

TAX FACTS & FIGURES

OCTOBER 2022

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FACTS AND FIGURES FOR TAX PREPARATION AND PLANNING

OCTOBER 2022

Contents

CHAPTER 1 - PERSONAL INCOME TAX	5
1.1 Federal Tax Rates - Individuals.....	5
1.2 Federal Personal Tax Credit:.....	5
1.3 Additional Federal Tax Credits	6
1.4 Refundable Medical Expense Supplement.....	6
1.5 Transferability of Tax Credits	6
1.6 Ontario Tax Rates - Individuals	7
1.7 Ontario Personal Tax Credits.....	7
1.8 Additional Ontario Tax Credits.....	8
1.9 Dividends	8
1.10 Capital Gains	8
1.11 Marginal Tax Rates - Individuals	9
1.12 Old Age Security Benefits	10
1.13 Canada Pension Plan Benefits - Maximums	10
1.14 Employment Insurance Benefits	10
1.15 Canada Workers Benefit (CWB)	11
1.16 Canada Child Benefit and Ontario Child Benefit.....	11
Ontario Child Benefit	12
1.17 GST/HST Credit	12
1.18 Pension Contribution Limits.....	13
1.19 Exchange Rate - per Bank of Canada.....	13
1.20 Prescribed Interest Rates for individuals - Federal	13
1.21 Prescribed Interest Rates - Ontario.....	14
1.22 Income Tax Instalments	14
CHAPTER 2 - CORPORATE INCOME TAX	15
2.1 Corporate Tax Rates - Combined Federal and Ontario.....	15
2.1 Corporate Integration - 2022 Combined Federal and Ontario Rates.....	16
2 - Individual with Taxable Income over \$220,000	16
Corporate Integration - 2022 Combined Federal and Ontario Rates - cont'd	16
2.3 Large Corporations Tax (LCT).....	17
2.4 Passive Income Grind on SBD	17
2.5 Ontario Corporate Minimum Tax	17
2.6 Income Tax Instalments	17
2.7 Withholding Tax on Payments to Non-Residents	18

CHAPTER 3 - PAYROLL AND EMPLOYEE BENEFITS.....	19
3.1 Canada Pension Plan Contributions	19
3.2 Employment Insurance Premiums	19
3.3 Ontario Employer Health Tax.....	19
3.4 Ontario Health Premium.....	21
3.5 Source Deduction Remittances.....	21
3.6 Automobiles Used in Business	22
1. Restrictions on deductibility of expenses for 2022.....	22
2. Employee Benefits:	22
CHAPTER 4 - GOODS & SERVICES TAX (GST) AND QST	23
4.1 GST/HST Registration.....	23
Selling digital products or services (including traditional services).....	23
Qualifying taxable goods supplied in Canada	23
Platform-based short-term accommodation	23
GST/HST Registration Options for Non-Resident Vendors.....	24
How to Register for GST/HST	24
4.2 Small Supplier Threshold	25
4.3 Filing Frequency, Reporting Deadlines, and Payment Due Dates	25
4.4 Fiscal Year.....	25
4.5 Penalties and Interest.....	26
4.6 Objection Period	26
4.7 Quick Method.....	26
Eligibility.....	26
Remittance Rates	26
4.8 Provincial Tax Rates.....	27
What is new with PST registration requirements for businesses located outside the province?	27
4.9 GST Rebates.....	28
4.9.1.1 New Housing Rebate and New Residential Rental Property Rebate – Federal Portion	28
4.9.1.2 New Housing Rebate and New Residential Rental Property Rebate – Provincial Portion Ontario 28	
4.9.2 Employee Rebate	28
4.9.3 Public Service Body Rebates.....	28
4.10 ITC Restrictions	29
4.10.1 Employee Allowances	30
4.10.2 Reimbursements.....	30
4.11 Place of Supply	30
4.12 QST	30

ADDENDUM QUEBEC TAX FACTS AND FIGURES OCTOBER 2022.....	i
1. Quebec Tax Rates – Individuals	ii

2.	Quebec Personal Tax Credits	ii
3.	Additional Quebec Tax Credits	iii
4.	Transferability of Tax Credits	iii
5.	Dividends	iii
6.	Marginal Tax Rates - Individuals	iv
7.	Quebec Pension Plan Contributions	iv
8.	Employment Insurance Premium	v
9.	Quebec Parental Insurance Plan Premiums	v
10.	Contribution to the Health Services Fund	v
11.	Premium payable under the Québec Prescription Drug Insurance Plan.....	v
12.	Refundable Tax Credit for Child-Care Expenses.....	vi
13.	Prescribed Interest Rates.....	vi
14.	Corporate Tax Rates - Combined Federal and Quebec	vii
15.	Corporate Integration - 2022 Combined Federal and Quebec Rates	viii
16.	Income Tax Instalments	ix

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CHAPTER 1 - PERSONAL INCOME TAX

1.1 Federal Tax Rates – Individuals

The following Federal tax rates apply for 2022:

Taxable Income from excess of	but not over	the tax		of the amount over
\$0	\$50,197	\$0	+ 15%	\$0
50,198	100,392	7,530	+ 20.5%	50,197
100,393	155,625	17,820	+ 26%	100,392
155,626	221,708	32,180	+ 29.38%	155,625
221,709	n/a	51,595	+ 33%	221,708

1.2 Federal Personal Tax Credit:

The personal credits listed below apply for 2022:

	Gross	Credit (15%)
Basic personal ⁽¹⁾	\$14,398	\$2,160
Married or equivalent ⁽²⁾	14,398	2,160
Age ⁽³⁾	7,898	1,185
Disability Amount	8,870	1,331
Supplement for children with disabilities (maximum) ⁽⁴⁾	5,174	776
Canada Caregiver Credit – infirm spouse/dependent or child under 18	2,350	353
Canada Caregiver Credit – infirm adult dependent relative ⁽⁵⁾	7,525	1,129
First Time Home Buyer Amount ⁽⁶⁾	10,000	1,500

(1) On December 9 2019, the federal government proposed legislation that would provide additional Base Personal Amounts for 2020 and later years. For 2022, the additional BPA starts being reduced once personal income reaches the second highest income threshold of \$155,625 and is completely eliminated once income reaches \$221,708. The 2022 basic personal amount (BPA) before enhancement is \$12,719, resulting in an additional BPA of \$1,679 through the enhancement legislation.

(2) Reduced by spouse's net income and eliminated when this amount exceeds \$14,398.

(3) The Age credit is reduced by an amount equal to 15% of an individual's net income exceeding \$39,826 and eliminated when income exceeds \$92,479.

(4) Reduced when the total childcare and attendant care expenses claimed for this taxpayer by anyone exceeds \$3,030 and eliminated when it exceeds \$8,204.

(5) Reduced when relative's income exceeds \$17,670 and eliminated when it exceeds \$25,195.

(6) The 2022 Budget proposed to increase the first-time home buyer amount to \$10,000, up from \$5,000. This credit applies to qualifying homes acquired on or after January 1st 2022.

