residents are subject to provincial or territorial rates on employment income earned, and business income connected with a permanent establishment, in the respective province or territory. Different rates may apply to non-residents in other circumstances.

For the taxation of interest and dividends paid to non-residents, see footnote 3 on page 5.

For Quebec, the federal income tax amounts shown should be reduced by the 16.5% "Quebec abatement." See page 18.

		Combined 2016 federal and provincial/territorial income tax														Non-resident	
		Federal income tax	AB	BC	MB	NB	NL	NWT	NS	NU	ON	PEI	QC	SK	YT		
Taxable income ↑	\$1,000,000	\$308,596	\$447,751	\$447,802	\$477,889	\$501,765	\$469,947	\$441,738	\$508,988	\$416,546	\$499,107	\$486,735	\$505,976	\$453,412	\$441,296	\$459,269	\$1,000,000
	500,000	143,596	207,751	209,302	225,889	235,265	220,947	206,488	238,988	194,046	231,459	229,885	239,451	213,412	201,296	215,069	500,000
	400,000	110,596	159,751	161,602	175,489	181,965	171,147	159,438	184,988	149,546	177,929	178,515	186,146	165,412	155,496	166,229	400,000
	300,000	77,596	111,751	113,902	125,089	128,665	121,347	112,388	130,988	105,046	124,400	127,145	132,841	117,412	109,696	117,389	300,000
	250,000	61,096	88,251	90,052	99,889	102,015	96,447	88,863	103,988	82,796	97,635	101,460	106,188	93,412	86,796	92,969	250,000
	200,000	44,596	64,751	66,202	74,689	75,365	71,547	65,338	76,988	60,546	71,182	75,775	79,536	69,412	63,896	68,549	200,000
	150,000	30,096	43,751	44,352	51,489	50,715	48,904	43,813	51,988	40,296	47,197	52,090	54,553	47,412	42,996	47,089	150,000
	100,000	16,807	24,962	23,871	29,501	28,925	28,035	24,116	29,949	22,267	25,204	29,617	30,637	27,173	24,075	27,422	100,000
	90,000	14,238	21,393	20,073	25,192	24,704	24,011	20,327	25,655	18,798	20,894	25,350	26,092	23,304	20,427	23,620	90,000
	80,000	12,188	18,343	16,932	21,402	21,019	20,506	17,130	21,938	15,975	17,425	21,630	22,172	19,954	17,477	20,586	80,000
	70,000	10,138	15,293	14,012	17,612	17,487	17,004	14,220	18,221	13,225	14,335	17,910	18,460	16,604	14,527	17,552	70,000
	60,000	8,088	12,243	11,192	14,147	13,955	13,604	11,310	14,504	10,475	11,370	14,305	14,748	13,254	11,577	14,518	60,000
	50,000	6,038	9,193	8,372	10,822	10,423	10,204	8,400	10,945	7,725	8,405	10,875	11,036	9,904	8,627	11,484	50,000
	40,000	4,279	6,434	5,843	7,788	7,206	7,094	5,808	7,691	5,361	5,793	7,736	7,663	6,936	6,105	8,880	40,000
	30,000	2,779	3,934	3,790	5,032	4,738	4,517	3,718	4,696	3,461	3,788	4,935	4,810	4,336	3,965	6,660	30,000
	20,000	1,279	1,434	1,784	2,452	2,270	2,197	1,628	2,291	1,561	1,783	2,455	1,958	1,736	1,825	4,440	20,000

Taxable income ↑

Individuals

Income tax filing and payment deadlines – individuals and trusts

Deadlines falling on holidays or weekends may be extended to the next business day.
See page 40 for other filing deadlines.

However, the Canada Revenue Agency's administrative policy is to not charge instalment interest or penalties to a trust.

	Instalments for 2016		Filing deadline and balance due	Tax forms
	Required	Deadline		
Individuals	If tax payable in 2016 and either 2015 or 2014 exceeds tax withheld by more than \$3,000 (\$1,800 for Quebec residents)	15th of March, June, September, December	April 30 (extensions may be available)	T1 (and TP-1-V for Quebec filers)
Trusts Inter vivos Testamentary			90 days after trust year end	T3 (and TP-646-V for Quebec filers)

Graduated rate estates (an estate that is a testamentary trust, for the first 36 months after the date of death) are not required to remit instalments.

Mutual fund trusts can elect to have a taxation year that ends on December 15.

	Trust created	Year end	Tax rate
Trusts Inter vivos Testamentary	During lifetime	December 31	Top personal tax rate
	On death		

Applies to unit trusts, including mutual fund trusts.

An exception applies to graduated rate estates, which can have non-calendar year ends.

See page 5 for tax rates.

Exceptions apply to graduated rate estates and qualifying disability trusts, which are taxed at personal marginal tax rates.

	Special cases	
	Filing	Balance due
Taxpayer (or spouse) carried on a business	June 15 ¹	
Non-resident	If a non-resident receives: • rental income on Canadian real property and elects to file under section 216, filing deadline is two years after end of year the income was paid or credited (June 30 if NR6 was filed) • certain Canadian pension, retirement and social assistance benefits and elects to file under section 217, filing deadline is June 30	April 30 (no extension)
Taxpayer died	Return for year of death—If a taxpayer died: • January to October, filing deadline ¹ is April 30 • November to December, filing deadline ¹ is 6 months after date of death Return for year before death—If a taxpayer died: • after year-end, but • before filing deadline for previous year's return, filing deadline ¹ is 6 months after date of death	For deceased, if died: • January to October, April 30 • November to December, 6 months after date of death For spouse, April 30. For deceased, 6 months after date of death. For spouse, April 30.

Non-residents are not subject to instalment or filing requirements on these (and certain other) receipts. Instead, 25% Part XIII withholding tax applies (may be reduced by treaty).

If a taxpayer (or his/her spouse) carried on a business and died:
• January 1 to December 15, filing deadline¹ is June 15 of the following year
• December 16 to December 31, filing deadline¹ is 6 months after date of death

1. Applies to taxpayer and his or her spouse.

Individuals

Health care premiums and personal tax levies for 2016

The health care premiums and personal tax levies shown are payable by individuals, but may be remitted through payroll withholdings.

Starting January 1, 2017, for the Medical Services Plan premium:

- the rate structure will change
- assistance for low-income earners will be enhanced

See page 13.

			Premiums	Frequency	Relief
British Columbia	Medical Services Plan	Single	\$75.00	Monthly	Low-income earners can get assistance
		Family of two	\$136.00		
		Family of > two	\$150.00		
Quebec	Prescription Drug Insurance Plan	Individuals	up to \$640	Annual	Exemptions apply (e.g. individuals covered by a group insurance plan, certain seniors, students)

The premium will be adjusted on July 1, 2016.

The levy will be phased out over three years starting in 2018.

	Taxable income	Annual premiums per individual	
		Fixed portion	+ 5% of taxable income >
Newfoundland and Labrador Temporary Deficit Reduction Levy	< \$51,000	\$0	\$50,000
	\$51,000 to \$56,000	\$50	\$55,000
	\$56,000 to \$61,000	\$100	\$60,000
	\$61,000 to \$66,000	\$150	\$65,000
	\$66,000 to \$71,000	\$200	\$70,000
	\$71,000 to \$76,000	\$250	\$75,000
	\$76,000 to \$81,000	\$300	\$80,000
	\$81,000 to \$101,000	\$350	\$100,000
	\$101,000 to \$126,000	\$400	\$125,000
	\$126,000 to \$176,000	\$450	\$175,000
	\$176,000 to \$251,000	\$500	\$250,000
	\$251,000 to \$301,000	\$550	\$300,000
	\$301,000 to \$351,000	\$600	\$350,000
	\$351,000 to \$401,000	\$650	\$400,000
	\$401,000 to \$451,000	\$700	\$450,000
	\$451,000 to \$501,000	\$750	\$500,000
	\$501,000 to \$551,000	\$800	\$550,000
	\$551,000 to \$601,000	\$850	\$600,000
	≥ \$601,000	\$900	n/a

2017 annual premiums will be double the 2016 premiums. See page 14.

Individuals are subject to Quebec Health Services Fund contributions on income from all sources except employment, the gross-up on dividends and certain other exclusions.

	Income (subject to premium)	Annual premiums per individual
Quebec Health Services Fund	< \$29,440	1% of income > \$14,440
	\$29,440 to \$135,200	\$150 + 1% of income > \$50,200
	≥ \$135,200	\$1,000

Thresholds are indexed.

Employers are also liable for contributions to the Quebec Health Services Fund. See page 23.

	Taxable income	Annual premiums per individual
Ontario Health Premium	< \$25,000	6% of income > \$20,000
	\$25,000 to \$38,500	\$300 + 6% of income > \$36,000
	\$38,500 to \$48,600	\$450 + 25% of income > \$48,000
	\$48,600 to \$72,600	\$600 + 25% of income > \$72,000
	\$72,600 to \$200,600	\$750 + 25% of income > \$200,000
	≥ \$200,600	\$900

	Net income	Annual premiums per individual
Quebec Health contribution	< \$19,570	5% of income > \$18,570
	\$19,570 to \$43,765	\$50 + 5% of income > \$41,265
	\$43,765 to \$154,720	\$175 + 4% of income > \$134,095
	≥ \$154,720	\$1,000

Thresholds are indexed.

The health contribution will be reduced in 2017 and eliminated in 2018. See page 18.

Individuals

Probate fees (for estates over \$50,000)

Probate is an administrative procedure under which a court validates a deceased's will and confirms the appointment of the executor.

This table shows probate fees or administrative charges for probating a will. Other fees may also apply.

	Fee schedule (value over \$50,000)	Example fees		
		\$500,000 value	\$2,000,000 value	\$5,000,000 value
Alberta	\$275 to \$525	\$525		
British Columbia	$\$350 + 1.4\%$ of portion > \$50,000	\$6,650	\$27,650	\$69,650
Manitoba	$\$70 + 0.7\%$ of portion > \$10,000	\$3,500	\$14,000	\$35,000
New Brunswick	0.5% of estate	\$2,500	\$10,000	\$25,000
Newfoundland and Labrador	$\$120 + 0.6\%$ of portion > \$1,000	\$3,114	\$12,114	\$30,114
Northwest Territories	\$200 to \$400	\$400		
Nova Scotia	$\$1,003 + 1.695\%$ of portion > \$100,000	\$7,783	\$33,208	\$84,058
Nunavut	\$200 to \$400	\$400		
Ontario	$\$250 + 1.5\%$ of portion > \$50,000	\$7,000	\$29,500	\$74,500
Prince Edward Island	$\$400 + 0.4\%$ of portion > \$100,000	\$2,000	\$8,000	\$20,000
Quebec	Nominal fee			
Saskatchewan	0.7% of estate	\$3,500	\$14,000	\$35,000
Yukon	\$140	\$140		

For some provinces and territories, different rates may apply to smaller estates (less than \$50,000).

Although Quebec does not levy probate fees, wills (other than notarial wills) must be authenticated by the Superior Court of Quebec. A nominal fee applies.

Individuals

Key tax changes

Federal

Top federal rates				
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2015	29%	14.50%	19.29%	21.22%
2016	33%	16.50%	24.81%	26.30%

2016 Federal					
Basic personal amount	\$11,474	Indexing factor	1.3%		
Bracket	\$0	\$45,282	\$90,563	\$140,388	\$200,000
Rate	15%	20.5%	26%	29%	33%

Highlights of changes

Personal tax system: Starting 2016:

- the federal tax rate on taxable income over \$200,000 increased from 29% to 33%
- the second lowest tax rate dropped from 22% to 20.5%

Charitable donations tax credit: For total donations in a year exceeding \$200, the tax credit rate is:

- 33% for donations made after 2015:
 - for individuals, to the extent the individual has income that is subject to the federal 33% income tax rate
 - for trusts that are subject to the 33% tax rate on all of their taxable income
- 29% for other donations

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	15.0198%		11.0169%	10.5217%
Top federal rate	19.29%	24.81%	21.22%	26.30%

The gross-up factor and dividend tax credit rate for non-eligible dividends were to be revised from 2017 to 2019, but these changes have been rescinded.

Tax system review: The government will review the tax system with the goal of eliminating poorly targeted and inefficient tax measures, particularly, the ability of high net worth individuals to use private corporations to reduce or defer tax.

Tax-free savings account (TFSA): Starting 2016, the annual TFSA contribution limit decreased from \$10,000 to \$5,500 (indexed after 2016).

Employee stock options: The government confirmed that anticipated changes to the taxation of employee stock options will not proceed.

Family tax cut (income-splitting) tax credit: Starting 2016, this credit, which allowed some families with children under 18 to reduce their tax bills by up to \$2,000, is eliminated.

Canada Child Benefit: Starting July 2016, this new non-taxable monthly benefit, which is based on adjusted family net income and the number of children in the family, will replace the Universal Child Care Benefit, Canada Child Tax Benefit and National Child Benefit.

Education and textbook tax credits: These credits will be eliminated after December 31, 2016, but unused credits can be carried forward for use after 2016.

