



Updated as of November 25, 2018

## **2018 Combined Federal and Provincial Marginal Tax Rates and Brackets for Prince Edward Island**

<b>Personal Taxable Income Bracket</b>	<b>Tax Rate</b>
	(Note)
<b>Up to \$11,809</b> (the federal basic personal amount is \$11,809)	<b>0.00%</b>
<b>\$11,810 to \$12,731</b> (PEI low income tax reduction ends at \$12,731*)	<b>15.00%</b>
<b>\$12,732 to \$17,000</b>	<b>24.80%</b>
<b>\$17,001 to \$24,000</b> (5% clawback of PEI low income tax reduction*)	<b>29.80%</b>
<b>\$24,001 to \$31,984</b>	<b>24.80%</b>
<b>\$31,985 to \$46,605</b>	<b>28.80%</b>
<b>\$46,606 to \$63,969</b>	<b>34.30%</b>
<b>\$63,970 to \$93,208</b> (OAS clawback starts at \$75,910 – see **)	<b>37.20%</b>
<b>\$93,209 to \$98,997***</b>	<b>42.70%</b>
<b>\$98,998 to \$144,489</b>	<b>44.37%</b>
<b>\$144,490 to \$205,842</b>	<b>47.37%</b>
<b>\$205,843 and above</b>	<b>51.37%</b>

\* The PEI low income tax reduction eliminates taxes on taxable income above the PEI basic amount of \$9,160 up to \$12,731; these taxes are recovered on taxable income from \$17,001 to \$24,000.

\*\* The Old Age Security clawback will add approximately 10% to tax rates from \$75,910 to \$123,203.

\*\*\* P.E.I. surtax effect of 1.67% starts at \$98,997 assuming the only credit claimed is the basic amount.

**Note:** These rates apply to regular income, such as employment, interest and business income. Taxable Canadian dividends are taxed at lower rates (see over), and only 50% of capital gains are taxable. Effects of various clawbacks are excluded, which can be substantial. Increasing income may result in reduction of EI benefits, Old Age Security, Guaranteed Income Supplement, age credit, Child Tax Benefit, GST/HST Credit, medical expense credit, nursing home subsidies and other payments and benefits. Alternative minimum tax may also be applicable. Rates vary by province and territory, and may be changed at any time by legislation. See your tax advisor for the most current and complete information.

**Important – Using Marginal Tax Rates:** When income moves to the next tax bracket, the additional income is taxed at the higher rate, but income below that bracket is still taxed at the lower rates. These “marginal” rates apply to the “next dollar” earned or deducted. They differ from “average” tax rates that relate to an approximation of income taxes in relation to total taxable income.

See approximate dividend tax rates and additional explanations on the next page.

(Continued)

*Financial Planning For a Balanced Lifestyle*



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## 2018 APPROXIMATE Combined Federal and Provincial Marginal Tax Rates for Prince Edward Island

For ease of discussion and understanding, the following table approximates the rates and tax brackets.

Approximate Taxable Income Bracket	Normal Income	Eligible Dividends*	Ineligible Dividends
<i>Rounded</i>			
<b>Up to \$12,000</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>\$12,000 to \$47,000</b>	<b>27%</b>	<b>5%</b>	<b>18%</b>
<b>\$47,000 to \$93,000</b>	<b>36%</b>	<b>15%</b>	<b>27%</b>
<b>\$93,000 to \$144,000</b>	<b>43%</b>	<b>24%</b>	<b>35%</b>
<b>\$144,000 to \$206,000</b>	<b>47%</b>	<b>29%</b>	<b>40%</b>
<b>\$206,000 and above</b>	<b>51%</b>	<b>34%</b>	<b>44%</b>

\*Eligible dividends are typically those paid by public companies, but also include certain qualifying amounts paid by private companies.

### Frequently used tax credits with the amount claimed and resulting tax savings are as follows:

	Federal amount	PEI amount	Combined tax savings**
Basic personal amount	\$11,809	\$9,160	\$2,669
Amount for spouse, common-law partner or eligible dependant (reduced by income of that individual)	\$11,809	\$7,780	\$2,534
Age amount (up to net income of \$36,976 / \$28,019, reducing thereafter)	\$7,333	\$3,764	\$1,469
Disability amount (excluding child supplement)	\$8,235	\$6,890	\$1,910
Charitable donations	45.7% to 51.37% of donation if total is in excess of \$200		
Canada Child Benefit and other family benefits	See <a href="http://www.cra-arc.gc.ca/benefits-calculator/">http://www.cra-arc.gc.ca/benefits-calculator/</a>		

\*\* The tax savings are slightly higher than shown for incomes of \$98,997 and above because of PEI surtax.

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