1.3 Additional Federal Tax Credits

The following amounts are additional non-refundable tax credits applicable for 2022:

Pension income	-	15% of amount up to \$2,000 for a maximum tax saving of \$300
Medical expense ⁽⁴⁾	-	15% of amount in excess of lesser of: 3% of net income or
Tuition fees	-	15% of amount paid in respect of attendance at a post-
Charitable donations	-	15% for first \$200;
	-	29%/33% ⁽³⁾ of balance, limited to 75% of net income ⁽¹⁾⁽²⁾
Canada Pension Plan	-	15% of contributions up to \$3,499.80 for a maximum credit of
Employment Insurance	-	15% of contributions up to \$952.74 for a maximum credit of
Adoption Expenses	-	15% of \$17,131 for 2022 for a maximum credit of \$2,570
Canada Employment Credit	-	15% of employment income up to a maximum of \$1,287, for a maximum credit of \$193

(1) Limitation is increased to 100% in the year of death.

(2) Limitation can be increased by 25% of taxable capital gains arising from a gift of capital property made in the year and included in taxable income.

(3) The 33% rate will apply to the extent that an individual has income that's subject to the 33% tax rate.

(4) The Ontario 2022 Budget proposed an introduction to a new refundable Ontario Seniors Care credit. This credit aims to help low- and moderate-income seniors with medical expenses, and would provide a credit up to 25% of their claimable medical expenses up to \$6,000, for a maximum credit of \$1,500, starting with the 2022 tax year. This credit is available to seniors that turn 70 years or older within the year, and would be reduced by 5% of family net income over \$35,000, which will be fully phased out at \$65,000.

1.4 Refundable Medical Expense Supplement

The refundable medical tax credit is equal to the lesser of \$1,316 and 25% of the medical expenses eligible for the medical credit, reduced by 5% of family net income in excess of \$29,129, which is completely eliminated when net income reaches \$55,449. To be eligible for the credit, a person must be a resident of Canada throughout the year, be 18 years old or over at the end of the year and must have total employment and/or business income for the year of at least \$3,841.

1.5 Transferability of Tax Credits

Certain tax credits, if not fully utilized by a taxpayer, may be transferred to a spouse or a supporting person. The following chart shows the transfers available.

Tax Credit	Transferable to
Age	Spouse
Disability	Spouse or supporting person
Pension	Spouse
Tuition tax credit ⁽¹⁾	Spouse or supporting person (transfer limited to \$5,000 of federal credit)

(1) Unused tuition tax credit not transferred by the student may be carried forward indefinitely and applied to reduce the student's tax payable in subsequent years.

1.6 Ontario Tax Rates – Individuals

Ontario personal tax brackets and rates are set independently of the federal tax brackets and rates. See tables below for the current and proposed rates.

Current 2022 Ontario Tax Brackets and Rates (excluding surtax – see below)

Taxable Income	Tax				
\$0 – \$46,226			5.05%		
46,227 – 92,454	\$ 2,334	+	9.15%	over	\$ 46,226
92,455 – 150,000	6,564	+	11.16%	over	92,455
150,001 – 220,000	12,986	+	12.16%	over	150,000
Over 220,000	21,498	+	13.16%	over	220,000

For 2022, the surtax is calculated as 20% of Ontario tax between \$4,991 and \$6,387, and an additional 36% of Ontario tax in excess of \$6,387 for a maximum of 56%. The first level of surtax i.e. 20% for 2022 arises at taxable income of approximately \$81,411 and the second level of surtax (56%) arises at taxable income of approximately \$95,906 for a single taxpayer with only the basic personal tax credit.

1.7 Ontario Personal Tax Credits

The Ontario personal credits listed below apply for 2022:

	Gross	Credit (5.05%)
Basic personal	\$11,141	\$563
Married or equivalent ⁽¹⁾	9,460	478
Age ⁽²⁾	5,440	275
Disability Amount	9,001	455
Supplement for children with disabilities (maximum) ⁽³⁾	5,250	265
Canada Caregiver Credit – infirmed spouse/dependent or child under 18 ⁽⁴⁾	0	0
Canada Caregiver Credit – infirmed spouse/dependent or adult over 18 ⁽⁵⁾	5,252	265

(1) Reduced by spouse's net income in excess of \$946 and eliminated when income exceeds \$10,406.

(2) The Age credit is reduced by an amount equal to 5.05% of an individual's net income exceeding \$40,495 and eliminated when income exceeds \$76,762.

(3) Reduced when the total childcare and attendant care expenses claimed for this taxpayer by anyone exceeds \$3,075 and eliminated when it exceeds \$8,325.

(4) Ontario does not have the additional credit for an infirm spouse/eligible dependent or child under 18.

(5) Reduced when relative's income exceeds \$17,965 and eliminated when it exceeds \$23,217.

1.8 Additional Ontario Tax Credits

The following amounts are additional Ontario non-refundable tax credits applicable for 2022:

Pension income	-	5.05% of amount up to \$1,541 for a maximum tax saving of
Medical	-	\$78 5.05% of amount in excess of lesser of: 3% of net income
Tuition fees ⁽¹⁾	-	\$0
Education amount ⁽¹⁾	-	\$0
Charitable donations	-	5.05% for first \$200;
	-	11.16% of balance, limited to 75% of net income ⁽²⁾⁽³⁾
Canada Pension	-	5.05% of contributions up to \$3,499.80, for a max credit of
Employment Insurance	-	5.05% of contributions up to \$952.74, for a max credit of \$48.11

(1) The 2016 Ontario Budget announced the elimination of these credits for studies after September 4, 2017.

(2) Increased by 25% of taxable capital gain arising from a gift of capital property and by 25% of recaptured capital cost allowance arising from a gift of depreciable capital property.

(3) 100% in the year of death.

1.9 Dividends

The following amount of Canadian dividends (actual amount, not taxable amount) can be received by an Ontario resident with **no federal tax, no provincial tax, and no minimum tax**, assuming no other income or deductions other than the personal and dividend tax credits.

	2022		2021	
	Eligible	Ineligible	Eligible	Ineligible
i) Single taxpayer	\$ 54,403	\$ 31,461	\$ 53,810	\$ 30,172
ii) Married taxpayer (with full married credit)	68,801	45,859	67,616	43,980

For federal tax purposes, the gross-up rate for eligible dividends remains 38% and the federal dividend tax credit remains 15.02% of the grossed-up amount (20.73% of the cash amount).

For non-eligible dividends, the dividend gross-up rate remains 15% and the federal dividend tax credit remains 9.0301% of the grossed-up dividend (10.38% of the cash amount).

For Ontario tax purposes, the dividend tax credit on eligible dividends remains 10% of the grossed-up amount (13.80% of the cash amount). For non-eligible dividends, the dividend tax credit remains 2.99% of the grossed-up amount (3.43% of the cash amount).

1.10 Capital Gains

The capital gains inclusion rate is 50%.