Children's fitness and arts tax credits: These credits will be eliminated after December 31, 2016. For 2016:

- the maximum eligible amount will decrease from \$1,000 to \$500 for the fitness credit and from \$500 to \$250 for the arts credit
- the supplemental \$500 credit remains available for children under 19 who qualify for the disability tax credit

Teacher and early childhood educator school supply tax credit: Starting 2016, eligible educators can claim a 15% refundable tax credit on up to \$1,000 of eligible supplies purchased for use in a school or regulated child care facility.

Automobile deductions and benefits: The 2016 prescribed rates for purposes of determining tax-exempt allowances and operating cost benefits for automobiles are 1¢ per kilometre lower than for 2015. All other 2016 prescribed rates will remain at their 2015 levels. See *Car expenses and benefits – A tax guide* at www.pwc.com/ca/carexpenses.

Employee profit sharing plans (EPSPs): Starting 2016 taxation years, excess EPSP contributions will be taxed at a 33% tax rate.

Retirement savings plans and deferred profit sharing plans: Contribution limits will increase. See page 37.

Defined benefit registered pension plans (RPPs):

The maximum pension benefit that can be paid from these plans is increasing as shown:

	Pension benefit (per year of service)
2015	\$2,819
2016	\$2,890
2017	Indexed

Amounts are 1/9 the defined contribution RPP maximum contribution limit for the year. See page 37.

Individuals

Enhancing the Canada Pension Plan (CPP): Canada's Finance Ministers have agreed in principle to work on a CPP enhancement that would be effective starting January 1, 2019. See our *Tax Insights* "Enhancing the CPP: What it means" at www.pwc.com/ca/taxinsights.

Trusts and estates: For deaths that occur after 2015, changes to the rules for:

- estate donations, extend the new flexible rules for recognizing charitable donations made on death
- spousal and common-law partner (and similar) trusts, ensure that income arising in certain trusts on the death of the trust's life tenant beneficiary is taxed in the trust (not in the hands of that beneficiary unless an election is filed)

See our *Tax Insights* "Draft legislative proposals modify tax rules for certain trusts and their beneficiaries" at www.pwc.com/ca/taxinsights.

Taxation of trusts: As a consequence of the new top 33% personal income tax rate, starting 2016 taxation years:

- the capital gains refund mechanism formulas for mutual fund trusts will reflect the 33% rate
- the Part XII.2 tax rate on distributed income of certain trusts will increase from 36% to 40%
- the recovery tax rule for qualified disability trusts will refer to the 33% rate

Donations of private corporation shares or real estate: The government will not proceed with the previously announced measure that would have provided an exemption from capital gains tax for certain dispositions of private corporation shares or real estate after 2016, when cash proceeds received from the disposition are donated to a registered charity or other qualified donee within 30 days after the disposition.

Labour-sponsored venture capital corporations (LSVCC) tax credit: This 15% credit is reinstated for share purchases of provincially registered LSVCCs prescribed under the *Income Tax Act*, starting the 2016 taxation year. Newly registered LSVCCs under existing provincial legislation may also be eligible for the credit.

Mineral exploration tax credit for flow-through shares: This credit is extended by one year to apply to flow-through share agreements entered into before April 1, 2017.

Trust loss restriction rules: Retroactive to the introduction of these rules (i.e. March 21, 2013), changes to the rules affecting funds:

- remove the definition of "portfolio investment fund" and replace it with an expanded definition of "investment fund," which provides exceptions to the loss restriction event rules in additional circumstances
- clarify the filing deadline of a deemed year-end resulting from a loss restriction event

See our *Tax Insights* "Trust loss restriction rules: Draft legislative proposals modify tax rules affecting funds and asset managers" at www.pwc.com/ca/taxinsights.

Taxation of "switch fund" shares: Starting October 1, 2016, exchanges of classes of shares of a mutual fund corporation that result in the investor switching between funds will be treated as a disposition at fair market value; they will no longer be tax deferred. This will not apply to switches when the shares received differ only in respect of management fees or expenses to be borne by investors and otherwise derive their value from the same portfolio within the corporation.

Sale of "linked notes": For sales of linked notes (i.e. investments providing a return that is contingent on the performance of a referenced asset) occurring after September 2016, any accrued but unrealized increase in the value of a linked note will be:

- deemed to be accrued interest for purposes of the prescribed debt obligations rules, and
- included in income at the time of disposition

Tax avoidance and evasion: The Canada Revenue Agency will:

- enhance its efforts to crack down on tax evasion and combat tax avoidance (see our *Tax Insights* "New initiatives target tax evasion and tax avoidance" at www.pwc.com/ca/taxinsights)
- improve its ability to collect outstanding tax debts
- ramp up its outreach efforts to ensure that taxpayers understand and meet their tax obligations

Tax treaties: Recent developments are shown below.

See page 42.	Ratified and entered into force	Signed but awaiting ratification	Under negotiation
	Tax treaties	Spain	Taiwan

Individuals

Alberta

Top combined rates					2016 Alberta					
	Ordinary income	Capital gains	Dividends		Basic personal amount	\$18,451	Indexing factor	1.3%		
			Eligible	Non-eligible	Bracket	\$0	\$125,000	\$150,000	\$200,000	\$300,000
2015	40.25%	20.13%	21.02%	30.84%	Rate	10%	12%	13%	14%	15%
2016	48.00%	24.00%	31.71%	40.25%						

Highlights of changes

Personal tax system:

		2015	2016
Taxable income brackets will be indexed, starting 2017.	> \$300,000	11.25%	15%
	Taxable income \$200,000 – \$300,000	11%	14%
	\$150,000 – \$200,000	10.75%	13%
	\$125,000 – \$150,000	10.5%	12%

Dividends:

	Eligible dividends		Non-eligible dividends		
	2015	2016	2015	2016	2017
Dividend gross-up	38%		18%		17%
Dividend tax credit (on grossed-up dividend)	10%		3.1%	3.08%	2.23%
Top combined rate	21.02%	31.71%	30.84%	40.25%	41.24%

Climate leadership adjustment rebate: Beginning January 1, 2017, a non-taxable, refundable rebate of up to \$200 for an adult, \$100 for a spouse and \$30 for each child (maximum of four), increasing to \$300, \$150 and \$45, respectively, in 2018, will be available when net family income is less than \$47,500 for individuals, and \$95,000 for couples and families.

Assistance to families: Changes that apply starting July 1, 2016:

- Alberta Family Employment Tax Credit – Enhancements increase:
 - the rate at which benefits are phased in from 8% to 11%
 - the phase-out threshold from \$36,778 to \$41,250 of family net income
- Alberta Child Benefit – This new refundable credit provides families with up to \$1,100 for one child and up to \$550 for each of the next three children, and is phased out when family net income reaches \$41,220.

Alberta Investor Tax Credit: Investors in small- and medium-sized Alberta enterprises in non-traditional sectors can claim this new 30% credit. Applications will be accepted starting January 2017.

British Columbia

	Top combined rates				2016 British Columbia					
	Ordinary income	Capital gains	Dividends		Basic personal amount	\$10,027	Indexing factor	0.9%		
			Eligible	Non-eligible	Bracket	\$0	\$38,210	\$76,421	\$87,741	\$106,543
2015	45.80%	22.90%	28.68%	37.99%	Rate	5.06%	7.7%	10.5%	12.29%	14.7%
2016	47.70%	23.85%	31.30%	40.61%	Can be reduced for low incomes.					

Highlights of changes

Personal tax system: Starting 2016, the 16.8% tax rate that applied on taxable income over \$151,050 in 2015 has been eliminated, resulting in a top rate of 14.7%.

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	10%		2.59%	2.47%
Top combined rate	28.68%	31.30%	37.99%	40.61%

BC tax reduction credit: Starting 2016, enhancements increase the phase-out threshold to \$19,400, and the phase-out rate to 3.56% of net income.

BC seniors' home renovation tax credit: For eligible expenditures made after February 16, 2016, this credit is expanded to persons with disabilities who are eligible to claim the federal disability tax credit.

Trusts and estates: Commencing 2016 taxation years, the top BC personal tax rate of 14.7% (instead of graduated tax rates) will apply to testamentary trusts, certain estates and grandfathered inter vivos trusts. Graduated tax rates will continue to apply for testamentary trusts:

- that arise as a consequence of an individual's death (the first 36 months of an estate only)
- that have beneficiaries who qualify for the disability tax credit

Farmers' food donation tax credit: A new 25% non-refundable tax credit can be claimed by farmers for donating qualifying agricultural products after February 16, 2016, and before 2019, to registered charities that operate food banks or school meal programs.

Land transfer tax: The rate will increase from 2% to 3% on the portion of a property's fair market value above \$2 million, for property transfers registered after February 16, 2016. Also, newly constructed homes with a fair market value up to \$800,000 may be fully or partially exempt from the tax, effective February 17, 2016.

Individuals

Mining tax credits:

- BC mining flow-through share tax credit – The credit is extended by one year to December 31, 2016.
- Mining exploration tax credit (METC):
 - The credit is extended by three years to December 31, 2019.
 - For taxation years ending after December 31, 2016, the filing deadline to claim the METC is 18 months (reduced from 36 months) after the end of the taxation year.

Medical Services Plan: Changes to monthly premiums and the rate structure follow:

Starting 2017, premium assistance is enhanced by increasing the income threshold:

- up to which a household receives full premium assistance, by \$2,000
- on which a household receiving partial premium assistance starts to pay full premiums, by \$12,000

		Before January 1, 2016	January 1, 2016	January 1, 2017
Singles	No children	\$72.00	\$75.00	\$78.00
	With children	See Family		
Couples	No children or with children			\$156.00
Family	2 persons	\$130.50	\$136.00	See Singles or Couples
	> 2 persons	\$144.00	\$150.00	

Manitoba

Top combined rates					2016 Manitoba			
	Ordinary income	Capital gains	Dividends		Basic personal amount	\$9,134	Indexing factor	n/a
			Eligible	Non-eligible	Bracket	\$0	\$31,000	\$67,000
2015	46.40%	23.20%	32.26%	40.77%	Rate	10.8%	12.75%	17.4%
2016	50.40%	25.20%	37.78%	45.74%	Can be reduced for low incomes.			

Highlights of changes

Personal tax system: Starting 2017, the following will be indexed based on provincial inflation:

- personal income tax brackets
- basic personal amount

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	8%		0.83%	0.7835%
Top combined rate	32.26%	37.78%	40.77%	45.74%

Tax credit review: Manitoba will:

- undertake a value-for-money review of its personal tax credit system
- work with the Canada Revenue Agency to reduce the cost to administer tax credits

Taxpayer accountability: Manitoba will restore the right for its taxpayers to vote on major tax increases.

Individuals

New Brunswick

Top combined rates					2016 New Brunswick					
	Ordinary income	Capital gains	Dividends		Basic personal amount		\$9,758	Indexing factor		1.3%
			Eligible	Non-eligible	Bracket	\$0	\$40,492	\$80,985	\$131,664	\$150,000
					Rate	9.68%	14.82%	16.52%	17.84%	20.3%
2015	54.75%	27.38%	38.27%	46.89%	Can be reduced for low incomes.					
2016	53.30%	26.65%	34.20%	45.81%						

Highlights of changes

Personal tax system: Starting 2016, New Brunswick's:

- top personal income tax rate of 25.75% on taxable incomes over \$250,000 is eliminated
- rate on taxable income over \$150,000 will decline from 21% to 20.3%

The \$150,000 bracket will be indexed starting 2017.

Dividends:

	Eligible dividends			Non-eligible dividends		
	2015	2016	2017	2015	2016	2017
Dividend gross-up	38%			18%	17%	
Dividend tax credit (on grossed-up dividend)	12%	13.5%	14%	4%	3.625%	3.5%
Top combined rate	38.27%	34.20%	33.51%	46.89%	45.81%	45.96%

Small Business Investor Tax Credit: Effective April 1, 2016, investments in community economic development corporations and co-operative associations will be eligible for this credit.

Harmonized Sales Tax (HST): On July 1, 2016, the HST rate will increase from 13% to 15% (the provincial portion of the HST will increase from 8% to 10%). An HST credit will be available for low- and middle-income individuals and families.

Land transfer tax: The rate will increase from 0.5% to 1% for deeds registered after March 31, 2016 (exceptions apply).

Newfoundland and Labrador

Top combined rates					2016 Newfoundland and Labrador					
	Ordinary income	Capital gains	Dividends		Basic personal amount	\$8,802	Indexing factor	0.4%		
			Eligible	Non-eligible	Bracket	\$0	\$35,148	\$70,295	\$125,500	\$175,700
					Rate	8.2%	13.5%	14.55%	15.8%	16.8%
2015	43.30%	21.65%	31.57%	33.26%	Can be reduced for low incomes.					
2016	49.80%	24.90%	40.54%	41.16% or 41.86%						
For non-eligible dividends, 41.16% applies before July 1, 2016.										

