

# More than just Prince Edward Island 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 PEI 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	1,698	8.49%	24.80%	12.40%	0.00%	16.64%
30,000	4,178	13.93%	24.80%	12.40%	0.00%	16.64%
40,000	6,978	17.45%	28.80%	14.40%	4.53%	21.24%
50,000	9,858	19.72%	28.80%	14.40%	4.53%	21.24%
60,000	13,277	22.13%	34.30%	17.15%	12.12%	27.57%
70,000	16,882	24.12%	37.20%	18.60%	16.12%	30.90%
80,000	20,602	25.75%	37.20%	18.60%	16.12%	30.90%
90,000	24,322	27.03%	37.20%	18.60%	16.12%	30.90%
100,000	28,042	28.04%	37.20%	18.60%	14.67%	30.75%
110,000	32,454	29.50%	44.37%	22.18%	24.56%	39.00%
120,000	36,891	30.74%	44.37%	22.19%	24.56%	39.00%
150,000	50,202	33.47%	44.37%	22.19%	24.56%	39.00%
175,000	61,950	35.40%	47.75%	23.88%	29.23%	42.88%
200,000	73,887	36.94%	47.75%	23.88%	29.23%	42.88%
221,708	84,253	38.00%	51.37%	25.69%	34.22%	47.05%
300,000	124,471	41.49%	51.37%	25.69%	34.22%	47.05%
400,000	175,841	43.96%	51.37%	25.68%	34.22%	47.05%
500,000	227,211	45.44%	51.37%	25.69%	34.22%	47.05%

**\*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.

## 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
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## 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.

## Prince Edward Island - Integration for 2022 calendar year<sup>1</sup>

Individuals		
	Tax rates <sup>2,3</sup>	Reference
Other income	51.37	A
Capital gains	25.69	B
Eligible dividends (actual amount)	34.22	C
Ineligible dividends (actual amount)	47.05	D

PEI Corporation income tax rates for CCPCs <sup>8</sup> :		
	Tax rates <sup>2,3</sup>	Reference
ABI		
up to \$500,000	10.00 <sup>7</sup>	
over \$500,000	31.00	
Investment income	54.67	

Corporations - Active business income		
Eligible for the Small Business Deduction (SBD)	Tax rates <sup>3</sup>	Reference
Initial corporate tax	10.00	E
Tax on distribution (ineligible dividend)	42.35	
Combined tax	52.35	F
Deferral	<b>41.37</b>	A-E
Savings/(Cost) <sup>4</sup>	<b>(0.98)</b>	A-F
General income not eligible for SBD or M&P deduction		
Initial corporate tax	31.00	G
Tax on distribution (eligible dividend)	23.61	
Combined tax	54.61	H
Deferral	<b>20.37</b>	A-G
Savings/(cost) <sup>4</sup>	<b>(3.24)</b>	A-H

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	54.67	I
Net of NERDTOH refund	24.00	
Tax on distribution (ineligible dividend)	35.76	
Combined tax	59.76	J
Deferral (prepayment)	<b>(3.30)</b>	A-I
Savings/(cost) <sup>4</sup>	<b>(8.39)</b>	A-J
Capital gains eligible for refundable part I tax		
Initial corporate tax	27.34	K
Net of NERDTOH refund	12.00	
Tax on distribution (ineligible dividend) <sup>6</sup>	17.88	
Combined tax	29.88	L
Deferral (prepayment)	<b>(1.65)</b>	B-K
Savings/(cost) <sup>4</sup>	<b>(4.19)</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)	47.05	
Combined tax	47.05	N
Deferral (prepayment)	<b>8.72</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 RDTOH.
- 6 It is assumed that the non-taxable portion of the capital gain is distributed as a tax-free capital dividend.
- 7 In the 2021 PEI budget announced on March 12, 2021, the minister proposed to reduce the small business rate from 2% to 1% eff Jan 1, 2022. This proposal was substantively enacted on Oct 26, 2021.
- 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.



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