The inclusion rate is 0% for capital gains resulting from donations of publicly traded securities and ecologically sensitive land to certain registered charities

1.11 Marginal Tax Rates – Individuals

Below you will find a table showing the combined Federal and Ontario marginal rates (in %). This assumes all federal and provincial taxes and surtaxes are included; and the taxpayer only qualifies for the basic personal tax credit.

Current Combined Federal & Ontario Tax Brackets (Including Surtax)

Taxable Income	Salary, interest, etc.			Dividends Gains (eligible/non-eligible)			Capital		
	Federal	Ontario	Total	Federal	Ontario	Total	Federal	Ontario	Total
	%	%	%	%	%	%	%	%	%
\$11,141 or less	0	0	0	0	0	0	0	0	0
11,142 - 46,226	15.00	5.05	20.05	-0.03/6.87	-6.83/2.37	-6.86/9.24	7.50	2.53	10.03
46,227 - 50,197	15.00	9.15	24.15	-0.03/6.87	-1.17/7.08	-1.20/13.95	7.50	4.58	12.08
50,198 - 81,411	20.50	9.15	29.65	7.56/13.19	-1.17/7.09	6.39/20.28	10.25	4.58	14.83
81,412 - 92,454	20.50	10.98	31.48	7.56/13.19	1.36/9.19	8.92/22.38	10.25	5.49	15.74
92,455 - 95,906	20.50	13.39	33.89	7.56/13.19	4.68/11.97	12.24/25.16	10.25	6.70	16.95
95,907 - 100,392	20.50	17.41	37.91	7.56/13.19	10.23/16.59	17.79/29.78	10.25	8.70	18.95
100,393 - 150,000	26.00	17.41	43.41	15.15/19.52	10.23/16.58	25.38/36.10	13.00	8.70	21.70
150,001 - 155,625	26.00	18.97	44.97	15.15/19.52	12.38/18.38	27.53/37.90	13.00	9.48	22.48
155,626 - 220,000	29.38	18.97	48.35	19.81/23.41	12.38/18.38	32.19/41.79	14.69	9.48	24.17
220,001 - 221,708	29.38	20.53	49.91	19.81/23.41	14.53/20.17	34.34/43.58	14.69	10.26	24.95
Over - 221,708	33.00	20.53	53.53	24.81/27.57	14.53/20.17	39.34/47.74	16.50	10.26	26.76

1.12 Old Age Security Benefits

	2022	2021
January – March	642.25	615.37
April – June	648.67	618.45
July – September	666.83	626.49
October – December	685.50	635.26

Benefits start in the month following 65th birthday and are paid in the month of death.

For 2022, benefits are repayable if net income exceeds \$81,761. The repayment is 15% of the excess income and is fully clawed back when income reaches \$134,626. Tax withholdings are deducted from the monthly OAS payment in respect of the claw-back based upon the prior year's net income. Non-residents are required to declare their world-wide income to qualify for OAS payments.

The Federal 2021 Budget introduced legislation that will increase regular OAS payments for seniors aged 75 and over. Eligible recipients saw an automatic 10% increase on an ongoing basis after July 2022.

1.13 Canada Pension Plan Benefits - Maximums

	Annual Total	2022	2021
Death Benefit	n/a	2,500.00	\$2,500.00
Retirement benefit - per month	15,043.08	1,253.59	1,203.75
Disability pension - per month	17,577.96	1,464.83	1,413.66
Survivor pension - under 65, per month	8,097.48	674.79	650.72
- 65 and over, per month	9,025.80	752.15	722.25
Orphan pension - per month	3,174.36	264.53	257.58

These maximums assume collection of benefits starts at age 65 (i.e. no reduction/premium for early/late collection).

1.14 Employment Insurance Benefits

	2022	2021
Maximum, per week - 55% of insurable earnings	\$638.00	\$595.00

Benefits are repayable when net income exceeds \$75,375 in 2022 (2020 - \$70,375).

1.15 Canada Workers Benefit (CWB)

The *Canada Workers Benefit (CWB)* is a refundable tax credit that provides tax relief for eligible low-income individuals and families who are in the workforce. The Federal 2021 Budget provided enhancements to the CWB amounts.

The table below summarizes the 2021 information in comparison to the 2020 information without including Disability Supplement Factors –

Basic Factors affecting Benefits	2022 - Single	2022 - Couple	2021 - Single	2021 - Couple
Base amount of working income	\$3,000	\$3,000	\$3,000	\$3,000
% applied to excess of income over base amount	27%	27%	27%	27%
Maximum CWB/ WITB amount	1,428	2,461	1,395	2,403
Adjusted net income base amount	23,495	26,805	22,944	26,177
% of NI over base amount to reduce benefit	15%	15%	15%	15%
NI at which benefit is reduced to zero	33,015	43,212	32,244	42,197
Working Income where benefit is maxed out	8,289	12,115	8,167	11,900

For disabled persons, an additional credit equal to 27% of earned income in excess of \$1,150 (maximum -\$737.00) will be allowed.

An individual will qualify for the credit if they are a Canadian resident throughout the year and have attained age 19 by the end of the year. Persons who are full-time students for more than 3 months will not qualify for the credit unless they have a dependent child.

1.16 Canada Child Benefit and Ontario Child Benefit

For the Canada Child Benefit, you will find below the payment amounts for the periods July 2021 – June 2022 and July 2022 – June 2023:

Age of Children	Basic Canada child benefit amount	
	July 2022 – June 2023	July 2021 – June 2022
For children under 6	\$6,997	\$6,833
For children aged 6 to 17	5,903	5,765

The benefits will be phased out based on the adjusted family net income (see table below).

Number of Children	-Phase out rates-	
	\$32,797 to \$71,060	Over \$71,060
1 child	7.0%	3.2%
2 children	13.5%	5.7%
3 children	19.0%	8.0%
4 or more	23.0%	9.5%

Benefits for the period of July 2022 to June 2023 will be based on the adjusted family net income for the 2021 tax year. For example, a family with adjusted family net income of \$80,000 and two children under the age of six would have their annual benefit of \$13,994 phased out based on the total of the following amounts:

- 13.5% of the adjusted family net income between \$32,797 and \$71,060 ($\$38,263 \times 13.5\% = \$5,165.51$); and
- 5.7% of the adjusted family net income over \$71,060 ($\$8,940 \times 5.7\% = \509.58)

As a result, the family would receive an annual Canada Child Benefit of \$8,318.91 ($\$13,994 - \$5,675.09$) or \$693 a month.

Ontario Child Benefit

Monthly payments are issued for each child under 18. The maximum annual payment per child will be as follows:

		Period	Amount
July 2020	-	June 2021	1,461
July 2021	-	June 2022	1,474
July 2022	-	June 2023	1,509

A reduction equal to 8% of family net income over \$23,044.