Highlights of changes

Personal tax system:

		2015	2016	2017
Income tax rates	Highest	14.3%	16.8%	18.3%
		13.8%	15.8%	17.3%
		13.3%	14.55%	15.8%
		12.5%	13.5%	14.5%
	Lowest	7.7%	8.2%	8.7%

Dividends:

	Eligible dividends			Non-eligible dividends			
	2015	2016	2017	2015	2016 before July 1 after June 30	2017	
Dividend gross-up	38%			18%	17%		
Dividend tax credit (on grossed-up dividend)	5.4%			4.1%	3.5%		
Top combined rate	31.57%	40.54%	42.61%	33.26%	41.16%	41.86%	43.62%

Temporary deficit reduction levy: Starting July 1, 2016, this new levy is payable by individuals with taxable income over \$50,000. The maximum levy is \$900 in 2016 (\$1,800 after 2016) when taxable income is \$601,000 or more. The levy will be phased out over three years starting 2018. See page 8.

Assistance for low-income individuals:

- Newfoundland and Labrador Income Supplement – This new supplement will be effective July 1, 2016, and will be based on family net income.
- Senior's Benefit – This benefit will increase from \$1,063 to \$1,313.

Tax review: After the federal government completes its review of the tax system (see page 10) and after the 2017-18 provincial budget, Newfoundland and Labrador will launch a comprehensive review of its tax system to simplify the system and reduce costs for both government and taxpayers. The objective is to ensure the tax system is fair and competitive.

Individuals

Harmonized Sales Tax (HST): On July 1, 2016, the HST rate will increase from 13% to 15% (the provincial portion of the HST will increase from 8% to 10%). The provincial HST credit (and home heating rebate program) will be replaced by the Newfoundland and Labrador Income Supplement and the enhanced Seniors' Benefit, discussed on page 14.

Retail Sales Tax (RST): On July 1, 2016, a 15% RST will be reintroduced and apply to insurance premiums for property and casualty insurance policies.

Northwest Territories

Top combined rates					2016 Northwest Territories			
	Ordinary income	Capital gains	Dividends		Basic personal amount		Indexing factor	
			Eligible	Non-eligible	Bracket			
2015	43.05%	21.53%	22.81%	30.72%	\$0	\$41,011	\$82,024	\$133,353
2016	47.05%	23.53%	28.33%	35.72%	Rate	5.9%	8.6%	12.2%

Highlights of changes

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	11.5%		6%	
Top combined rate	22.81%	28.33%	30.72%	35.72%

Individuals

Nova Scotia

Top combined rates					2016 Nova Scotia					
	Ordinary income	Capital gains	Dividends		Basic personal amount	\$8,481	Indexing factor	n/a		
			Eligible	Non-eligible	Bracket	\$0	\$29,590	\$59,180	\$93,000	\$150,000
2015	50.00%	25.00%	36.06%	41.87%	Rate	8.79%	14.95%	16.67%	17.5%	21%
2016	54.00%	27.00%	41.58%	46.97%	Can be reduced for low incomes.					

Highlights of changes

Personal tax system: If Nova Scotia tables a budget surplus in its 2017-2018 fiscal year, for 2017 the government may eliminate the \$150,000 bracket and 21% rate, and reinstate the 10% surtax on provincial income tax exceeding \$10,000. These changes would decrease the top combined rate on ordinary income from 54% to 52.25%.

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	8.85%		3.5%	3.33%
Top combined rate	36.06%	41.58%	41.87%	46.97%

Food bank tax credit: Effective January 1, 2016, individuals that carry on a farming business can claim a non-refundable tax credit equal to 25% of the fair market value of qualifying agricultural products donated to a registered charity that provides food to those in need. The tax credit must be claimed in the same year that a charitable donation tax credit is claimed.

Nunavut

Top combined rates					2016 Nunavut				
	Ordinary income	Capital gains	Dividends		Basic personal amount	\$12,947	Indexing factor	1.3%	
			Eligible	Non-eligible	Bracket	\$0	\$43,176	\$86,351	\$140,388
2015	40.50%	20.25%	27.56%	31.19%	Rate	4%	7%	9%	11.5%
2016	44.50%	22.25%	33.08%	36.35%					

Highlights of changes

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	5.51%		3.05%	2.91%
Top combined rate	27.56%	33.08%	31.19%	36.35%

Tax system review: Nunavut has launched a comprehensive review of its tax system, to determine if the territory's tax rates and structure are efficient, effective and fair.

Individuals

Ontario

Top combined rates					2016 Ontario				
	Ordinary income	Capital gains	Dividends		Bracket	Basic personal amount	\$10,011	Indexing factor	1.5%
			Eligible	Non-eligible					
2015	49.53%	24.76%	33.82%	40.13%					
2016	53.53%	26.76%	39.34%	45.30%					

Dividend tax rates are determined by calculating the Ontario surtax before deducting dividend tax credits from Ontario tax.

Can be reduced for low incomes. Surtax: 20% of basic provincial tax in excess of \$4,484 + 36% of basic provincial tax in excess of \$5,739.

Highlights of changes

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	10%		4.5%	4.2863%
Top combined rate	33.82%	39.34%	40.13%	45.30%

Personal income tax calculation: Ontario will examine ways to simplify its personal income tax calculation, including the Ontario surtax and Ontario tax reduction.

Tax on split income: Effective January 1, 2016, Ontario's tax on split income will be 20.53% (13.16% top rate plus Ontario surtaxes of 56%).

Tuition and education tax credits: These credits will be eliminated as follows:

- Tuition tax credit – for eligible tuition fees paid in respect of studies after September 4, 2017
- Education tax credit – for months of study after August 2017

Unused credits can be carried forward for use after 2017 if the taxpayer remains resident in Ontario.

Children's activity tax credit: This credit is eliminated after December 31, 2016.

Healthy homes renovation tax credit: This credit is eliminated after December 31, 2016.

Ontario Retirement Pension Plan (ORPP): It is expected that the ORPP will not proceed due to the agreement in principle to work on a CPP enhancement (see page 11).

Land transfer tax: Exemption for tax otherwise payable on certain "de minimus" transfers of partnership interests is eliminated, retroactive to February 18, 2012, for transferors that are trusts or partnerships.

Prince Edward Island

Top combined rates					2016 Prince Edward Island				
	Ordinary income	Capital gains	Dividends		Bracket	Basic personal amount	\$8,000	Indexing factor	n/a
			Eligible	Non-eligible					
2015	47.37%	23.69%	28.70%	38.74%					
2016	51.37%	25.69%	34.22%	43.87%					

Can be reduced for low incomes. Surtax: 10% of basic provincial tax in excess of \$12,500.

Highlights of changes

Personal tax system: Changes to Prince Edward Island's personal amounts follow:

		2015	2016
	Personal amounts	Basic	\$7,708
		Spouse	\$6,546
		Equivalent to spouse	\$6,294

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	10.5%		3.2%	3.05%
Top combined rate	28.70%	34.22%	38.74%	43.87%

Low-income tax reduction: Starting 2016 taxation years, this reduction is enhanced by increasing:

- the basic reduction and the spouse/equivalent to spouse reduction from \$300 to \$350
- the child reduction from \$250 to \$300

Harmonized Sales Tax (HST): On October 1, 2016, the HST rate will increase from 14% to 15% (the provincial portion of the HST will increase from 9% to 10%). Effective July 2016, the Prince Edward Island Sales Tax Credit will be enhanced.

Land transfer tax: Effective October 1, 2016, land transfer tax will be eliminated for all first-time home buyers.

Individuals

Quebec

Top combined rates				
	Ordinary income	Capital gains	Dividends	
			Eligible	Non-eligible
2015	49.97%	24.98%	35.22%	39.78%
2016	53.31%	26.65%	39.83%	43.84%

2016 Quebec				
Basic personal amount	\$11,550	Indexing factor	1.09%	
Bracket	\$0	\$42,390	\$84,780	\$103,150
Rate	16%	20%	24%	25.75%

Quebec is the only jurisdiction that does not use the federal definition of taxable income.

Federal rates that apply are reduced by the 16.5% "Quebec abatement."

Bracket	\$0	\$45,282	\$90,563	\$140,388	\$200,000
Rate	12.53%	17.12%	21.71%	24.22%	27.56%

Highlights of changes

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	11.9%		7.05%	
Top combined rate	35.22%	39.83%	39.78%	43.84%

Health contribution: The health contribution (see page 8) will be gradually eliminated as follows:

- annual maximum contribution per individual will decrease from \$1,000 to \$800 in 2017 and nil in 2018 (one year earlier than previously announced)
- starting 2016, individuals with incomes of \$134,095 or less (2016 threshold to be indexed) will pay lower health contributions
- for 2017, individuals with incomes of \$41,265 or less (2016 threshold to be indexed) will be exempt

RénoVert tax credit: Individuals can claim a new refundable tax credit for eco-friendly renovations performed on their principal place of residence or cottage by a qualified contractor under a contract entered into after March 17, 2016, and before April 1, 2017; expenses must be paid before October 1, 2017 (maximum credit of \$10,000 on up to \$52,500 of eligible expenses per eligible dwelling).

Refundable tax credit relating to work premiums: Enhanced, starting:

- 2016, for households without children
- 2017, for households that receive the work premium in advance

Tax credit for experienced workers: Starting 2018, workers age 62 (down from 63 in 2017) can qualify for this credit on eligible work income of up to \$4,000.

Charitable donations and organizations:

- Donations – Enhancements:
 - eliminate the 75% of net income limit, starting 2016
 - increase the top charitable donation tax credit rate to 25.75%, but only to the extent the individual has income subject to the top 25.75% tax rate, starting 2017
- Food donations – Individuals carrying on a food processing business can increase their non-refundable donation tax credit by 50% for eligible food products donated to food banks or food assistance agencies after March 17, 2016.
- Registration – Effective January 1, 2016, charitable organizations registered under federal legislation will be deemed to be registered for Quebec tax purposes.

Transfer of family businesses: For share dispositions after March 17, 2016, to a corporation with which the seller does not deal at arm's length, the seller can receive non-share proceeds and claim the lifetime capital gains exemption if, among other things, the shares are qualified small business corporation shares of a corporation in the primary or manufacturing sector and seven criteria are met. See our *Tax Insights* "2016-2017 Quebec budget – Tax highlights" at www.pwc.com/ca/taxinsights.

Forest producers: For purposes of calculating taxable income and the individual contribution to the Health Services Fund, certified forest producers can average a portion of their non-retail timber sales income from a private forest, over up to seven years, for taxation years ending after March 17, 2016, and before 2021.

Capital régional et coopératif Desjardins (CRCD): The CRCD tax credit will decline from 45% to 40% for shares acquired after February 29, 2016.

Tax credit for the acquisition of shares in Fondation: The tax credit rate will remain 20% for eligible shares acquired before June 1, 2018.

Tax evasion and tax avoidance: Revenu Québec continues to:

- increase audit activities in certain at-risk sectors (e.g. construction industry)
- fight aggressive tax planning and has developed an expertise on tax havens
- access information from the Canada Revenue Agency through an enhanced exchange of information agreement
- encourage voluntary disclosure
- improve its tax collection efforts and its relationships with taxpayers

Land transfer tax: For transfers of immovables after March 17, 2016, changes:

- tighten certain provisions that grant exemptions from paying transfer duties
- prevent the indefinite postponement of transfer duties
- avoid unfairness when de facto spouses end their union

Individuals

Saskatchewan

	Top combined rates				2016 Saskatchewan			
	Ordinary income	Capital gains	Dividends		Basic personal amount	\$15,843	Indexing factor	1.3%
			Eligible	Non-eligible	Bracket	\$0	\$44,601	\$127,430
2015	44.00%	22.00%	24.81%	34.91%	Rate	11%	13%	15%
2016	48.00%	24.00%	30.33%	39.91%				

Highlights of changes

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	11%		3.4%	3.367%
Top combined rate	24.81%	30.33%	34.91%	39.91%

Active Families Benefit: This refundable credit has been eliminated as of January 1, 2016.

Graduate Retention Program First Home Plan: Eligible graduates can borrow up to \$10,000 of their Graduate Retention Program tax credits interest-free for the down payment of their first home in Saskatchewan, for home purchases closing after April 30, 2016.

Yukon

	Top combined rates				2016 Yukon				
	Ordinary income	Capital gains	Dividends		Basic personal amount	\$11,474	Indexing factor	1.3%	
			Eligible	Non-eligible	Bracket	\$0	\$45,282	\$90,563	\$140,388
2015	44.00%	22.00%	19.29%	35.18%	Rate	6.4%	9%	10.9%	12.8%
2016	48.00%	24.00%	24.81%	40.18%					15%

Highlights of changes

Dividends:

	Eligible dividends		Non-eligible dividends	
	2015	2016	2015	2016
Dividend gross-up	38%		18%	17%
Dividend tax credit (on grossed-up dividend)	15%		3.17%	3.14%
Top combined rate	19.29%	24.81%	35.18%	40.18%

Yukon children's fitness and arts tax credits: These credits will be retained; Yukon will not mirror the federal changes to these credits (see page 10).

Yukon education and textbook tax credits: Unless Yukon revises its legislation, the territory will mirror the federal changes that eliminate these credits after 2016 (see page 10).

