

# More than just New Brunswick tax rates

It's important to know your tax rates, but it's what you do with this information that really counts. The experienced advisors at Grant Thornton LLP will help you strategically navigate today's tax issues, plan for tomorrow, and achieve your greatest potential. Let's create the roadmap to your goals.

## 2022 NB rate card: Combined federal and provincial personal income tax rates\*

| Taxable income | Taxes payable on salary/ interest income | Effective tax rate | Marginal tax rate on incremental income |               |                    |                        |
|----------------|--|--------------------|---|---------------|--------------------|------------------------|
|                |  |                    | Salary/ Interest income                 | Capital gains | Eligible dividends | Non eligible dividends |
| 20,000         | 1,704                                    | 8.52%              | 24.40%                                  | 12.20%        | 0.00%              | 14.51%                 |
| 30,000         | 4,144                                    | 13.81%             | 24.40%                                  | 12.20%        | 0.00%              | 14.51%                 |
| 40,000         | 6,584                                    | 16.46%             | 24.40%                                  | 12.20%        | 0.00%              | 14.51%                 |
| 50,000         | 9,301                                    | 18.60%             | 29.82%                                  | 14.91%        | 1.10%              | 20.75%                 |
| 60,000         | 12,822                                   | 21.37%             | 35.32%                                  | 17.66%        | 8.69%              | 27.07%                 |
| 70,000         | 16,354                                   | 23.36%             | 35.32%                                  | 17.66%        | 8.69%              | 27.07%                 |
| 80,000         | 19,886                                   | 24.86%             | 35.32%                                  | 17.66%        | 8.69%              | 27.07%                 |
| 90,000         | 23,422                                   | 26.02%             | 37.02%                                  | 18.51%        | 11.04%             | 29.03%                 |
| 100,000        | 27,124                                   | 27.12%             | 37.02%                                  | 18.51%        | 11.04%             | 29.03%                 |
| 110,000        | 31,354                                   | 28.50%             | 42.52%                                  | 21.26%        | 18.63%             | 35.35%                 |
| 120,000        | 35,606                                   | 29.67%             | 42.52%                                  | 21.26%        | 18.63%             | 35.35%                 |
| 150,000        | 48,415                                   | 32.28%             | 43.84%                                  | 21.92%        | 20.45%             | 36.87%                 |
| 175,000        | 60,245                                   | 34.43%             | 49.68%                                  | 24.84%        | 28.51%             | 43.58%                 |
| 200,000        | 72,665                                   | 36.33%             | 49.68%                                  | 24.84%        | 28.51%             | 43.58%                 |
| 221,709        | 83,450                                   | 37.64%             | 53.30%                                  | 26.65%        | 33.51%             | 47.75%                 |
| 300,000        | 125,179                                  | 41.73%             | 53.30%                                  | 26.65%        | 33.51%             | 47.75%                 |
| 400,000        | 178,479                                  | 44.62%             | 53.30%                                  | 26.65%        | 33.51%             | 47.75%                 |
| 500,000        | 231,779                                  | 46.36%             | 53.30%                                  | 26.65%        | 33.51%             | 47.75%                 |

## 2022 Federal personal tax credits

|            |          |
|------------|----------|
| Basic*     | \$14,398 |
| Spouse*    | \$14,398 |
| Age        | \$7,898  |
| Disability | \$8,870  |
| Pension    | \$2,000  |

## 2022 OAS repayment income threshold

|                              |          |
|------------------------------|----------|
| Clawback at 15% in excess of | \$81,761 |
|------------------------------|----------|

## CPP

|  |            |
|--|------------|
| Rate (employee/ employer) <sup>1</sup> | 5.70%      |
| Max. contribution                      | \$3,499.80 |
| Max. pensionable earnings              | \$64,900   |
| Basic exemption                        | \$3,500    |

## EI

|                         |          |
|-------------------------|----------|
| Employee rate           | 1.58%    |
| Max. employee premium   | \$952.74 |
| Max. insurable earnings | \$60,300 |

**Note 1:** 4.95% contribution will be allowed as a non-refundable tax credit and 0.75% additional contribution will be allowed as a deduction from income on the tax return.

**\*Note:** These rates take into account the basic personal tax credits only and do not include the impact of alternative minimum tax. Mixed income sources will change the effective rates. Calculations are based on rate changes up to November 2, 2021. Rates are subject to change.