1.17 GST/HST Credit

For the period July 2022 to June 2023, the credit will be calculated as follows:

All eligible taxpayers	\$306
Addition for single taxpayers ⁽¹⁾ - 2% of net income in excess of \$9,919 to a maximum of	161
Addition for spouse or equivalent	306
Addition for each qualifying child	161

Reduced by 5% of combined net income in excess of \$39,826.

⁽¹⁾ No reduction for single parents.

For the period July 2021 to June 2022, the credit is calculated as follows:

All eligible taxpayers	\$299
Addition for single taxpayers ⁽¹⁾ - 2% of net income in excess of \$9,686 to a maximum of	157
Addition for spouse or equivalent	299
Addition for each qualifying child	157

Reduced by 5% of combined net income in excess of \$38,892.

⁽¹⁾ No reduction for single parents.

1.18 Pension Contribution Limits

	RRSP	RPP	DPSP
2021	27,830	29,210	14,605
2022	29,210	30,780	15,390
2023	30,780	-	-

- The above limits include both employee and employer contributions.
- The maximum RRSP contribution is 18% of the prior year's "earned income" subject to adjustments for individuals who are members of RPPs and DPSPs.
- Unused RRSP contribution room can be carried forward indefinitely.

1.19 Exchange Rate – per Bank of Canada

	2021	2020
Average rate for year - U.S. \$	1.2535	1.3415
- U.K. £	1.7246	1.7199
- Euro	1.4828	1.5298

1.20 Prescribed Interest Rates for individuals – Federal

	2022	2021
January - March	1.0%	1.0%
April - June	1.0%	1.0%
July - September	2.0%	1.0%
October - December	3.0%	1.0%

Average annual rates

- 2017 - 1.00%
- 2018 - 1.75%
- 2019 - 2.00%
- 2020 - 1.50%
- 2021 - 1.00%
- 2022 - 1.75%

1.21 Prescribed Interest Rates – Ontario

	2022		2021	
	Over-due Tax	Refund	Over-due Tax	Refund
January - March	5.0%	0%	5.0%	0%
April - June	5.0%	0%	5.0%	0%
July - September	6.0%	0%	5.0%	0%
October - December	8.0%	2%	5.0%	0%

Average annual rates

2018 – 6.25%

2019 – 7.00%

2020 – 6.00%

2021 – 5.00%

2022 – 6.00%

For purposes of taxable benefit calculations, the Ontario prescribed rate is the same as the federal prescribed rate.

1.22 Income Tax Instalments

Quarterly tax instalment payments are required if net tax owing was more than \$3,000 in 2022 and in either 2021 or 2020.

CHAPTER 2 - CORPORATE INCOME TAX

2.1 Corporate Tax Rates - Combined Federal and Ontario

	Federal	Ontario	2022 Total	2021 Total
General rate	15.00%	11.50%	26.50%	26.50%
Manufacturing	15.00%	10.00%	25.00%	25.00%
Small business - below \$500,000	9.00%	3.2%	12.20%	12.20%
- over \$500,000	15.00%	11.50%	26.50%	26.50%
Investment Income	38.67%	11.50%	50.17%	50.17%

The Federal small business deduction is “*clawed back*” where the taxable capital employed in Canada exceeds \$10,000,000, increasing on a 15% rate basis and eliminated when taxable capital reaches \$15,000,000. The same reduction applies to the Ontario small business deduction.

Additionally, the federal small business deduction is clawed back when investment income (AII) exceeds \$50,000, increasing on a 15% rate basis and eliminated when AII reaches \$150,000. This rule is not applicable to the Ontario SBD and relevant for federal purposes only.

The 2022 budget proposed an increase to the range of the taxable capital reduction. The upper limit was increased from 15 million to 50 million, allowing for more medium sized CCPCs to benefit from the small business deduction.

2.1 Corporate Integration - 2022 Combined Federal and Ontario Rates

The following charts show the after-tax dollars available for use by an individual of different types of income. The calculations first show the two layers of tax where the income is received by the corporation and then paid by dividend to the individual (Total of Amounts (A) and (B)). The second part shows the tax paid when the income is directly received by the individual (Amount (C)).

2 – Individual with Taxable Income over \$220,000

		Small Business Income <500,000	Active Business Income >500,000
	Income in corporation	\$ 1,000	\$ 1,000
(A)	Corporation tax	<u>(122)</u>	<u>(265)</u>
	Available for dividend	878	735
(B)	Personal tax (maximum rate)	<u>(419)</u>	<u>(289)</u>
	Net after tax cash	<u>459</u>	<u>446</u>
	Income earned directly	1,000	1,000
©	Personal tax (maximum rate)	<u>(535)</u>	<u>535)</u>
	Net after tax cash	<u>465</u>	<u>465</u>
(C-A)	Deferral of tax	413	270
	Deferral of tax as a percentage	<u>41.3%</u>	<u>27%</u>
(C-A-B)	Savings (-cost)	(6)	(19)
	Savings (-cost) of tax as a percentage	<u>-0.6%</u>	<u>-1.9%</u>

Corporate Integration – 2022 Combined Federal and Ontario Rates – cont'd

		Investment Income	Dividend Income
	Income in corporation	\$ 1,000	\$ 1,000
(A)	Corporation tax	(502)	(383)
	Dividend refund	<u>307</u>	<u>383</u>
	Available for dividend	805	1,000
(B)	Personal tax (maximum rate)	<u>(384)</u>	<u>(393)</u>
	Net after tax cash	<u>421</u>	<u>607</u>
	Income earned directly	1,000	1,000
(C)	Personal tax (maximum rate)	<u>(535)</u>	<u>(393)</u>
	Net after tax cash	<u>465</u>	<u>607</u>
(C-A)	Deferral of tax	34	10
	Deferral of tax as a percentage	<u>3.4%</u>	<u>1.0%</u>
(C-A-B)	Savings (-cost)	(44)	0
	Savings (-cost) of tax as a percentage	<u>-4.4%</u>	<u>0%</u>

2.3 Large Corporations Tax (LCT)

For purposes of the reduction of the small business deduction (“SBD”), the taxable capital threshold remains at \$10,000,000. The reduction is calculated at a rate of 0.225% of the taxable capital of a corporation in excess of \$10,000,000. For associated corporations, the taxable capital of all corporations must be considered in the calculation of the reduction.

2.4 Passive Income Grind on SBD

The changes to limit access to the small business tax rate based on the level of passive investment income of a corporation was included in Bill C-74 and enacted in June 2018. A passive income threshold of \$50,000 has been set meaning any private corporations, including any associated corporations, with passive income over \$50,000 in the preceding year will be subject to a grind of the SBD. The SBD limit is reduced by \$5 for every \$1 of investment income over the \$50,000 threshold; the SBD limit is fully ground once investment income reaches \$150,000 for the associated group of companies.

2.5 Ontario Corporate Minimum Tax

The Ontario Corporate Minimum Tax (CMT) applies to corporations that either have total assets in excess of \$50,000,000 or total revenues in excess of \$100,000,000. The CMT rate is 2.7%.

