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2026 Combined Federal and Provincial Marginal Tax Brackets and Rates for Prince Edward Island

Prepared April 11, 2026 – May change at any time by federal or PEI legislation

Personal Taxable Income Bracket	Tax Rate
	(See info below)
Up to $16,452 (the federal basic personal amt. for income below $181,440)	**0.00%**
$16,453 to $18,684[1] (PEI low income tax reduction ends at $18,684)	**14.00%**
$18,685 to $23,000	**23.50%**
$23,001 to $30,000 (5% clawback of PEI low income tax reduction[1])	**28.50%**
$30,001 to $33,928	**23.50%**
$33,929 to $58,523 (Consider age amount clawback & CCB[2] reduction)	**27.47%**
$58,524 to $65,820	**33.97%**
$65,821 to $106,890 (Also consider OAS clawback[3] over $95,323)	**37.10%**
$106,891 to $117,045	**38.12%**
$117,046 to $142,520	**43.62%**
$142,521 to $181,440	**45.00%**
$181,441 to $258,482	**48.29%**
$258,483 and above	**52.00%**

[1] The PEI low income tax reduction eliminates taxes on taxable income above the PEI basic amount of $15,000 up to $18,684, assuming only the basic amount is claimed. These taxes are recovered on income from $23,001 to $30,000.

[2] The Canada Child Benefit (CCB) is based on 2024 family net income until June 2026 after which it is based on 2025 income. CCB starting July 2025 is $7,992/yr. for a child under age 6 & $6,748 from age 6 to 17.

[3] In addition to these taxes, the Old Age Security (OAS) and Guaranteed Income Supplement (GIS) are repayable at the rate of $0.15 per $1.00 of net income in excess of a 2026 threshold of $95,323. OAS alone would be fully repaid at about $155,000 if OAS is started at age 65 (higher after age 75 or if OAS is started at a later age). Maximum OAS for the fourth quarter of 2025 is $743.05/mo. at age 65, increasing by 10% at age 75 to $816.36.

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 capital gains are taxable. Effects of various clawbacks are excluded, which can be substantial. Increasing income may result in reduction of EI benefits, OAS, GIS, 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 so see your tax advisor.

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)

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2026 APPROXIMATE Combined Federal and Provincial Tax Rates for Prince Edward Island

Prepared April 11, 2026 – May change at any time by federal or PEI legislation

Approximate Taxable Income Bracket	**Marginal Rates**			**Average Rates** (Regular Income)
	Regular Income[4]	**Eligible Dividends[5]**	**Other Dividends[5]**	
Rounded	*Approximate*			
Up to $16,000	**0%**	**0%**	**0%**	**0%**
$16,000 to $59,000	**28%**	**5%**	**21%**	**0 - 20%**
$59,000 to $117,000	**37%**	**17%**	**31%**	**20 - 28%**
$117,000 to $181,000	**45%**	**26%**	**39%**	**28 - 34%**
$181,000 to $258,000	**48%**	**31%**	**44%**	**34 - 38%**
Above $258,000	**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 dividends for eligible and 115% for other than eligible).

Frequently used tax credits and other information:

Description	Federal amount[6]	PEI Amount[6]	Combined tax savings
Basic personal amount	$16,452[7]	$15,000	$3,728
Amount for spouse, common-law partner or eligible dependant (reduced by income of that individual)	$16,452[7]	$12,740	$3,514
Age amount (up to net income of $46,432 / $36,600 (PEI), then reducing)	$9,208	$6,510	$1,908
Disability amount (excluding child supplement)	$10,341	$6,890	$2,102
Pension amount	$2,000	$1,000	$375
Charitable donations	48.0% to 52.0% of amount > $200 (23.5% up to $200)		
Guaranteed Income Supplement and OAS calculator	https://www.canada.ca/en/services/benefits/publicpensions/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 $181,441[7].
[7] These federal amounts gradually reduce to $14,829 as income increases from $181,441 to $258,482.

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