Corporations

Corporate income tax rates

To compute rates for off-calendar year ends, refer to pages 25 to 32.
For income not earned in a province or territory, see page 21.

For non-resident corporations, the general and M&P rates in the table apply to business income attributable to a permanent establishment in Canada. Different rates may apply to non-residents in other circumstances. Non-resident corporations may also be subject to branch tax (see page 21).

Twelve-month taxation year ended December 31, 2016			
	General and Manufacturing and Processing (M&P) (%)	Canadian-Controlled Private Corporations (CCPCs) (%)	
		Active business income earned in Canada to \$500,000	Investment income
Basic federal rate		38	
Provincial abatement		-10	
Less:			
General rate reduction or M&P deduction	-13	n/a	
Small business deduction	n/a	-17.5	
Plus:			
Refundable investment tax	n/a	n/a	10.67
Federal rate	15	10.5	38.67

\$500,000 threshold (\$450,000 in Manitoba and \$350,000 in Nova Scotia): This threshold is shared by associated CCPCs. It is reduced on a straight-line basis for CCPCs that, in the preceding year, had taxable capital employed in Canada (on an associated basis) between \$10 million and \$15 million. This clawback also applies to all provincial and territorial small business deductions.

Income above \$500,000 (\$450,000 in Manitoba and \$350,000 in Nova Scotia): A CCPC's active business income above this threshold is subject to the general and M&P rate.

Investment income: See Refundable Investment Tax on page 21 for more details.

The general and M&P rate does not apply to certain types of income. See page 25.

		Provincial/Territorial	Combined	Provincial/Territorial	Combined	Provincial/Territorial	Combined
Alberta		12	27	3	13.5	12	50.67
British Columbia		11	26	2.5	13	11	49.67
Manitoba		12	27	0 ¹ or 12 ¹	10.5 ¹ or 22.5 ¹	12	50.67
New Brunswick		13.5	28.5	3.62	14.12	13.5	52.17
Newfoundland and Labrador		15 H	30	3 H	13.5	15 H	53.67
Northwest Territories		11.5	26.5	4	14.5	11.5	50.17
Nova Scotia		16	31	3 ¹ H or 16 ¹	13.5 ¹ or 26.5 ¹	16	54.67
Nunavut		12	27	4	14.5	12	50.67
Ontario	General	11.5 H	26.5	4.5 H	15	11.5 H	50.17
	M&P	10 H	25			n/a	
Prince Edward Island		16 H	31	4.5 H	15	16 H	54.67
Quebec	General	11.9 H	26.9	8 H	18.5	11.9 H	50.57
	M&P			4 H	14.5	n/a	
Saskatchewan	General	12	27	2	12.5	12	50.67
	M&P	10	25			n/a	
Yukon	General	15	30	3	13.5	15	53.67
	M&P	2.5	17.5	1.5	12	n/a	

Corporations subject to Ontario income tax may also be liable for Ontario corporate minimum tax. See page 31.

Special rules apply to M&P income in Ontario (see page 31), Quebec (see page 32) and Saskatchewan (see page 33).

H Tax holidays are available to certain corporations. See the table on page 22.

1. The lower rate applies to active business income up to \$450,000 in Manitoba and \$350,000 in Nova Scotia and the higher rate to active business income from these thresholds to \$500,000.

Corporations

Other federal tax rates and income tax deadlines

Other federal rates (December 31, 2016 year ends)

	Rate	Corporations affected	Description	Special rules
Income not earned in a province or territory	25%	All corporations	Income tax is calculated as follows: Basic federal rate 38% Less: General rate reduction - 13% Federal rate 25%	Corporate income that is not earned in a province or territory is neither: • eligible for the provincial abatement, nor • subject to provincial or territorial tax (exceptions apply)
Branch Tax	25%	Non-resident corporations, except: • transportation, communications and iron-ore mining companies • insurers (other than in special circumstances)	Applies to after-tax profits that are not invested in qualifying property in Canada.	The 25% rate may be reduced by the relevant tax treaty (generally to the withholding tax rate on dividends, which is usually 5%, 10% or 15%). Some treaties prohibit the imposition of branch tax or provide that the tax is payable only on earnings exceeding a threshold.
Part III.1 Tax on Excess Eligible Dividend Designations	20% or 30%	Canadian-resident corporations	Applies if: • a CCPC has designated as eligible dividends during the year an amount that exceeds the corporation's general rate income pool (GRIP) at the end of the year • a non-CCPC pays an eligible dividend when it has a positive balance in its low rate income pool (LRIP)	A corporation subject to Part III.1 tax at the 20% rate (i.e. the excess designation was inadvertent) can elect, with shareholder concurrence, to treat all or part of the excess designation as a separate non-eligible dividend, in which case Part III.1 tax will not apply to the amount that is the subject of the election.
Refundable Part IV Tax	38-1/3%	Private corporations Certain public corporations	Payable on taxable dividends received from certain taxable Canadian corporations.	Refundable to the corporation through the refundable dividend tax on hand (RDTOH) mechanism at a rate of 38-1/3% of taxable dividends paid.
Refundable Investment Tax	10-2/3%	Canadian-controlled private corporations (CCPCs)	Increases the total federal rate that applies to investment income of a CCPC to 38.67% (see page 20). Generally, 30-2/3% of a CCPC's aggregate investment income is added to its RDTOH.	See page 25 for changes to this rate.
Part VI Financial Institutions Capital Tax	1.25%	Banks Trust and loan corporations Life insurance companies	Applies if capital employed in Canada is over \$1 billion. The threshold is shared by related corporations.	Reduced by the corporation's federal income tax liability. Any unused federal income tax liability can be applied to reduce Financial Institutions Capital Tax for the previous three years and the next seven.

Therefore, the federal rate is 25%, instead of 15% (see page 20).

See page 25 for changes to these rates.

For taxation years ending before 2016, generally 26-2/3% of a CCPC's aggregate investment income is added to its RDTOH. The increase from 26-2/3% to 30-2/3% is pro-rated for taxation years straddling December 31, 2015.

Income tax deadlines

CCPCs can pay federal and Quebec instalments on the last day of months 3, 6, 9 and 12 of the taxation year, if certain conditions are met.

Two \$3,000 thresholds apply: one for federal purposes and the other for all provinces and territories combined, except Alberta and Quebec.

Federal balance due deadlines also apply to Part IV tax (see above). However, no Part IV tax instalments are required.

	Instalment deadline	Balance due deadline	Filing deadline
General rule	Last day of each month	2 months after year end	6 months after year end
Federal All jurisdictions except Alberta and Quebec	Waived if total tax ¹ ≤ \$3,000	3 months after the year end, if the corporation: • was a CCPC throughout the current year, • claimed the small business deduction, ¹ and • had taxable income, on an associated basis, in taxation years ending in the previous calendar year ≤ the total business limit for those taxation years	No exceptions
Exceptions			
Alberta	Waived if Alberta income tax ¹ ≤ \$2,000 or CCPC qualifies for extended balance due deadline	3 months for CCPCs that: ¹ • claimed Alberta's small business deduction, and • had taxable income ≤ \$500,000	
Quebec	Waived if Quebec income tax ¹ ≤ \$3,000		

Federal income tax payments include payments for:
• Financial Institutions Capital Tax (see above)
• Tax on Corporations Paying Dividends on Taxable Preferred Shares
• Additional Tax on Authorized Foreign Banks

1. In current or previous year.

Corporations

Provincial income tax holidays and M&P investment tax credits

Income tax holidays

	Eligible corporations	Holiday	Income not taxed each year
Newfoundland and Labrador	Companies meeting job creation and other conditions Designated after December 31, 2001 Outside Northeast Avalon region In Northeast Avalon region Designated before January 1, 2002	Full holiday for 15 years, phased out over next 5 years: Additional 50% federal tax rebate Full holiday for 10 years, phased out over next 5 years	Income attributable to new or expanded business
Nova Scotia	CCPCs incorporated after April 24, 1992	For 3 years	\$500,000 of active business income
Ontario	Companies incorporated in Canada after March 24, 2008, and before March 25, 2012, that commercialize intellectual property developed by Canadian universities, colleges or research institutions	For 10 years	No limit
Prince Edward Island	Aviation- and aerospace-related firms in Slemon Park Bioscience companies Minimum employee and payroll requirements must be met.	To December 31, 2022 For 10 years	Income attributable to PEI operations
Quebec	Businesses that carry out a large investment project of at least \$100 million in Quebec Companies incorporated in Canada after March 19, 2009, and before April 1, 2014, that commercialize intellectual property developed by Quebec universities or public research centres	For 15 years For 10 years	15% of eligible investment expenditures No limit

Other restrictions may apply.

This threshold is equal to the federal small business limit (see page 20).

The initial application must be submitted after November 20, 2012, and before November 21, 2017. The minimum investment threshold was \$200 million for projects that began before February 11, 2015. For projects that begin after February 10, 2015, the \$100 million threshold is reduced to \$75 million if 90% or more of total investments is related to an "eligible region."

M&P investment tax credits

For federal tax purposes, M&P investment tax credits are considered government assistance and reduce the capital cost of the M&P asset.

An additional 25% credit may be claimed in PEI by export-focused corporations.

Alberta's credit will start early in 2017. The maximum credit will be \$5 million. Additional details are forthcoming.

Manitoba's refundable portion of the credit was 70% for qualified property acquired before July 1, 2013.

Nova Scotia's credit can be claimed by corporations primarily in the M&P, farming, fishing, and logging sectors for capital equipment that is part of a capital project that has a total cost exceeding \$15 million.

In Quebec:

- a cumulative limit of \$75 million of eligible investments qualifies for this credit at rates above 4% (5% before June 5, 2014) and/or refundability
- up to an additional 10% tax credit may be available for M&P equipment acquired by qualifying small- and medium-sized enterprises before June 5, 2014
- the expenses eligible for this credit are reduced by an exclusion threshold of \$12,500 for each qualified property, generally for qualified property acquired after December 2, 2014
- qualified property acquired only in the "remote zones," "eastern part of the Bas-Saint-Laurent administrative region" and "intermediate zones" are eligible for this credit, for eligible expenses incurred after December 31, 2016

	Rate	For M&P property acquired After	Before	Carry-back	Carry-forward	Refundable
Alberta	10%	2016	To be announced			No
Manitoba	10%	March 11, 1992	January 1, 2018	3 years	10 years	80%
Nova Scotia	15%	December 31 2014	January 1, 2025	n/a		100%
Prince Edward Island	10%	December 31, 1992	No cut-off		7 years	No
Quebec	5% to 40% 4% to 32% 4% to 24%	March 13, 2008 June 4, 2014 December 31, 2016	June 5, 2014 January 1, 2017 January 1, 2023	3 years	20 years	Sometimes
Saskatchewan	7% 5%	March 31, 2004 October 27, 2006	October 28, 2006 No cut-off		10 years n/a	No 100%

Depends on level of consolidated paid-up capital.

Saskatchewan's credit is refundable for purchases after April 6, 2006.

Corporations

Payroll tax rates

Associated employers must aggregate their payroll costs to apply the thresholds.

		Rate	Total payroll	Payroll tax
Manitoba	Health and Post-Secondary Education Tax	2.15%	Over \$2,500,000	Payroll x 2.15%
		4.3%	\$1,250,000 to \$2,500,000	(Payroll – \$1,250,000) x 4.3%
		0%	\$0 to \$1,250,000	\$0
Newfoundland and Labrador		2%	Over \$1,200,000	(Payroll – \$1,200,000) x 2%
		0%	\$0 to \$1,200,000	\$0
Northwest Territories	Payroll tax			
Nunavut		2%	Over \$0	Payroll x 2%
Ontario	Employer Health Tax	1.95%	Over \$5,000,000	Payroll x 1.95%
			\$450,000 to \$5,000,000	(Payroll – \$450,000) x 1.95%
Quebec	Health Services Fund	0%	\$0 to \$450,000	\$0
		4.26%	Over \$5,000,000	Payroll x rate
		Reduced rates	\$1,000,000 to \$5,000,000	
		2.7%	\$0 to \$1,000,000	

In the Northwest Territories and Nunavut, payroll tax is paid by employees through payroll withholdings.

The \$450,000 exemption will be indexed every five years. Registered charities can claim the exemption regardless of their payroll.

The 2.7% rate for small- and medium-sized businesses (SMBs) will be reduced, as follows:

	Sector	
	Primary and manufacturing	Other
2016	1.6%	2.7%
2017	1.55%	2.5%
2018	1.5%	2.3%
2019		2.15%
2020		2.05%
2021	1.45%	2%

Reduced rates for employers with annual payrolls between \$1 million and \$5 million depend on both the calendar year and the employer's total payroll.

Every Quebec employer with a payroll exceeding \$2 million must allot at least 1% of payroll to training, or contribute the shortfall to a provincial fund. In limited cases, corporations may be exempt from contributing to the Health Services Fund, and refunds may be made. Financial institutions (excluding insurers) may also be subject to a compensation tax on payroll. See page 32.

Employees, employers and the self-employed must contribute to the Quebec Parental Insurance Plan (QPIP) and individuals may be required to contribute to the Quebec Health contribution and the Health Services Fund. See pages 35 and 8, respectively.

