

2024 Combined Federal and Provincial Marginal Tax Rates and Brackets for Prince Edward Island

Prepared May 10, 2024

Personal Taxable Income Bracket	Tax Rate
	(See info below)
Up to \$15,705 (the federal basic personal amt. for income below \$173,206)	0.00%
\$15,706 to \$17,127¹ (PEI low income tax reduction ends at \$17,127)	15.00%
\$17,128 to \$21,500	24.65%
\$21,501 to \$28,500 (5% clawback of PEI low income tax reduction ¹)	29.65%
\$28,501 to \$32,656	24.65%
\$32,657 to \$55,867² (Also consider age amt. clawback over \$44,325)	28.63%
\$55,868 to \$64,313	34.13%
\$64,314 to \$105,000 (Also consider OAS clawback ³ over \$90,997)	37.15%
\$105,001 to \$111,733	38.50%
\$111,734 to \$140,000	44.00%
\$140,001 to 173,205	44.75%
\$173,206 to \$246,752	48.07%
\$246,753 and above	51.75%

¹ The PEI low income tax reduction eliminates taxes on taxable income above the PEI basic amount of \$13,500 up to \$17,127, assuming only the basic amount is claimed. These taxes are recovered on income from \$21,501 to \$28,500.

² The Canada Child Benefit is reduced by 2023 net income above \$34,863 until July 2024, and then adjusted based on 2024 income

³ The Old Age Security clawback, if counted as tax, will add approximately 10% to tax rates from \$90,998 to about \$148,000 if OAS is started at age 65 (upper threshold is higher after age 75 or if OAS is started at a later age). If started at age 65, maximum OAS for April to June 2024 is \$713.34 per month, increasing by 10% at age 75.

Guidance: These rates apply to regular income, such as employment, interest and business income. Taxable Canadian dividends are taxed at lower rates (see next page for approximations), and only 50% of capital gains under \$250,000 (67% thereafter) 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 Amount, Canada Child Benefit, GST/HST Credit, medical expense credit, nursing home subsidies and other payments and benefits. Alternative minimum tax may also be applicable. Rates may be changed at any time. See your tax advisor for 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 tax rates on regular income and dividends on next page.

(Continued)

Financial Planning For a Balanced Lifestyle

2024 APPROXIMATE Combined Federal and Provincial Tax Rates for Prince Edward Island

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

Approximate Taxable Income Bracket	Marginal Rates			Average Rates (Regular Income)
	Regular Income ⁴	Eligible Dividends ⁵	Other Dividends ⁵	
<i>Rounded</i>	<i>Approximate</i>			
Up to \$16,000	0%	0%	0%	0%
\$16,001 to \$56,000	28%	5%	21%	0 - 20%
\$56,001 to \$112,000	37%	16%	31%	20 - 28%
\$112,001 to \$173,000	44%	26%	39%	28 - 34%
\$173,001 to \$247,000	48%	31%	43%	34 - 38%
\$247,001 and above	52%	36%	48%	38 - 52%

⁴ Regular income includes such items as wages, pensions, interest, rents, business income, RRSP withdrawals, etc.

⁵ "Eligible" dividends are typically those paid by public companies, but also include certain qualifying amounts paid by private companies. These tax rates apply to the actual amount of the dividend, not the grossed-up dividend reported on the tax return. (which is 138% of actual for eligible and 115% for other than eligible).

Frequently used tax credits and other information:

	Federal amount ⁶	PEI Amount ⁶	Combined tax savings
Basic personal amount	\$15,705 ⁷	\$13,500	\$3,659
Amount for spouse, common-law partner or eligible dependant (reduced by income of that individual)	\$15,705 ⁷	\$11,466	\$3,462
Age amount (up to net income of \$44,325 / \$33,740, then reducing)	\$8,790	\$5,595	\$1,858
Disability amount (excluding child supplement)	\$9,872	\$6,890	\$2,146
Pension amount	\$2,000	\$1,000	\$397
Charitable donations	47.75% to 51.75% of amount > \$200 (24.65% up to \$200)		
Guaranteed Income Supplement and OAS calculator	https://www.canada.ca/en/services/benefits/publicpension/s/cpp/old-age-security/payments.html#tbl1		
Canada Child Benefit and Family Benefits calculator	https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html		

⁶ The first two columns are the base amounts on the tax return, while the final column shows the actual taxes saved. The tax savings will be slightly lower when the federal basic amount is reduced where income is above \$173,205⁸.

⁷ These federal amounts gradually reduce to \$14,156 as income increases from \$173,205 to \$246,752.

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