

2025 Combined Federal and Provincial Marginal Tax Rates and Brackets for Prince Edward Island

Prepared December 2, 2024 – May change, especially with Federal & PEI 2025 Spring budgets

Personal Taxable Income Bracket	Tax Rate
	(See info below)
Up to \$16,129 (the federal basic personal amt. for income below \$177,883)	0.00%
\$16,130 to \$17,934¹ (PEI low income tax reduction ends at \$17,934)	15.00%
\$17,935 to \$22,250	24.50%
\$21,251 to \$29,250 (5% clawback of PEI low income tax reduction ¹)	29.50%
\$29,251 to \$33,328	24.50%
\$33,329 to \$57,375² (Also consider age amt. clawback over \$45,522)	28.47%
\$57,376 to \$64,656	33.97%
\$64,657 to \$105,000 (Also consider OAS clawback ³ over \$93,454)	37.10%
\$105,001 to \$114,750	38.12%
\$114,751 to \$140,000	43.62%
\$140,001 to 177,882	45.00%
\$177,883 to \$253,414	48.32%
\$253,415 and above	52.00%

¹ The PEI low income tax reduction eliminates taxes on taxable income above the PEI basic amount of \$14,250 up to \$17,934, assuming only the basic amount is claimed. These taxes are recovered on income from \$22,251 to \$29,251.

² The Canada Child Benefit (CCB) is reduced by 2024 family net income above \$36,502 until July 2024, and then adjusted based on 2024 income. The CCB is \$7,787 for a child under age 6 and \$6,570 if age 6 to 17.

³ The Old Age Security clawback, if counted as tax, will add approximately 10% to tax rates from \$93,454 to about \$152,000 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 the last quarter of 2024 is \$727.67 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 1/2 of annual capital gains are taxable (in 2026, portion over \$250,000 are 2/3 taxable). Effects of various clawbacks are excluded, which can be substantial. Increasing income may result in reduction of EI benefits, OAS, Guaranteed Income Supplement, the 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 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

2025 APPROXIMATE Combined Federal and Provincial Tax Rates for Prince Edward Island

Prepared December 2, 2024 – May change, especially with Federal & PEI 2025 Spring budgets

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%
\$16,000 to \$57,000	28%	5%	21%	0 - 20%
\$57,000 to \$115,000	37%	17%	31%	20 - 28%
\$115,000 to \$178,000	45%	26%	39%	28 - 34%
\$178,000 to \$253,000	48%	31%	44%	34 - 38%
Above \$253,000	52%	37%	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	\$16,129 ⁷	\$14,250	\$3,773
Amount for spouse, common-law partner or eligible dependant (reduced by income of that individual)	\$16,129 ⁷	\$12,103	\$3,569
Age amount (up to net income of \$45,522 / \$36,600, then reducing)	\$9,028	\$6,510	\$1,972
Disability amount (excluding child supplement)	\$10,138	\$6,890	\$2,176
Pension amount	\$2,000	\$1,000	\$395
Charitable donations	48.0% to 52.0% of amount > \$200 (24.5% 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 personal amount is reduced for income over \$177,882⁸.

⁷ These federal amounts gradually reduce to \$14,156 as income increases from \$177,882 to \$253,414.

Blair Corkum, Bcomm, CPA, CA, R.F.P., CFP®, CFDS-AA holds designations as a Chartered Professional Accountant, Chartered Accountant, Registered Financial Planner, Certified Financial Planner™ and Chartered Financial Divorce Specialist – Advanced Accreditation. He is retiring from being an hourly-based fee for service personal financial planner, and holds no investment or insurance licenses, and receives no commissions or referral fees. This publication should not be construed as legal or investment advice. It is neither a definitive analysis of the law nor a substitute for professional advice, which you should obtain before acting on this information. Information may change as a result of legislation or regulations issued after this publication was written. No liability is accepted for reliance on this document.

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