Corporate Minimum Taxable income is a corporation's accounting income, adjusted for specific income inclusions and deductions. A corporation must pay the higher of the CMT and the regular income tax. Any excess of the CMT over the regular income tax can be carried forward and applied as a credit against regular income tax in subsequent years.

2.6 Income Tax Instalments

- Monthly federal instalments required for 2022 if total taxes payable for 2021 or 2020 exceeded \$3,000. CCPC's qualify to make quarterly instalments instead of monthly if they are entitled to the small business deduction, the taxable income of the associated group does not exceed \$500,000, taxable capital of the associated group does not exceed \$10 million and the corporation has a perfect compliance history in the last twelve months.

2.7 Withholding Tax on Payments to Non-Residents

Type of Payment	United Kingdom	United States
Interest	10%	NIL
Estate or Trust Income	15%	15%
Copyright, etc.	NIL	NIL
Immovable Property (rents)	25%	25%
Alimony	NIL	NIL
Dividends		
- corporate shareholder owns (U.K. - controls) at least 10% of voting shares of payor	5%	5%
- other cases	15%	15%
Periodic Pension Payments	NIL	15%
Periodic Annuity Payments:		
- income averaging annuity contracts	25%	25%
- other	10%	15%
Lump Sum Pension, Annuity or similar type payments	25%	25%
Fees for services performed in Canada	15%	15%

CHAPTER 3 - PAYROLL AND EMPLOYEE BENEFITS

3.1 Canada Pension Plan Contributions

	2022	2021
Contributory earnings	\$ 64,900.00	\$ 61,600.00
Basic exemption	<u>3,500.00</u>	<u>3,500.00</u>
Maximum contributory earnings	\$ 61,400.00	58,100.00
Maximum contributions:		
employees – 5.70% / 5.45% ⁽¹⁾⁽²⁾	3,499.80	3,166.45
self-employed – 11.4% / 10.9%	6,999.60	6,332.90

(1) As of 2019, the Canada Pension Plan (CPP) is being gradually enhanced, meaning that taxpayers will receive higher benefits in exchange for making higher contributions. During Phase 1 from 2019 to 2023, the contribution rate for employees will gradually increase by one percentage point (from 4.95% to 5.95%) on earnings between \$3,500 and the original earnings limit. Phase 2 for the period 2024 to 2025 will only affect those at higher income levels.

(2) One-half of the CPP contributions payable by self-employed individuals is deductible against income.

3.2 Employment Insurance Premiums

	2022	2021
Employee maximum: 1.58% x \$60,300 (2021 - 1.58% x \$56,300)	\$ 952.74	\$ 889.54
Employer maximum: 1.4 x \$952.74 (2021 - 1.4 x \$889.54)	1,333.84	1,245.36

Since January 31, 2010, self-employed individuals could enter into an agreement with the Canada Employment Insurance Commission and start paying EI premiums on their self-employment income. The premium rate will be the same that salaried employees currently pay. For 2022, the rate remains unchanged at 1.58% of insurable earnings. The payment of the premiums for individuals opting in during the 2022 calendar year will be made through their 2022 tax return.

3.3 Ontario Employer Health Tax

The Employer Health Tax (EHT) is remitted by employers based on their Ontario payroll. Effective January 1, 2020, employers are exempt from tax on the first \$1 million of Ontario payroll. The EHT exemption is indexed to inflation and the next scheduled adjustment for is January 1, 2029.

Employers with annual Ontario payroll over \$5 million cannot claim this exemption. Only one annual exemption is available for an associated group of employers. When the combined total Ontario remuneration of all associated employers exceeds \$5 million, these employers are not eligible for the exemption.

Registered charities, including those with payrolls over \$5 million, remain eligible for the exemption. The EHT rates vary from 0.98% on Ontario payroll less than \$200,000, up to 1.95% for payroll in excess of \$400,000 and the amount of EHT an employer pays is calculated by multiplying the total Ontario payroll for the year by the applicable tax rate, after deducting any tax exemptions. See rates below:

Ontario Payroll	Rate
Up to \$200,000.00	0.98%
\$200,000.01 to \$230,000.00	1.101%
\$230,000.01 to \$260,000.00	1.223%
\$260,000.01 to \$290,000.00	1.344%
\$290,000.01 to \$320,000.00	1.465%
\$320,000.01 to \$350,000.00	1.586%
\$350,000.01 to \$380,000.00	1.708%
\$380,000.01 to \$400,000.00	1.829%
Over \$400,000.00	1.95%

Starting in 2021, eligible employers are not required to remit tax instalments until the cumulative remuneration exceeds the \$1.2 million instalment threshold. The instalment requirement is as follows:

Annual total Ontario remuneration	Employers (not associated) eligible for EHT exemption	Employers (associated) eligible for EHT exemption	Employers not eligible for EHT exemption
Up to \$1M	No instalments No annual return required	If associated group employers' total Ontario remuneration up to \$1M: No instalments No annual return required	No instalments Annual return required by March 15 of the following year
From \$1M to \$1.2M	No instalments Annual return required by March 15 of the following year	No instalments Annual return required by March 15 of the following year for members with taxable remuneration One member must file Associated Employer Exemption Allocation Form	No instalments Annual return required by March 15 of the following year
Over \$1.2M	Monthly instalments required by the 15th of the following month Annual return required by March 15 of the following year	Monthly instalments required by the 15th of the following month Annual return required by March 15 of the following year One member must file Associated Employer Exemption Allocation Form	Monthly instalments required by the 15th of the following month Annual return required by March 15 of the following year
Ontario remuneration paid once-a-year (special filers)	Employers who pay all their Ontario remuneration once-a-year will continue to receive Special returns		

3.4 Ontario Health Premium

The Ontario Health Premium is based on an individual's taxable income for a taxation year. Individuals with taxable income of \$20,000 or less will be exempt from this premium.

The rates for 2021 are as follows:

Taxable Income	Premium
\$0 - \$20,000	\$0
\$20,001 - \$24,999	6% over \$20,000
\$25,000 - \$36,000	\$300
\$36,001 - \$38,499	\$300 + 6% over \$36,000
\$38,500 - \$48,000	\$450
\$48,001 - \$48,599	\$450 + 25% over \$48,000
\$48,600 - \$72,000	\$600
\$72,001 - \$72,599	\$600 + 25% over \$72,000
\$72,600 - \$200,000	\$750
\$200,001 - \$200,599	\$750 + 25% over \$200,000
\$200,600 and Over	\$900

The maximum Ontario Health Premium for 2022 is \$900.

This health care premium is included in source deduction withholdings for an employee. Otherwise, the health premium is paid when the individual files the personal income tax return.

3.5 Source Deduction Remittances

The frequency of source deduction remittances by employers is based on the average monthly remittances made in the second preceding year. (i.e. 2022 frequency is based on average monthly remittances made in 2020). However, employers may choose to base the timing of their remittances on the prior year's average remittances, if beneficial.