Corporations

Financial institutions capital tax rates and deadlines

See *Insurance industry: Key tax rates and updates* at www.pwc.com/ca/insurancekeytaxrates for rates that apply to insurance companies.

Associated or related corporations may be required to share the exemption.

		Twelve-month taxation year ended December 31, 2016		Instalment deadlines	Balance due and filing deadlines
		Rate	Exemption		
See page 21 for more information.		Federal (Part VI Financial Institutions Capital Tax)	1.25%	\$1 billion	Same as federal income tax (page 21)
New Brunswick's rate for banks increased from 4% to 5% on April 1, 2016.	Manitoba	If taxable paid-up capital < \$4 billion	Nil	n/a	15th day of months 3, 6, 9 and 12 of the year (If capital tax ¹ ≤ \$5,000, one instalment three months after year end)
		If taxable paid-up capital ≥ \$4 billion	6%		
New Brunswick's rate for banks increased from 4% to 5% on April 1, 2016.	New Brunswick	Trust and loan corporations	4%	\$10 million	20th day of each month
		Banks	4.75%		
Newfoundland and Labrador's rate increased from 5% to 6% on January 1, 2016.	Newfoundland and Labrador	If paid-up capital ≤ \$10 million	6%	\$5 million	Same as federal income tax (page 21)
		If paid-up capital > \$10 million		Nil	
In Nova Scotia, the maximum capital tax payable is \$12 million annually.	Nova Scotia	Trust and loan corporations	4%	Head office in NS	\$30 million
		Banks		Other	
	Prince Edward Island		5%	\$2 million	20th day of each month
	Saskatchewan	If paid-up capital ≤ \$1.5 billion	0.7%	Up to \$20 million	
		If paid-up capital > \$1.5 billion	3.25%		

If, in the taxation year ending after October 31, 2008, and before November 1, 2009, taxable paid-up capital ≤ \$1.5 billion, 0.7% applies to first \$1.5 billion of taxable paid-up capital.

For example, in Saskatchewan the balance payable would be June 30 for a December 15 year end.

1. In current or previous year.

Corporations

Key tax changes

Federal

The general and M&P rate does not apply to certain corporations (e.g. mutual fund corporations, mortgage investment corporations and investment corporations).

Income tax rates (for December 31, 2016 year ends)			Other 2016 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
15%	10.5%	38.67%	5% GST	None

For CPP and EI premiums, see page 35.

Some of the key tax changes related to individuals also affect corporations. See pages 10 and 11. See our *Tax Insights* "2016 Federal budget: A new era with a majority Liberal government" at www.pwc.ca/budget for more information on many of the changes discussed below.

Corporate income tax rate changes

The CCPC rate was to have decreased from 2017 to 2019, but these reductions have been rescinded.

Effective date	CCPC rate		CCPC refundable investment tax rate
	Before January 1, 2016	January 1, 2016	
	11%	10.5%	6-2/3%
			10-2/3%

Business vs. property income of a CCPC: The government will maintain the rule that if a CCPC has income from a business, the principal purpose of which is to earn income from property, the income may be eligible for the CCPC rate if the CCPC has more than five full-time employees.

Refundable Part IV tax rate: The rate increases from 33-1/3% to 38-1/3% for dividends received after 2015.

Dividend refund rate on taxable dividends paid by a corporation: The rate increases from 33-1/3% to 38-1/3% for taxation years ending after December 31, 2015 (pro-rated for taxation years straddling this date).

Multiplication of the small business deduction (SBD): For taxation years beginning after March 21, 2016, the ability to multiply access to the SBD will be denied (subject to certain exceptions) when:

- a member of a partnership does not deal at arm's length with a CCPC (or a shareholder of the CCPC), the CCPC is not a member of the partnership and the CCPC earns fees from the partnership under a contract for services
- a CCPC provides services or property to another private corporation and the CCPC, one of its shareholders, or a person who does not deal at arm's length with such a shareholder has a direct or indirect interest in the private corporation

Avoiding the business limit and taxable capital limit: Two CCPCs that are considered to be associated solely because they are each associated with the same third corporation will not have to share access to the SBD if the third corporation makes an election under subsection 256(2) of the *Income Tax Act* or is not a CCPC. In either case, for taxation years beginning after March 21, 2016:

- investment income derived from the third corporation's active business will no longer be eligible for the SBD and instead will be taxed at the general corporate income tax rate
- the third corporation will continue to be associated with each of the other two corporations for purposes of applying the taxable capital limit when calculating their SBDs

Life insurance:

- Life insurance proceeds – For life insurance proceeds received as a result of a death that occurs after March 21, 2016, changes:
 - ensure that the proceeds received by private corporations or partnerships do not give rise to inappropriate additions to the capital dividend account (for private corporations) or adjusted cost base (for partnerships)
 - introduce information-reporting requirements that apply when a corporation or partnership is not a policyholder, but is entitled to receive the life insurance proceeds
- Life insurance policies – To prevent inappropriate tax benefits when a life insurance policy is transferred to a private corporation or partnership on a tax-deferred basis:
 - taxpayers are prevented from extracting the excess of the fair market value of a policy disposed of over its cash surrender value as a tax-free benefit, for transfers that occur after March 21, 2016
 - the capital dividend account rules for corporations and the adjusted cost base rules for partnerships are amended, for transfers that occur before March 22, 2016, if the consideration received exceeds the proceeds of the disposition

Capital cost allowance (CCA): Generally, for property acquired for use after March 21, 2016, Class 43.1 and 43.2 (accelerated CCA for investments in specified clean energy generating and conservation equipment) will include certain electric vehicle charging stations and more types of electrical energy storage property.

Eligible capital property (ECP) regime: Starting January 1, 2017, the ECP regime will be repealed and replaced with a new CCA pool, Class 14.1. The CCA rate will be 5% (declining balance). Transitional rules will apply.

Personal services business income: The federal corporate tax rate that applies to this income will increase from 28% to 33%, for taxation years ending after December 31, 2015 (pro-rated for taxation years straddling this date).

Corporations

Debt parking to avoid foreign exchange gains: Any accrued foreign exchange gains on foreign currency debt will be realized when the debt becomes a parked obligation, generally for debt that becomes a parked obligation after March 21, 2016.

Valuation for derivatives: Derivatives entered into after March 21, 2016:

- to the extent considered inventory, will be excluded from the inventory valuation rules, but will otherwise maintain their status as inventory
- cannot be valued at the lower of cost and fair market value when computing income for tax purposes

Emissions trading regimes: For emissions allowances acquired generally in taxation years beginning after 2016, the tax treatment is clarified and the double taxation of certain free allowances is eliminated.

Withholding tax for non-resident employers: Certain non-resident employers with non-resident employees working temporarily in Canada will be exempt from payroll withholding requirements, effective January 1, 2016. See our *Tax Insights* at www.pwc.com/ca/taxinsights:

- “Budget 2016: Canada confirms intention to reintroduce legislative changes to payroll withholding compliance for non-resident employers”
- “New Non-Resident Employer Certification program: Payroll withholding relief for foreign employers with frequent business travellers to Canada”
- “Canadian payroll relief clarified for foreign employers with frequent business travellers to Canada”

Back-to-back loan rules: These rules were expanded:

- to extend to cross-border payments of rents, royalties or similar payments made after 2016
- to add character substitution rules so that they cannot be avoided through the substitution of economically similar arrangements between the intermediary and another non-resident person, for interest and royalty payments made after 2016
- by amending the shareholder loan rules to include rules that are similar to the back-to-back loan rules, except that the proposed rules will apply to debts owing to Canadian-resident corporations rather than debts owing by Canadian-resident taxpayers, for back-to-back shareholder loan arrangements as of March 22, 2016
- by clarifying their application to back-to-back loan arrangements involving multiple intermediaries, for interest and royalty payments made after 2016 and for shareholder debts as of January 1, 2017

Cross-border surplus stripping: For dispositions occurring after March 21, 2016, an exception to the “anti-surplus-stripping” rule in subsection 212.1(4) of the *Income Tax Act* is amended to ensure the exception does not apply when a non-resident corporation:

- owns, directly or indirectly, shares of the Canadian purchaser corporation, and
- does not deal at arm’s length with the Canadian purchaser corporation

Common Reporting Standard (CRS): Effective July 1, 2017, Canada will implement the CRS for automatic information exchange developed by the Organisation for Economic Co-operation and Development (OECD), to fight tax evasion and secure tax compliance globally. The CRS will require Canadian financial institutions to obtain and report to the Canada Revenue Agency certain information related to the financial accounts held by non-residents in Canada. See our *Tax Insights* “Legislative proposals implement the Common Reporting Standard: Are you ready?” at www.pwc.com/ca/taxinsights.

Country-by-country (CbC) reporting: Canada will implement annual CbC reporting for taxation years beginning after 2015, for multinationals with annual consolidated group revenue of Euro 750 million or more (approximately CA\$1 billion). To facilitate the sharing of this information with its international treaty partners, Canada (and 38 other jurisdictions) have signed the OECD’s Multilateral Competent Authority Agreement on CbC reporting. See our *Tax Insights* “Canada proposes country-by-country reporting in its 2016 budget” at www.pwc.com/ca/taxinsights.

Spontaneous exchange of tax rulings: Effective April 1, 2016, the Canada Revenue Agency began sharing select Canadian tax rulings with certain countries in accordance with the final OECD and the Group of 20 base erosion and profit shifting (BEPS) report (Action 5). See our *Tax Insights* “Canada continues moving forward with OECD transparency agenda” at www.pwc.com/gx/en/.

Treaty shopping: Canada has stated that it is committed to addressing treaty abuse in accordance with the minimum standard contained in the final OECD and the Group of 20 BEPS report on treaty shopping (Action 6). The government will consider either the limitation-on-benefits approach or the limited principal purpose test, to meet the minimum standard, depending on the circumstances and discussions with Canada’s tax treaty partners. See our *Tax Policy Bulletin* “BEPS Action 6: The (not quite) final report on preventing treaty benefits in inappropriate cases” at www.pwc.com.

Tax Information Exchange Agreements (TIEAs): Canada is negotiating seven TIEAs; one has been signed, but is not yet in force; and twenty-two have entered into force (one on behalf of five jurisdictions).

Corporations

Alberta

Income tax rates (for December 31, 2016 year ends)			Other 2016 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
12%	3%	12%	5% GST	None
27%	13.5%	50.67%		

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.

Corporate income tax rate changes

Effective date		General and M&P rate	CCPC rate
	Before July 1, 2015	10%	3%
	July 1, 2015	12%	
	January 1, 2017		2%

Additional highlights

Insurance premium tax: On April 1, 2016, the insurance premium tax rates increased by one percentage point to:

- 3% on premiums for life, accident and sickness insurance
- 4% for other insurance

Alberta Investor Tax Credit: Investors in small- and medium-sized Alberta enterprises in non-traditional sectors can claim this new 30% credit. Applications will be accepted starting January 2017.

Capital Investment Tax Credit: Corporations that make investments in eligible capital assets can claim this 10% non-refundable credit of up to \$5 million, starting early in 2017.

Carbon levy: Starting January 1, 2017, to reduce greenhouse gas emissions, a carbon levy will be imposed on purchases of transportation and heating fuels. Some exemptions will apply.

British Columbia

Income tax rates (for December 31, 2016 year ends)			Other 2016 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
11%	2.5%	11%	7% PST	None
26%	13%	49.67%	12%	

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.

Additional highlights

Media tax credits:

- For productions in which principal photography begins after September 30, 2016, the tax credit rate will decrease:
 - Production Services Tax Credit – from 33% to 28% (basic credit)
 - Digital Animation or Visual Effects Tax Credit – from 17.5% to 16%
 Transitional rules will apply (e.g. the higher rates will apply to all episodes in one season of a television series if principal photography for the first episode begins before October 1, 2016).
- For animation productions in which key animation begins after June 26, 2015, clarifications will ensure the regional and distant location tax credits (components of the Film Incentive BC Tax Credit and the Production Services Tax Credit) are based on the amount of eligible labour expenditures incurred in the regional or distant location areas.

Farmers' food donation tax credit: A new 25% non-refundable tax credit can be claimed by farmers for donating qualifying agricultural products after February 16, 2016, and before 2019, to registered charities that operate food banks or school meal programs.

Mining exploration tax credit:

- The credit is extended by three years to December 31, 2019.
- For taxation years ending after December 31, 2016, the filing deadline to claim this credit is 18 months (reduced from 36 months) after the end of the taxation year.

Land transfer tax: The rate will increase from 2% to 3% on the portion of a property's fair market value above \$2 million, for property transfers registered after February 16, 2016.

Corporations

Manitoba

Income tax rates (for December 31, 2016 year ends)				Other 2016 rates	
General and M&P	CCPCs			Sales tax	Payroll tax
	Active business income to \$450,000	\$450,000 to \$500,000	Investment income		
12%	0%	12%	12%	8% PST	Nil to 4.3% (see page 23)
27%	10.5%	22.5%	50.67%	13%	

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.