## New Brunswick - Integration for 2022 calendar year<sup>1</sup>

| Individuals                          |                          |           |
|--------------------------------------|--------------------------|-----------|
|                                      | Tax rates <sup>2,3</sup> | Reference |
| Other income                         | 53.30                    | A         |
| Capital gains                        | 26.65                    | B         |
| Eligible dividends (actual amount)   | 33.51                    | C         |
| Ineligible dividends (actual amount) | 47.75                    | D         |

| NB Corporation income tax rates for CCPCs <sup>8</sup> : |                          |           |
|--|--------------------------|-----------|
|  | Tax rates <sup>2,3</sup> | Reference |
| ABI  |                          |           |
| up to \$500,000  | 11.50                    |           |
| over \$500,000   | 29.00                    |           |
| Investment income  | 52.67                    |           |

| Corporations - Active business income                         |                        |           |
|---|------------------------|-----------|
| Eligible for the Small Business Deduction (SBD)               | Tax rates <sup>3</sup> | Reference |
| Initial corporate tax   | 11.50                  | E         |
| Tax on distribution (ineligible dividend)                     | 42.26                  |           |
| Combined tax  | 53.76                  | F         |
| Deferral  | <b>41.80</b>           | A-E       |
| Savings/(Cost) <sup>4</sup>                                   | <b>(0.46)</b>          | A-F       |
| General income not eligible for SBD or M&P deduction          |                        |           |
| Initial corporate tax   | 29.00                  | G         |
| Tax on distribution (eligible dividend)                       | 23.79                  |           |
| Combined tax  | 52.79                  | H         |
| Deferral  | <b>24.30</b>           | A-G       |
| Savings/(cost) <sup>4</sup>                                   | <b>0.51</b>            | A-H       |
| Eligible for the Prov SBD (in excess of Fed SBD) <sup>7</sup> |                        |           |
| Initial corporate tax   | 17.50                  | O         |
| Tax on distribution (eligible dividend)                       | 27.65                  |           |
| Combined tax  | 45.15                  | P         |
| Deferral  | <b>35.80</b>           | A-O       |
| Savings/(cost) <sup>4</sup>                                   | <b>8.15</b>            | A-P       |

| Canadian controlled private corporations - Canadian investment income <sup>5</sup> |                        |           |
|--|------------------------|-----------|
| Interest income eligible for refundable part I tax                                 | Tax rates <sup>3</sup> | Reference |
| Initial corporate tax  | 52.67                  | I         |
| Net of NERDTH refund   | 22.00                  |           |
| Tax on distribution (ineligible dividend)  | 37.25                  |           |
| Combined tax   | 59.25                  | J         |
| Deferral (prepayment)  | <b>0.63</b>            | A-I       |
| Savings/(cost) <sup>4</sup>  | <b>(5.94)</b>          | A-J       |
| Capital gains eligible for refundable part I tax                                   |                        |           |
| Initial corporate tax  | 26.34                  | K         |
| Net of NERDTH refund   | 11.00                  |           |
| Tax on distribution (ineligible dividend) <sup>6</sup>                             | 18.62                  |           |
| Combined tax   | 29.62                  | L         |
| Deferral (prepayment)  | <b>0.32</b>            | B-K       |
| Savings/(cost) <sup>4</sup>  | <b>(2.97)</b>          | B-L       |
| Dividend income subject to part IV tax   |                        |           |
| Initial corporate tax  | 38.33                  | M         |
| Net of Part IV tax refund  | 0.00                   |           |
| Tax on distribution (ineligible dividend)  | 47.75                  |           |
| Combined tax   | 47.75                  | N         |
| Deferral (prepayment)  | <b>9.42</b>            | D-M       |
| Savings/(cost) <sup>4</sup>  | <b>0.00</b>            | D-N       |

### Notes and assumptions:

- 1 All calculations are based on rate changes announced up to Nov 2, 2021.
- 2 All calculations are based on the top marginal federal-provincial personal tax rate.
- 3 Tax rates are expressed as a percentage.
- 4 This represents the tax savings/(costs) of distributing the after-tax corporate income as dividends as opposed to a salary/bonus.
- 5 This table assumes dividends can be paid fully to recover non-eligible or eligible RDTH.
- 6 It is assumed that the non-taxable portion of the capital gain is distributed as a tax-free capital dividend.
- 7 The federal government introduced rules that grind down the federal business limit when passive income exceeds \$50,000 (\$5 reduction to the business limit, \$500k, for every \$1 of passive income over the \$50,000 threshold). In its 2019 Budget, the New Brunswick government announced that it would not parallel these rules. The rates shown apply when the federal business limit has been ground down to nil such that the general corporate rate would apply federally, but the small business rate still applies provincially.
- 8 Corporate tax rates do not factor in rules that grind the business limit or other rules that might impact the effective tax rate in a province. Please consider other items that may affect corporate tax rates in any given situation.



#### Audit | Tax | Advisory

© 2022 Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd. All rights reserved.

#### About Grant Thornton LLP in Canada

Grant Thornton LLP is a leading Canadian accounting and advisory firm providing audit, tax and advisory services to private and public organizations. We help dynamic organizations unlock their potential for growth by providing meaningful, actionable advice through a broad range of services. Grant Thornton LLP is a Canadian member of Grant Thornton International Ltd, whose member and correspondent firms operate in over 100 countries worldwide.