The due dates for remittances are as follows:

Average Monthly Remittance	Due Date
Under \$25,000 (Regular)	15th day of month following month when the deduction was made
\$25,000 - \$99,999 (Threshold 1 accelerated)	25th day of same month 10th day of the next month
\$100,000 and over (Threshold 2 accelerated)	3 rd working day after the 7 th 3 rd working day after the 14 th 3 rd working day after the 21 st 3 rd working day after the last day of the month

Starting in 2016, new employers with total monthly withholdings of less than \$1,000 can automatically remit quarterly instead of monthly.

3.6 Automobiles Used in Business

1. Restrictions on deductibility of expenses for 2022

Leasing costs	\$900/month (30-day period) (2021 - \$800)
Interest	\$300/month (2021 - \$300)
CCA	Depreciable cost limited to \$34,000 plus HST (2021 - \$30,000) (net of applicable input tax credits or rebates) \$59,000 before tax for eligible zero-emission passenger vehicles
Allowance to employees	\$0.61/km for first 5000 km (\$0.59 - 2021) \$0.55/km for additional kms (\$0.53 - 2021) (Yukon, N.W.T. and Nunavut are \$0.65 and \$0.59 respectively for first 5000 and over 5000 kms)

2. Employee Benefits:

Standby Charge:	
Company owned car	2% x original cost (including HST) x number of months vehicle available for use
Company leased car	2/3 x lease payments (including HST) x number of months vehicle available for use
Operating Cost Benefit:	\$0.29/personal use kms (\$0.27 - 2021) \$0.26/personal use kms (2021 - \$0.24) for employees principally in selling or leasing automobiles

A reduction of the standby charge is available if the automobile was used by the employee for more than 50% business use and the personal use was not more than 1,667 kilometers per 30-day period.

Please note these rates are provided with respect to employment in Ontario.

GST/HST implications on standby charge and operating cost benefit

The employer must remit a portion of the standby charge and operating cost benefit as GST/HST. The remittance rates for 2022 are 12/112 (no change from 2021) of the standby charge and 9% of the operating cost benefit. (Please see table below if employer is a large business subject to restricted input tax credit).

The GST/HST remittance rates on standby charges and operating cost benefits for large businesses are as follows:

Taxation Year(s)	Standby Charge	Operating Cost Benefit
2011 - 2014	6.0%	4/104
2015	6.6%	6/106
2016	7.2%	8/108
2017	7.8%	10/110
2018	8.4%	12/112
2019 and subsequent Years	9.0%	12/112

CHAPTER 4 - GOODS & SERVICES TAX (GST) AND QST

4.1 GST/HST Registration

All persons engaged in a commercial activity in Canada, must register to collect and remit GST/HST in respect of all taxable supplies made in the course of that activity except if:

- The person is a small supplier and not subject to the new mandatory registration requirements applicable to accommodation platform operators and distribution platform operators;
- The commercial activity is the sale of real property other than in the normal course of business;
- The person is a non-resident who does not carry on any business in Canada, except for those who are subject to the GST/HST regime effective as of July 1, 2021

A reminder: New GST/HST regime required of a non-resident person as of July 1, 2021

Selling digital products or services (including traditional services)

Non-resident vendors will be required to register for and collect GST/HST if they meet the following criteria:

- Make taxable sales in Canada of digital products or services to persons* who do not provide evidence that they are registered for GST/HST, and
**for GST/HST purposes, a person can include an individual, a corporation, a partnership, NPO, charity and others*
- Sales in Canada to persons who do not provide evidence that they are registered for GST/HST exceed CAD\$30,000 over any 12-month period beginning on or after July 1, 2021

The requirement applies to cross-border vendors providing digital products and services directly to their customers or through a digital platform. If the taxable supply is provided through a digital platform, the digital platform operator will be required to register for and collect GST/HST in respect of the taxable sales, if the vendor is not already registered for GST/HST.

Qualifying taxable goods supplied in Canada

Non-resident vendors and / or distribution platform operators will be required to register for and collect GST/HST if they meet the following criteria:

- Sell taxable goods that are delivered or made available to the purchaser in Canada, and those goods are shipped from a place in Canada to a purchaser in Canada, including goods that are located in a fulfillment warehouse that is located in Canada, and
- Sales in Canada to persons who do not provide evidence that they are registered for GST/HST exceed CAD\$30,000 over any 12-month period beginning on or after July 1, 2021

Platform-based short-term accommodation

Suppliers will be required to register for and collect GST/HST if they meet the following criteria:

- Supply short-term accommodation in Canada through a platform, either by the property owner or by the accommodation platform operator, and

CHAPTER 4 – GOODS & SERVICES TAX (GST) AND QST

- Sales in Canada to persons who do not provide evidence that they are registered for GST/HST exceed CAD\$30,000 over any 12-month period beginning on or after July 1, 2021

GST/HST Registration Options for Non-Resident Vendors

Simplified GST/HST

- Charge and collect GST/HST only on taxable supplies made to Specified Canadian Recipients*
**Specified Canadian Recipients are recipients having not provided satisfactory evidence in support of them being GST/HST registrants under the normal registration regime, and the usual place of residence of the recipients are in Canada; essentially, they would not be required to collect and remit GST/HST on their supplies to recipients who are registered for GST/HST.*
- The rate to be charged and collected depends on the place of supply
- GST/HST reporting year ends on December 31 of each year
- No security deposit that is normally required from non-resident GST/HST registrants
- Not allowed to claim input tax credits (ITC)
- Able to apply to calculate the net tax in a qualifying foreign currency (i.e. U.S. dollar or Euro)
- Available for
 - Non-resident vendors selling digital products or services
 - Non-resident distribution platform operators facilitating the supply of a non-resident vendor's sale of digital products or services
 - Non-resident accommodation platform operators not carrying on business in Canada

Normal GST/HST

- Non-resident vendors are required to post a security deposit with the CRA
- Mandatory for
 - E-commerce Suppliers meeting the registration requirement as of the July 1, 2021 new rules
 - Suppliers meeting the registration requirement prior to the July 1, 2021 new rules
- Optional for vendors permitted to use the Simplified GST/HST method detailed above
- Available for persons who carry on a commercial activity and wish to register voluntarily

How to Register for GST/HST

- *Canadian residents, use form RC1 or call CRA 1-800-959-5525*
- *Non-residents, use form RC1 under the general stream, or use the CRA link here to register under the simplified stream*
https://apps.cra-arc.gc.ca/ebci/uisp/nonres/prot/ntr.action?request_locale=en_CA

CHAPTER 4 – GOODS & SERVICES TAX (GST) AND QST

4.2 Small Supplier Threshold

Type of Business	Threshold
Charity or public institution*	Gross revenue** in either of the two previous fiscal years of \$250,000 or less, even if its taxable supplies exceed \$50,000.
Public service bodies (including charities)	Revenue** from taxable supplies of \$50,000 or less in the preceding four calendar quarters.
Taxi operator or commercial Ride-sharing driver	Self-employed drivers have to register even if taxable supplies of \$30,000 or less
All others	Revenue** from taxable supplies of \$30,000 or less in the preceding four calendar quarters.