Corporate income tax rate changes

Effective date	Threshold up to which CCPC rate applies
Before January 1, 2016	\$425,000
January 1, 2016	\$450,000

Additional highlights

Interactive Digital Media Tax Credit: Upon royal assent of the enacting legislation, enhancements:

- eliminate the 24-month and \$500,000 per project labour expense limits for the 40% credit
- add a 35% credit for a corporation that pays less than 25% of its wages for the year to Manitoba employees, but pays at least \$1 million of wages in the year to Manitoba employees working on eligible projects

Small Business Venture Capital Tax Credit: The credit is extended by three years to December 31, 2019, and the program parameters will be reviewed to improve accessibility for Manitoba companies.

Green Energy Equipment Tax Credit: The credit will be expanded to include gasification equipment and equipment for co-generation of energy using biomass fuel (both will be eligible for a 15% credit).

Tax credit review: Manitoba will:

- undertake a value-for-money review of its business tax credit system
- work with the Canada Revenue Agency to reduce the cost to administer tax credits

Taxpayer accountability: Manitoba will restore the right for its taxpayers to vote on major tax increases.

New Brunswick

Income tax rates (for December 31, 2016 year ends)			Other 2016 rates	
General and M&P	CCPCs		Sales tax	Payroll tax
	Active business income to \$500,000	Investment income		
13.5%	3.62%	13.5%	13% HST	None
28.5%	14.12%	52.17%		

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.

The HST rate will be 15% after June 30, 2016.

Corporate income tax rate changes

Effective date	General and M&P rate	CCPC rate
Before April 1, 2016	12%	4%
April 1, 2016	14%	3.5%
By 2018		2.5%

Additional highlights

Financial institutions capital tax: Effective April 1, 2016, a financial corporation that is a bank:

- is subject to a capital tax rate of 5% (up from 4%)
- can reduce its capital tax payable by an “employment tax credit,” which relates to certain salaries and wages incurred in New Brunswick

Small Business Investor Tax Credit: Effective April 1, 2016, investments in community economic development corporations and co-operative associations will be eligible for this credit.

Harmonized Sales Tax (HST): On July 1, 2016, the HST rate will increase from 13% to 15% (the provincial portion of the HST will increase from 8% to 10%). See our *Tax Insights* “New Brunswick HST increase: Transitional rules released – Be ready” at www.pwc.com/ca/taxinsights.

Land transfer tax: The rate will increase from 0.5% to 1%, for deeds registered after March 31, 2016 (exceptions apply).

Corporations

Newfoundland and Labrador

Income tax rates (for December 31, 2016 year ends)			Other 2016 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
15% H	3% H	15% H	13% HST	Nil or 2% (see page 23)
30%	13.5%	53.67%		

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.

H = Tax holiday (see page 22).

The HST rate will be 15% after June 30, 2016.

Corporate income tax rate changes

		General rate	M&P rate
Effective date	Before January 1, 2016	14%	5%
	January 1, 2016	15%	

Additional highlights

Financial corporations capital tax: The financial corporations capital tax rate increased from 5% to 6% on January 1, 2016. The rate had increased from 4% to 5% on April 1, 2015.

Insurance companies tax: Effective July 1, 2016, the insurance companies tax rate will increase from 4% to 5%.

Tax review: After the federal government completes its review of the tax system (see page 10) and after the 2017-18 provincial budget, Newfoundland and Labrador will launch a comprehensive review of its tax system to simplify the system and reduce costs for both government and taxpayers. The objective is to ensure the tax system is fair and competitive.

Harmonized Sales Tax (HST): On July 1, 2016, the HST rate will increase from 13% to 15% (the provincial portion of the HST will increase from 8% to 10%). See our *Tax Insights* "Newfoundland and Labrador HST increase: Transitional rules released – Be ready" at www.pwc.com/ca/taxinsights.

Retail Sales Tax (RST): On July 1, 2016, a 15% RST will be reintroduced and apply to insurance premiums for property and casualty insurance policies.

Northwest Territories

Income tax rates (for December 31, 2016 year ends)			Other 2016 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
11.5%	4%	11.5%	5% GST	2% (see page 23)
26.5%	14.5%	50.17%		

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/territorial rates.

Paid by employees.

Additional highlights

No significant corporate tax changes were announced.

Corporations

Nova Scotia

Income tax rates (for December 31, 2016 year ends)				Other 2016 rates	
General and M&P	CCPCs			Sales tax	Payroll tax
	Active business income to \$350,000	\$350,000 to \$500,000	Investment income		
16%	3% H	16%	16%	15% HST	None
31%	13.5%	26.5%	54.67%		

For CPP and EI premiums,
see page 35.

Figures in **bold** are combined
federal/provincial rates.
H = Tax holiday (see page 22).

Additional highlights

Food bank tax credit: Effective January 1, 2016, corporations that carry on a farming business can claim a non-refundable tax credit equal to 25% of the fair market value of qualifying agricultural products donated to a registered charity that provides food to those in need. The tax credit must be claimed in the same year that a charitable donation deduction is claimed.

Nunavut

Income tax rates (for December 31, 2016 year ends)			Other 2016 rates	
General and M&P	CCPCs		Sales tax	Payroll tax
	Active business income to \$500,000	Investment income		
12%	4%	12%	5% GST	2% (see page 23)
27%	14.5%	50.67%		

For CPP and EI premiums,
see page 35.

Figures in **bold** are combined
federal/territorial rates.

Paid by employees.

Additional highlights

Tax system review: Nunavut has launched a comprehensive review of its tax system, to determine if the territory's tax rates and structure are efficient and fair.

Corporations

Ontario

Income tax rates (for December 31, 2016 year ends)				Other 2016 rates	
General (non-M&P)	M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
11.5% H	10% H	4.5% H	11.5% H	13% HST	Nil or 1.95% (see page 23)
26.5%	25%	15%	50.17%		

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see page 22).

The M&P rate applies to profits from M&P, as well as from processing, farming, mining, logging and fishing operations carried on in Canada and allocated to Ontario.

Ontario corporations that, on an associated basis, have annual gross revenues of \$100 million or more and total assets of \$50 million or more may have a corporate minimum tax (CMT) liability based on adjusted book income. CMT is payable only to the extent that it exceeds the regular Ontario income tax liability.

Additional highlights

Research and development (R&D) tax credits: Effective for eligible R&D expenditures incurred in taxation years ending after May 31, 2016 (pro-rated for taxation years straddling June 1, 2016), the following will decrease:

- Ontario Research and Development Tax Credit (ORDTC) rate – from 4.5% to 3.5%
- Ontario Innovation Tax Credit (OITC) rate – from 10% to 8%

Apprenticeship Training Tax Credit (ATTC): Ontario is reviewing the ATTC, and is undertaking an engagement process with stakeholders and partners. Further details will be announced in 2016.

Ontario Retirement Pension Plan (ORPP): It is expected that the ORPP will not proceed due to the agreement in principle to work on a CPP enhancement (see page 11).

Tax avoidance: Ontario will:

- in partnership with the Canada Revenue Agency, launch specialized audit teams to focus on sectors that are at high risk of underground economic activity
- introduce legislation to strengthen the province's ability to identify and address the underground economy (e.g. expand enforcement capabilities, levy additional penalties to level the playing field for legitimate businesses)

Land transfer tax: Exemption for tax otherwise payable on certain "de minimus" transfers of partnership interests is eliminated, retroactive to February 18, 2012, for transferors that are trusts or partnerships.

Prince Edward Island

Income tax rates (for December 31, 2016 year ends)			Other 2016 rates	
General and M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
16% H	4.5% H	16% H	14% HST	None
31%	15%	54.67%		

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see page 22).

The HST rate will be 15% after September 30, 2016.

Additional highlights

Harmonized Sales Tax (HST): On October 1, 2016, the HST rate will increase from 14% to 15% (the provincial portion of the HST will increase from 9% to 10%).

Corporations

Quebec

Income tax rates (for December 31, 2016 year ends)				Other 2016 rates	
General and M&P	CCPCs		Investment income	Sales tax	Payroll tax
	Active business income to \$500,000				
	Regular	M&P			
11.9% H	8% H	4% H	11.9% H	9.975% QST	1.6% to 4.26% (see page 23)
26.9%	18.5%	14.5%	50.57%	14.975%	

For QPP, Quebec EI and QPIP premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.
H = Tax holiday (see page 22).

For taxation years beginning after December 31, 2016, changes to the CCPC rates:

- require a CCPC to meet additional tests ("activities" test or "hours worked" test, which replaces an "employee" test) to be eligible for the province's regular CCPC rate
- increase the regular CCPC rate in certain circumstances (e.g. a transitional rule that applies when the "hours worked" falls between two thresholds was recently added)
- extend the M&P CCPC rate to CCPCs in the primary sector (i.e. agriculture; forestry; fishing and hunting; mining, quarrying, and oil and gas extraction)
- determine the percentage of activities attributable to M&P and primary activities based only on labour costs (assets are no longer a factor)

Corporate income tax rate changes

Effective date	General and M&P rate		CCPC rate M&P
	Before April 1, 2015	April 1, 2015	
		11.9%	6%
	January 1, 2017	11.8%	4%
	January 1, 2018	11.7%	
	January 1, 2019	11.6%	
	January 1, 2020	11.5%	

For taxation years beginning before January 1, 2017, the rates apply to all active business income up to \$500,000 if 50% or more of the CCPC's activities are attributable to M&P (based on M&P assets and labour). Otherwise, the rates will increase generally on a straight-line basis to 8%.

For taxation years beginning after December 31, 2016, the 4% rate applies to all active business income up to \$500,000 if 50% or more of the CCPC's activities are attributable to M&P and the primary sector (based on M&P and primary sector labour costs). Otherwise, the rate will increase generally on a straight-line basis to 8% or the general rate, depending on the circumstances.

Additional highlights

Compensation tax for financial institutions:

Effective date	Insurance premiums	Payroll		
		Banks and loan, trust and security trading companies	Savings and credit unions	Other (excluding insurance companies)
Before April 1, 2017	0.48%	4.48%	3.52%	1.44%
April 1, 2017	0.3%	2.8%	2.2%	0.9%
April 1, 2019			Nil	

Deduction for innovative manufacturing corporations: For taxation years beginning after December 31, 2016, qualifying innovative manufacturing corporations (i.e. 50% or more of activities are attributable to M&P and paid-up capital of \$15 million or more) can claim a deduction, effectively allowing a portion of corporate income that is attributable to qualified patented features, which are integrated into qualified property sold or rented by the corporation, to be taxed at a 4% rate. Many conditions apply.

Health Services Fund (HSF): Starting 2017, the minimum HSF rate will decline gradually (see page 23) for small- and medium-size businesses (SMBs) in:

- the primary and manufacturing sectors, from 1.6% in 2016 to 1.45% in 2021
- other sectors, from 2.7% in 2016 to 2% in 2021

Refundable tax credit for the integration of information technologies in M&P:

Enhancements to this credit, which applies to SMBs:

- extend the credit to corporations in the wholesale and retail sectors, for eligible expenditures incurred (in respect of an IT integration contract for which negotiations commence) after March 17, 2016, and before 2020
- for taxation years ending after March 17, 2016, increase the paid up capital threshold at which the credit:
 - begins to be phased out to \$35 million from \$15 million
 - is fully phased out to \$50 million from \$20 million

Refundable tax credit for technological adaptation services: For qualified expenditures generally incurred after March 17, 2016, amendments clarify that the services carried out by an eligible college centre for the transfer of technology or an eligible liaison and transfer centre must be rendered in Quebec.

Refundable tax credit for major digital transformation projects: This credit applies to eligible digitization contracts (i.e. allow the digital transformation of traditional operations previously carried on outside Quebec by another corporation) entered into after March 17, 2016, and before 2019. It equals 24% of eligible salaries paid to eligible employees over two years (maximum \$20,000 per employee annually). At least 500 new jobs must be created in Quebec for seven years and Investissement Quebec must certify the contract.

Refundable tax credit for resources: For eligible expenses incurred after March 17, 2016, the tax credit rate for eligible expenses relating to mining resources incurred in the Near North or Far North of Quebec increases from:

- 31% to 38.75%, for corporations not operating mineral resources or oil or gas wells
- 15% to 18.75%, for other corporations

Film and television production tax credit: For productions for which an application for an advance ruling, or for a certificate, is submitted after March 17, 2016, the eligibility conditions of a category of films that are related to audience age and broadcasting time, will be relaxed.

Political contributions: Contributions made illegally or otherwise, directly or indirectly, for political purposes after March 17, 2016, will not be deductible from business or property income for tax purposes.

Corporations

Food processors: Corporations carrying on a food processing business can increase their charitable donation deduction by 50% for eligible food products donated to food banks or food assistance agencies after March 17, 2016.