*a registered charity which is also a MUSH entity (MUSH includes a school authority, public college, university, hospital authority or a local authority determined to be a municipality)

** includes revenue of associates

4.3 Filing Frequency, Reporting Deadlines, and Payment Due Dates

Frequency	Threshold	Due Date
Monthly	Sales* > \$6 million	Return and payment due one month after end of each month. Return must be filed electronically.
Quarterly	\$1,500,000 < Sales < \$6 Million	Return and payment due one month after end of each quarter. Return must be filed electronically.
Annually	Sales < \$1,500,000	Return due three months after year end with payment. Instalments required quarterly unless annual net GST/HST remittance is less than \$3,000 in the previous year. Instalments due at end of month following end of fiscal quarter.

* Sales refers to GST/HST taxable supplies (including zero-rated) made in Canada along with the revenue from all associated persons including the supply of tangible personal property, services, and/or intangible personal property

Notes:

- Sole proprietors who file on an annual basis, and have a December 31 year end have until June 15 to file their return but payment is due by April 30;
- Annual filers have to make quarterly instalment payments in the current year if the previous year's net GST/HST tax owing is \$3,000 or more. CRA "My Business Account" portal has an instalment payment calculator within the GST/HST section to help with the calculation.

Use Form GST20 to change GST/HST reporting periods.

4.4 Fiscal Year

Normally a GST year is a fiscal year which corresponds to the taxation year. However, a registrant can elect to have a GST fiscal year that corresponds to the calendar year.

Use Form GST70 to make an election or revocation of an election to change a GST/HST fiscal year.

CHAPTER 4 – GOODS & SERVICES TAX (GST) AND QST

4.5 Penalties and Interest

Offence	Penalty	Interest
Failure to pay or remit an amount	-	7%
Failure to pay, or late payment of instalment	-	7%
Failure to file a return	1% of unpaid balance plus 1/4 of 1% per month for up to 12 months	-
Failure to answer demand for return	\$250	-
Failure to provide information	\$100 per failure	-
Failure to provide information required by a regulation	Generally, 5% of the amount plus 1% per month over which tax is understated or rebate overstated	-
Failure to collect tax from a registrant who would have been able to fully recover the tax	Lesser of penalty and interest owing and 4% of unremitted tax	-
Failure to file a return electronically if required	\$100 for first failure, \$250 for each subsequent failure	-

**Arrears interest is determined every three months in advance with the CRA set prescribed interest rate compounded daily. The 7% rate is in effect as of October 1, 2022.*

Neither interest nor penalties are deductible for income tax purposes.

4.6 Objection Period

Time frame	Action
90 days	Limit to file notice of objection.
60 days	Limit to comply with request for further information.
1 year	Limit to ask for an extension of 90-day time limit to file notice of objection, with adequate reason.

Note: If interest and/or penalties have been charged, a fairness request can be made to the district tax office in order to waive or cancel them.

4.7 Quick Method

Eligibility

Sales of worldwide taxable supplies including zero-rated supplies and those of the associates, do not exceed \$400,000 (GST/HST included) for four consecutive quarters out of five previous quarters.

Some business types are precluded from making the quick method election. Form GST74 must be filed with the CRA electronically or by paper to affect the election.

Remittance Rates

Will depend on where the business is located and in which province the supplies of the business are made. The rates provided below would apply to businesses operating out of a permanent establishment in Ontario selling goods or providing services in Ontario. Please see the Revenue Canada Guide RC4058 if you have a permanent establishment in any other province or if you sell goods or provide services in any other province.

CHAPTER 4 – GOODS & SERVICES TAX (GST) AND QST

	Retail Businesses	Other Businesses
	Remittance Rates	
Ontario business with Ontario customers only	3.4% on first \$30,000 4.4% on remainder	7.8% on first \$30,000 8.8% on remainder

(all amounts are GST/HST included)

If the Quick method is chosen the registrant must reassess its eligibility to continue using the method. In addition, if the taxable supplies exceed \$400,000 during the year the registrant must cease using the Quick method in the following year. To again be eligible for the Quick method, a registrant must meet the eligibility criteria set out above. When an election is made to use the Quick Method, it remains in effect for at least one year.

Form needed for regular business: GST 74, Simplified Accounting Methods for Small Business Form needed for Public Service Bodies: GST 287 Public Sector Bodies Election.

4.8 Provincial Tax Rates

Province	PST Rate	GST/HST Rate
British Columbia	7%	5%
Alberta	-	5%
Saskatchewan	6%	5%
Manitoba	7%	5%
Ontario	-	13%
Quebec	9.975%	5%
New Brunswick	-	15%
Nova Scotia	-	15%
Prince Edward Island	-	15%
Newfoundland	-	15%

What is new with PST registration requirements for businesses located outside the province?

British Columbia:

- Additional PST registration requirements for businesses either within Canada or outside Canada, but not located in BC came into effect April 1, 2021. Please see BC PST Bulletin PST001 (revised July 2022) for details;
- Effective July 1, 2022, additional PST registration requirements for marketplace facilitators, marketplace sellers and online marketplace services. Please see BC PST Bulletin PST142 (revised August 2022)

Manitoba: effective December 1, 2021, PST will apply on the following supplies, irrespective of whether vendors have a physical presence in Manitoba. Manitoba has joined BC, SK, QC and the federal government in implementing the new e-commerce measures.

- Audio and video streaming services
- Sale of taxable goods sold by third parties through online marketplace
- Booking of taxable accommodations through online platforms.

4.9 GST Rebates

4.9.1.1 *New Housing Rebate and New Residential Rental Property Rebate – Federal Portion*

Price of New Home	Rebate
Price* < \$350,000	36% of the 5% federal portion of the HST
\$350,000 < Price* < \$450,000	Lesser of \$6,300 and 36% of the 5% federal portion of the HST paid multiplied by (\$450,000 - selling price)/\$100,000
Price* > \$450,000	No rebate

*Pretax price

4.9.1.2 *New Housing Rebate and New Residential Rental Property Rebate – Provincial Portion Ontario*

Price of New Home	Rebate
Price* < \$400,000	75% of the 8% provincial portion of the HST
Price* > \$400,000	\$24,000**

*Pretax price

** For owner-built eligible residential property, the rebate is up to \$24,000 if HST was paid on the purchase of the land, and \$16,080 if HST was not paid.

4.9.2 Employee Rebate

Employees are allowed to claim a rebate equal to 13/113th of the expenses on which HST was paid, that are eligible to reduce net employment income for tax purposes. The employer has to be a registrant (and cannot be a specified employer) for the employee to get this rebate.

4.9.3 Public Service Body Rebates

Type	Federal Rebate*	Ontario Provincial Rebate
Charities and public institutions	50%	82%
Qualifying non-profit organizations	50%	82%
Hospitals	83%	87%
Facility Operators	83%	87%
School authority	68%	93%
University or public college	67%	78%
Municipalities	100%	78%

* eligibility criteria exist.