Mining tax: Amendments:

- revise the calculation of an operator's annual profit if a mining operator ceases operations for an indeterminate period, for fiscal years beginning after 2013
- require the rules relating to the tax-deferred transfer of depreciable property to apply only when the purchaser is an operator under the *Mining Tax Act* (in addition to being related to the former owner), for transfers as of March 17, 2016
- adjust the proceeds on the disposition of depreciable property by an operator on ceasing its mining operations to another operator that is related to the transferor, for deemed dispositions of property generally as of March 17, 2016

Forestry and logging:

- Forest producers – For purposes of calculating taxable income, certified forest producers can average a portion of their non-retail timber sales income from a private forest, over up to seven years, for taxation years ending after March 17, 2016, and before 2021.
- Logging operations – For taxation years beginning after March 17, 2016, the exemption threshold for tax on logging operations will increase from \$10,000 to \$65,000.

Tax evasion and tax avoidance: Revenu Québec continues to:

- increase audit activities in certain at-risk sectors (e.g. construction industry)
- fight aggressive tax planning and has developed an expertise on tax havens
- exchange information with the Canada Revenue Agency through an enhanced exchange of information agreement
- encourage voluntary disclosure
- improve its efficiency to collect tax revenue and its relationships with taxpayers

Land transfer tax: For transfers of immovables after March 17, 2016, changes:

- tighten certain provisions that grant exemptions from paying transfer duties
- prevent the indefinite postponement of transfer duties

Saskatchewan

Income tax rates (for December 31, 2016 year ends)				Other 2016 rates	
General (non-M&P)	M&P	CCPCs Active business income to \$500,000	Investment income	Sales tax	Payroll tax
12%	10%	2%	12%	5% PST	None
27%	25%	12.5%	50.67%	10%	

A rebate of up to 2% of M&P profits allocated to Saskatchewan can reduce the rate from 12% to as low as 10%.

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/provincial rates.

Additional highlights

No significant corporate tax changes were announced.

Corporations

Yukon

Income tax rates (for December 31, 2016 year ends)					Other 2016 rates	
General	M&P	CCPCs		Investment income	Sales tax	Payroll tax
		Active business income to \$500,000				
		Non-M&P	M&P			
15%	2.5%	3%	1.5%	15%	5% GST	None
30%	17.5%	13.5%	12%	53.67%		

For CPP and EI premiums, see page 35.

Figures in **bold** are combined federal/territorial rates.

Additional highlights

No significant corporate tax changes were announced.

Individuals and corporations

CPP/QPP, EI and QPIP premiums

Canadian Finance Ministers have agreed in principle to work on a CPP enhancement that would be effective starting January 1, 2019. See page 11.

Employers may pay EI at reduced rates in certain circumstances (e.g. small business job credit applies).

		(e.g. small business job credit applies).		2015	2016
All contributors (other than those in Quebec)	CPP	Maximum pensionable earnings		\$53,600	\$54,900
		- Basic exemption		\$3,500	
		= Maximum contributory earnings		\$50,100	\$51,400
		Employer/employee rate		4.95%	
		Maximum employer/employee contribution		\$2,480	\$2,544
	EI premiums	Self-employed contribution rate		9.9%	
		Maximum self-employed contribution		\$4,960	\$5,089
		Maximum annual insurable earnings		\$49,500	\$50,800
		Employee	Premium per \$100 insurable earnings	\$1.88	
			Employer	\$2.632	
Quebec contributors	QPP (higher than CPP)	Employee	Annual maximum contribution	\$931	\$955
			Employer	\$1,303	\$1,337
		Maximum annual pensionable earnings		\$53,600	\$54,900
		- Basic exemption		\$3,500	
		= Maximum contributory earnings		\$50,100	\$51,400
	EI (lower than federal EI premiums due to the QPIP)	Employer/employee rate		5.25%	5.325%
		Maximum employer/employee contribution		\$2,630	\$2,737
		Self-employed contribution rate		10.50%	10.65%
		Maximum self-employed contribution		\$5,261	\$5,474
		Maximum annual insurable earnings		\$49,500	\$50,800
QPIP premiums	Employee	Premium per \$100 insurable earnings	\$1.54	\$1.52	
		Employer	\$2.156	\$2.128	
	Employee	Annual maximum contribution	\$762	\$772	
		Employer	\$1,067	\$1,081	
	Maximum annual insurable earnings		\$70,000	\$71,500	
	Employee	Premium per \$100 insurable earnings	\$0.559	\$0.548	
		Employer	\$0.782	\$0.767	
	Employee	Annual maximum contribution	\$391	\$392	
		Employer	\$547	\$548	
		Self-employed	Premium per \$100 insurable earnings	\$0.993	\$0.973
Annual maximum contribution			\$695	\$696	

Employees with insurable earnings for the year below \$2,000 can claim a refund of premiums.

Self-employed individuals are permitted to deduct half of CPP/QPP premiums paid for their own coverage. The non-deductible half qualifies for a tax credit. As well, a portion of the QPIP premiums paid by self-employed individuals is deductible. Self-employed individuals are not required to pay EI premiums, but may opt into the program and pay EI premiums at the employee rate.

Individuals and corporations

Sales tax rates for 2016

		Rate	Total rate
Federal		5% GST	
GST only	Alberta	5% federal GST only	
	Northwest Territories		
	Nunavut		
	Yukon		
HST	New Brunswick	13% or 15%	
	Newfoundland and Labrador		
	Nova Scotia	15%	
	Ontario	13%	
	Prince Edward Island	14% or 15%	
PST (or QST) and GST	British Columbia	7%	12%
	Manitoba	8%	13%
	Quebec	9.975%	14.975%
	Saskatchewan	5%	10%

A 5% First Nation GST applies instead in certain First Nations.

New Brunswick's rate is 13% before July 1, 2016. See pages 14 and 28.

Newfoundland and Labrador's rate is 13% before July 1, 2016. See pages 15 and 29.

Prince Edward Island's rate is 14% before October 1, 2016. See pages 17 and 31.

Manitoba's 8% rate will decline to 7% on July 1, 2023.

Individuals and corporations

Retirement savings and profit sharing plans

For registered retirement savings plans (RRSPs), defined contribution registered pension plans (RPPs) and deferred profit sharing plans (DPSPs), the amount that can be contributed in a year is the lesser of:

- 18% of earned income for the previous year (for RRSPs) or of pensionable earnings for the current year (for RPPs and DPSPs)
- fixed-dollar limits

The table below outlines these limits. For example, for RRSPs, the \$26,010 fixed dollar limit applies in 2017 if earned income in 2016 (i.e. the previous year) exceeds \$144,500 (because 18% of \$144,500 is \$26,010).

Different rules apply for defined benefit plans.

Other factors, such as past service pension adjustments, may affect these limits and are not shown, nor are special rules that may apply to transfers and deceased taxpayers.

The PA reflects the value of benefits accruing to the individual for the year in a DPSP and/or an RPP, whether defined benefit or defined contribution.

A PAR may restore RRSP contribution room when a member withdraws from a defined benefit RPP and the amount received is less than the total PAs.

DPSP amounts are half of defined contribution RPP amounts.

Employee contributions to DPSPs are not permitted.

		Registered retirement savings plan (RRSP)		Defined contribution registered pension plan (RPP)		Deferred profit sharing plan (DPSP)		
Contribution limits	% of earnings	18% of earned income for the previous year		18% of pensionable earnings for the year				
		Maximum contribution	Earned income (previous year)	Maximum contribution	Pensionable earnings (current year)	Maximum contribution	Pensionable earnings (current year)	
	Dollar limits	2015	\$24,930	≥ \$138,500	\$25,370	≥ \$140,944	\$12,685	≥ \$70,472
		2016	\$25,370	≥ \$140,944	\$26,010	≥ \$144,500	\$13,005	≥ \$72,250
		2017	\$26,010	≥ \$144,500	Indexed			
		2018						
	Limits apply to:	All contributions		Combined employer/employee contributions		Employer contributions		
	Reduced by:	Pension Adjustment (PA) for the previous year		DPSP contributions for the year (Terms of plan may impose lower limits)		Defined contribution RPP contributions for the year (Terms of plan and employer's profits may impose lower limits)		
Increased by:	Unused contribution limits of previous years and pension adjustment reversals (PARs)		n/a					
Stated in:	Previous year's Notice of Assessment		Documents provided by the employer or plan administrator					
Deadlines	Employer's contribution	n/a		120 days after employer's year end				
	Individual's contributions	60 days after the calendar year end (i.e. March 1, but February 29 for leap years; adjusted for deadlines that fall on weekends)			December 31		n/a	

Individuals and corporations

R&D tax credits

Federal SR&ED investment tax credit rates

The federal investment tax credit (ITC) and refund rates shown apply to current expenditures incurred in 2016.

Unused federal ITCs may reduce federal taxes payable for the previous three years and the next twenty.

	Investment tax credit (ITC) rate	Refund rate
Qualified SR&ED in Canada Generally, a CCPC's \$3 million expenditure limit in respect of the 35% credit is reduced by: • \$10 for every \$1 by which its previous year's taxable income exceeded \$500,000, up to \$800,000 • \$0.075 for every \$1 of its previous year's taxable capital employed in Canada above \$10 million, up to \$50 million Thresholds are on an associated basis.	Qualifying Canadian-Controlled Private Corporations (CCPCs) 35% of annual qualified expenditures up to threshold (\$3 million or less) + 15% of qualified expenditures not eligible for the 35% rate	100% of ITCs computed at the 35% rate + 40% of ITCs computed at the 15% rate
Other corporations	15%	n/a
Individuals		40% of ITCs

The SR&ED ITC is also available for certain salaries or wages incurred in respect of SR&ED carried on outside Canada (limited to 10% of salaries and wages directly attributable to SR&ED carried on in Canada).

Provincial and territorial R&D tax credits

Only corporations are eligible for R&D tax credits, except in Newfoundland and Labrador, Quebec and Yukon, where individuals can also claim the credits.

In Ontario, corporations that have taxable income under \$500,000 and taxable capital under \$25 million can claim the innovation tax credit on up to \$3 million of expenditures. Those with taxable income between \$500,000 and \$800,000 or taxable capital between \$25 million and \$50 million are eligible for a partial credit.¹ 100% of current expenditures are eligible.

20% of qualifying payments (up to \$20 million annually on an associated basis) to an Ontario eligible research institute.

For all Quebec R&D tax credits:

- Quebec Canadian-controlled corporations with less than \$50 million in assets can claim the 30% rate on up to \$3 million of R&D wages and/or eligible R&D expenditures. For those with assets between \$50 million and \$75 million, the rate is gradually reduced to 14%. The rate is 14% for all other taxpayers. The rates are higher in certain cases.¹
- An exclusion threshold ranging from \$50,000 to \$225,000 is allocated among the Quebec R&D tax credits claimed. For each R&D tax credit, the eligible R&D expenditures are reduced by the allocated exclusion.

A portion of payments to unrelated subcontractors may be eligible for these credits (50% for R&D wage; 80% for private partnership precompetitive).

In some cases, the University R&D tax credit is available on 80% of payments to certain eligible entities (e.g. universities and public research centres).

Alberta's maximum annual credit is \$400,000.

British Columbia's refundable tax credit is 10% of the lesser of eligible BC R&D expenditures and the federal expenditure limit (i.e. \$3 million or less).

	Rate	Refundable?	Carry-back	Carry-forward
Alberta		Yes	n/a	
British Columbia	10%	No	3 years	10 years
Manitoba	20%	Yes/No		20 years
New Brunswick		Yes	n/a	
Newfoundland and Labrador	15%			
Nova Scotia		Yes	n/a	
Ontario	Innovation tax credit	8%		
	Business research institute tax credit	20%		
	R&D tax credit	3.5%	No	3 years 20 years
Quebec	R&D wage tax credit			
	University R&D tax credit	14% to 30%	Yes	n/a
	Private partnership precompetitive tax credit			
	Tax credit on fees paid to a research consortium			
Saskatchewan	10%	No	3 years	10 years
Yukon	15%	Yes	n/a	

Yukon's rate is 20% on R&D expenditures made to the Yukon College.

Manitoba's credit is:

- fully refundable for certain eligible expenditures
- partially refundable for in-house R&D expenditures

For R&D expenditures incurred in taxation years ending before June 1, 2016, Ontario's:

- innovation tax credit rate was 10%
- R&D tax credit rate was 4.5% See page 31.

1. Ontario and Quebec thresholds are in respect of the previous year, on a worldwide associated basis.

Individuals and corporations

Land transfer tax and registration fees

The provinces and territories charge land transfer taxes and registration fees on the purchase of real property within their boundaries.

Some exemptions or refunds are available. Higher rates may apply to non-residents. Additional fees may be imposed (e.g. on the registration of the deed or mortgage).

For British Columbia, the 3% rate applies for property transfers registered after February 16, 2016. See page 12 for additional changes.

For New Brunswick, the rate increased from 0.5% to 1%, for deeds registered after March 31, 2016.

Minimum of \$60 in Nunavut and \$100 in Northwest Territories.

In Ontario and Toronto, land transfer tax applies to registered and unregistered transfers, including dispositions of a beneficial interest in land.

For Prince Edward Island, all first-time home buyers will not pay land transfer tax, starting October 1, 2016.

For Quebec, see pages 18 and 33 for additional changes that affect the transfer of immovables.

		Calculation	Value used
Alberta		$\$50 + 0.02\%$ of value	Value of property
British Columbia		1% of portion \leq \$200,000 + 2% of portion between \$200,000 and \$2 million + 3% of portion $>$ \$2 million	Fair market value of property
Manitoba		$\$87 + 0.5\%$ of portion between \$30,000 and \$90,000 + 1% of portion between \$90,000 and \$150,000 + 1.5% of portion between \$150,000 and \$200,000 + 2% of portion $>$ \$200,000	
New Brunswick		$\$85 + 1\%$ of value	Greater of assessed value and consideration for the transfer
Newfoundland and Labrador		$\$100 + 0.4\%$ of portion $>$ \$500	Value of property
Northwest Territories		0.15% of portion \leq \$1 million + 0.1% of portion $>$ \$1 million	
Nunavut		$\$100 +$ Up to 1.5% (determined by municipality)	
Ontario	General	0.5% of portion \leq \$55,000 + 1% of portion between \$55,000 and \$250,000 + 1.5% of portion $>$ \$250,000	Value of consideration
	Family dwelling (one or two units)	As above + 0.5% of portion $>$ \$400,000	
Addition for Toronto	General	$\$75 + 0.5\%$ of portion \leq \$55,000 + 1% of portion between \$55,000 and \$400,000 + 1.5% of portion between \$400,000 and \$40 million + 1% of portion $>$ \$40 million	
	Family dwelling (one or two units)	As above + 0.5% of portion between \$400,000 and \$40 million + 1% of portion $>$ \$40 million	
Prince Edward Island	General	1% of value, if value $>$ \$30,000	Greater of assessed value and consideration for the transfer
	Non-residents and corporations	As above + 1% of value (\$550 minimum) (Depends on land size and corporate ownership)	Purchase price
Quebec		0.5% of portion \leq \$50,000 + 1% of portion between \$50,000 and \$250,000 + 1.5% of portion $>$ \$250,000	Greatest of: • consideration furnished • consideration stipulated • fair market value of property
Addition for Montreal		0.5% of portion between \$500,000 and \$1 million + 1% of portion $>$ \$1 million	
Saskatchewan		0.3% (\$26 minimum)	Value of property
Yukon		0.2% of portion \leq \$5,000 + 0.25% of portion between \$5,000 and \$10,000 + 0.175% of portion between \$10,000 and \$25,000 + 0.125% of portion $>$ \$25,000	

Individuals and corporations

Filing deadlines

Deadlines falling on holidays or weekends may be extended to the next business day.

In addition to income tax returns, individuals, trusts, corporations and partnerships may be subject to other filing requirements. Several are noted below. See page 7 for individual and trust income tax deadlines. For corporate income tax and financial institution capital tax deadlines, see pages 21 and 24, respectively.

Earlier deadlines apply to publicly traded trusts and publicly traded partnerships for posting information relating to T3s and T5013s to the CDS Innovations Inc. website.

		Jurisdiction or form	Filing deadline		Details and exceptions	
Income reporting	Trusts	Federal, Quebec (T3 slip/relevé 16)	90 days after trust year end	If filer's business activity is discontinued, deadline is 30 days after discontinuance.	n/a	
	Other	Federal, Quebec (T4/relevé 1, T5/ relevé 3, etc.)	Last day of February		March 31 deadline for partnership information returns applies to partnerships with only individual members. Otherwise: <ul style="list-style-type: none">for partnerships with only corporate members: five months after end of fiscal periodfor partnerships with both individual and corporate members: earlier of last day of March and five months after end of fiscal periodin all cases, if partnership discontinues, earlier of normal filing deadline and 90 days after discontinuance	
Information returns	Tax shelter	Federal, Quebec	Last day of March			For trusts, form NR4 is due 90 days after the trust's year end.
	Partnership	Federal, Quebec (T5013/relevé 15)				
	Transactions with non-residents	Federal: NR4	Individuals: April 30 Corporations: 6 months after year end Trusts: 90 days after year end			
		Federal: T106 (transactions with non-arm's length parties)				
	Foreign property/trust	Federal: T1135 T1141 T1142	Partnerships (T106, T1135 and T1142 only): same as for partnership information return			
Federal: T1134		Individuals, corporations, trusts and partnerships:15 months after year end	n/a			
Notice of objection		Federal, all provinces	90 days after mailing date of assessment or reassessment		In all jurisdictions, for an individual or a testamentary trust that is a graduated rate estate: the later of one year after the filing due date and 90 days after mailing date of the assessment or reassessment.	

Individuals and corporations

Prescribed interest rates – income, capital and payroll taxes

Penalties may also be imposed in certain cases.

Rates left blank were not available when *Tax facts and figures* was published.

Federal prescribed rates also apply to provincial/territorial personal and corporate income tax collected by the Canada Revenue Agency.

Compounding schedule	2015				2016				
	Q1 Jan. - Mar.	Q2 Apr. - Jun.	Q3 Jul. - Sep.	Q4 Oct. - Dec.	Q1 Jan. - Mar.	Q2 Apr. - Jun.	Q3 Jul. - Sep.	Q4 Oct. - Dec.	
Daily	Federal: Income tax, financial institutions capital tax, source deductions, CPP and EI	Underpayments	5%						
		Overpayments	1%						
			3%						
		Taxable benefits	1%						
		Pertinent loans or indebtedness	4.89%	4.75%	4.61%	4.52%	4.41%	4.45%	4.50%
Monthly	Manitoba: Financial institutions capital tax and Health and Post-Secondary Education Tax	Underpayments	4.5%						
		Overpayments	0.5%						
		Underpayments	9%	8.85%		8.7%			
		Overpayments	Manitoba does not pay interest on overpayments						
		Underpayments	9.5% (0.7591% per month)						
Daily	New Brunswick: Financial institutions capital tax	Underpayments	New Brunswick does not pay interest on overpayments						
		Overpayments							
		Underpayments	5%						
		Overpayments	1%						
		Underpayments	7%	6.85%		6.7%			
Monthly	Newfoundland and Labrador:	Overpayments	3%	2.85%		2.7%			
		Underpayments	5%						
		Overpayments	Nova Scotia does not pay interest on overpayments						
		Underpayments	6%						
		Overpayments	0%						
Daily	Ontario: Employer Health Tax	Refunds from objection or appeal	3%						
		Underpayments	19.56% (1.5% per month)						
		Overpayments	Prince Edward Island does not pay interest on overpayments						
		Refunds from objection or appeal	19.56% (1.5% per month)						
		Underpayments	6%						
Monthly	Prince Edward Island: Financial institutions capital tax	Overpayments	1.1%						
		Taxable benefits	1%						
		Underpayments	6%	5.85%		5.7%			
		Overpayments	3%	2.85%		2.7%			
		Underpayments	1.4%						
Daily	Quebec: Corporate and personal income tax and Health Services Fund contributions	Overpayments	1.1%						
		Taxable benefits	1%						
		Underpayments	6%						
		Overpayments	1.4%						
		Underpayments	1%						
Not compounded	Saskatchewan: Financial institutions capital tax	Overpayments	2.7%						
		Underpayments	3%						
		Overpayments	2.85%						
		Underpayments	5.85%						
		Overpayments	5.7%						

Individuals and corporations

Canada's treaty withholding tax rates

This table summarizes treaty withholding tax rates (%) on payments arising in Canada. Rates in square brackets after an arrow are set out in a protocol, replacement treaty or new treaty that is signed, but not in force. To the left of the arrow are the rates that are being replaced, i.e. the rate or rates in the existing treaty or protocol or, if no treaty is

in force, the 25% rate imposed by Canada. If two or more dividend rates are provided, the lower (lowest two for Vietnam) applies if the recipient is a company that owns or controls a specified interest of the payor.

	Dividends	Related-party interest ³	Royalties ⁴
Algeria	15	15	0 or 15
Argentina	10 or 15	12.5	3, 5, 10 or 15 ¹
Armenia	5 or 15	10	10
Australia	N 5 or 15	10	10
Austria	5 or 15	10	0 or 10
Azerbaijan	10 or 15	10	5 or 10
Bangladesh	15	15	10
Barbados	15	15	0 or 10
Belgium	5 or 15	10	0 or 10
Brazil	15 or 25	15	15 or 25
Bulgaria	10 or 15 ¹	10	0 or 10 ¹
Cameroon	15	15	15
Chile ¹	10 or 15	15	15
China P.R. (not Hong Kong)	N 10 or 15	10	10
Colombia, Rep. of	5 or 15	10	10 ¹
Croatia	5 or 15	10	10
Cyprus	15	15	0 or 10
Czech Rep.	5 or 15	10	10
Denmark	5 or 15	10	0 or 10
Dominican Rep.	18	18	0 or 18
Ecuador	5 or 15	15	10 or 15 ¹
Egypt	15	15	15
Estonia	5 or 15	10	0 or 10
Finland	5 or 15	10	0 or 10
France	5 or 15	10	0 or 10
Gabon	15	10	10
Germany	5 or 15	10	0 or 10
Greece	5 or 15	10	0 or 10
Guyana	15	15	10
Hong Kong	5 or 15	10	10
Hungary	5 or 15	10	0 or 10

	Dividends	Related-party interest ³	Royalties ⁴
Iceland	5 or 15	10	0 or 10
India	15 or 25	15	10, 15 or 20
Indonesia	10 or 15	10	10
Ireland	5 or 15	10	0 or 10
Israel	N 15	15	0 or 15
Italy	5 or 15	10	0, 5 or 10
Ivory Coast	15	15	10
Jamaica	15	15	10
Japan	5 or 15	10	10
Jordan	10 or 15	10	10
Kazakhstan	5 or 15	10	10 ¹
Kenya	15 or 25 ¹	15	15
Korea (South)	5 or 15	10	10
Kuwait	5 or 15	10	10
Kyrgyzstan	15 ¹	15 ¹	0 or 10
Latvia	5 or 15	10	10 ¹
Lebanon	25 → [5 or 15]	25 → [10]	25 → [5 or 10]
Lithuania	5 or 15	10	10 ¹
Luxembourg	5 or 15	10	0 or 10
Madagascar	N	25% imposed by Canada	
Malaysia	N 15	15	15
Malta	15	15	0 or 10
Mexico	5 or 15	10	0 or 10
Moldova	5 or 15	10	10
Mongolia	5 or 15	10	5 or 10
Morocco	15	15	5 or 10
Namibia	25 → [5 or 15]	25 → [10]	25 → [0 or 10]
Netherlands	N 5 or 15	10	0 or 10
New Zealand	5 or 15	10	5 or 10
Nigeria	12.5 or 15	12.5	12.5
Norway	5 or 15	10	0 or 10
Oman	5 or 15	10 ¹	0 or 10

	Dividends	Related-party interest ³	Royalties ⁴
Pakistan	15	15	0 or 15
Papua New Guinea	15	10	10
Peru ¹	10 or 15	15	15
Philippines	15	15	10
Poland	5 or 15	10	5 or 10
Portugal	10 or 15	10	10
Romania	5 or 15	10	5 or 10
Russia	10 or 15	10	0 or 10
Senegal	15	15	15
Serbia	5 or 15	10	10
Singapore	15	15	15
Slovak Republic	5 or 15	10	0 or 10
Slovenia	5 or 15	10	10
South Africa	5 or 15	10	6 or 10
Spain	5 or 15	10	0 or 10
Sri Lanka	15	15	0 or 10
Sweden	5 or 15	10	0 or 10
Switzerland	5 or 15	10	0 or 10
Taiwan ⁵	25 → [10 or 15]	25 → [10]	25 → [10]
Tanzania	20 or 25	15	20
Thailand	15	15	5 or 15
Trinidad and Tobago	5 or 15	10	0 or 10
Tunisia	15	15	0, 15 or 20
Turkey	15 or 20	15	10
Ukraine	5 or 15	10	0 or 10
United Arab Emirates	5 or 15	10	0 or 10
United Kingdom	5 or 15	10	0 or 10
United States ²	5 or 15	0	0 or 10
Uzbekistan	5 or 15	10	5 or 10
Venezuela	10 or 15 ¹	10	5 or 10
Vietnam	5, 10 or 15	10	7.5 or 10 ¹
Zambia	15	15	15
Zimbabwe	10 or 15	15	10

N Negotiation or renegotiation of tax treaty or protocol underway, or concluded (but not signed).

1. If the other state (Canada for treaty with Oman) concludes a treaty with another country providing for a lower rate (higher for Kenya), the lower rate (higher for Kenya) will apply in respect of specific payments or with limits, in some cases.
2. For the United States, the reduced treaty rates apply subject to the Limitation on Benefits article.
3. Canadian withholding tax does not apply to interest (except for "participating debt interest") paid or credited to arm's length non-residents.

4. A nil royalty rate generally applies to:

- copyright royalties and payments for a literary, dramatic, musical or other artistic work (but not royalties for motion picture films or works on film or videotape or other means of reproduction for use in television)
- royalties for computer software or a patent, or for information concerning industrial, commercial or scientific experience (but not royalties for a rental or franchise agreement) or for broadcasting

5. The rates are provided in a "tax arrangement" between Canada and Taiwan.

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