CHAPTER 4 – GOODS & SERVICES TAX (GST) AND QST

Federal rebate applies to the 5% federal portion of the HST and provincial rebate applies to the 8% Ontario provincial portion of the HST. Ontario provincial rebate is available only if the entity has a permanent establishment in Ontario. Other rebates may be available for the provincial portion of the HST paid in other provinces.

Special rules apply for claimants with multiple activity types and / or residents in more than one province. In these cases, more than one rebate rate would apply.

4.10 ITC Restrictions

General restriction: ITC's cannot be claimed on expenses related to GST/HST exempt goods or services provided (i.e. no GST/HST would have been charged). In addition, the following restrictions exist for all registrants:

Type of Expense	Restriction
Club memberships	No ITC is allowed, if the main purpose is providing dining, recreational or sporting facilities.
Home office expense	ITC disallowed if home office is neither the person's principal place of business nor used continuously to earn income and meet with clients.
Meals and entertainment	Maximum allowed ITC is 50% of the GST/HST paid (Charities excluded).
Passenger vehicle purchase	<p><i>If the vehicle is purchased by corporations or a PSB</i></p> <ul style="list-style-type: none"> - >50% use in commercial activities, effective January 1, 2022 can claim the GST/HST paid up to a maximum of \$4,420 (\$34,000 x 13% in Ontario). If purchase price is in excess of \$34,000 (increased from \$30,000), only the GST/HST that would be paid on a \$34,000 vehicle can be claimed; - <50% use in commercial activities, cannot claim any ITCs. <p>Effective January 1, 2022, the ceiling for zero-emission passenger vehicles increased from \$55,000 to \$59,000.</p> <p><i>If the vehicle is purchased by partnerships or sole proprietorships,</i></p> <ul style="list-style-type: none"> - >=90% use in commercial activities, can claim the GST/HST paid up to a maximum of \$4,420. If purchase price is in excess of \$34,000, only the GST/HST that would be paid on a \$34,000 vehicle can be claimed; - >10% but <90% use in commercial activities, can claim Fraction* x CCA x % of CCA attributable to the commercial activities as ITC, limited to the purchase price of the vehicle -<10% use in commercial activities, cannot claim any ITCs. <p>*Annual ITC is calculated as:</p> <ul style="list-style-type: none"> • CCA x 5/105 if paid 5% GST • CCA x 12/112 if paid 12% HST • CCA x 13/113 if paid 13% HST • CCA x 14/114 if paid 14% HST • CCA x 15/115 if paid 15% HST
Leased passenger vehicle	ITCs in respect of passenger vehicle leasing costs are restricted to the amount applicable to the maximum deduction allowed under the Income Tax Act. Effective January 1, 2022, the limit is currently equal to \$900 (increased from \$800) per month. This limit is one of two restrictions that apply to passenger vehicle leasing costs. A separate restriction prorates the deductible leasing cost where the value of the vehicle exceeds the capital cost ceiling which is currently equal to \$34,000.

CHAPTER 4 – GOODS & SERVICES TAX (GST) AND QST

4.10.1 *Employee Allowances*

A reasonable allowance paid to an employee for a taxable supply, is deemed to be a taxable expense for which an ITC can be claimed. The ITC is calculated as 13/113 of the allowance, if it is reasonable to assume that the employee would have paid GST/HST on the underlying expense (and the expense was incurred in Ontario). In addition, the employer must be paying the allowance in respect of its commercial activities.

These rules also apply to volunteers of charities and public institutions, but do not apply to volunteers of not-for-profit organizations.

4.10.2 *Reimbursements*

A reimbursement paid to an employee for a taxable supply, is deemed to be the expense of the employer. An ITC can be claimed for either the actual GST paid or at a rate of 12/112 of the total expense paid. In addition, the employer must be paying the reimbursement in respect of its commercial activities.

These rules also apply to volunteers of charities and public institutions, but do not apply to volunteers of not-for-profit organizations.

4.11 Place of Supply

GST registrants who deal with customers outside of Ontario will need to be familiar with the place of supply rules which came into effect on May 1, 2010. These rules dictate which rate of GST or HST applies to the supply of goods, services, intangible personal property and real property inside and outside of Canada. More information can be obtained from the CRA document “draft Technical Information Bulletin B-103 – Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province (draft, June 2012)”

Attention to Canadian resident Youtubers and content creators that provide services and/or intangible personal property to a non-resident platform, please consult with your trusted advisor to ensure the correct application of GST/HST on the revenue.

4.12 QST

In general, the registration requirements as well as the imposition of QST are very similar to that of GST/HST.

Effective January 1, 2019, Quebec introduced a mandatory QST registration requirement for business that are non-residents of Canada selling > \$30,000 per year of intangible property or services to consumers located in Quebec.

Effective September 1, 2019 the mandatory registration has been expanded to include Canadian companies that operate outside Quebec and are registered for GST but not already registered for QST. These businesses need to register for QST if they sell goods, intangible property or provide services to consumers resident in Quebec and if the total charges to consumers > \$30,000 in a twelve-month period.

Businesses registered under the mandatory QST system will not be entitled to claim Input Tax Refunds (ITRs).

ADDENDUM

QUEBEC TAX FACTS AND FIGURES OCTOBER 2022

1.	Quebec Tax Rates – Individuals	ii
2.	Quebec Personal Tax Credits.....	ii
3.	Additional Quebec Tax Credits.....	iii
4.	Transferability of Tax Credits.....	iii
5.	Dividends.....	iii
6.	Marginal Tax Rates - Individuals.....	iv
7.	Quebec Pension Plan Contributions	iv
8.	Employment Insurance Premiums	v
9.	Quebec Parental Insurance Plan Premiums	v
10.	Contribution to the Health Services Fund.....	v
11.	Premium Payable under the Quebec Prescription Drug Insurance Plan	v
12.	Refundable Tax Credit for Child-Care Expenses	vi
13.	Prescribed Interest Rates.....	vi
14.	Corporate Tax Rates - Combined Federal and Quebec	vii
15.	Corporate Integration - 2022 Combined Federal and Quebec Rates.....	viii
	Corporate Integration - 2022 Combined Federal and Quebec Rates - (cont'd)	ix
16.	Income Tax Instalments	ix

1. Quebec Tax Rates – Individuals

The following Quebec tax rates apply for 2022:

Taxable income in excess of	but not over	the tax	of the amount over
\$0	\$46,295	\$0	+ 15% \$0
46,295	92,580	6,944	+ 20% 46,295
92,580	112,655	16,201	+ 24% 92,580
112,655	n/a	21,019	+ 25.75% 112,655

The Quebec tax brackets and non-refundable tax credits are fully indexed each year. The indexation rate for 2022 is 2.64%.

2. Quebec Personal Tax Credits

The personal credits listed below apply for 2022:

	Gross	Credit (15%)
Basic personal	\$16,143	\$2,421
Person living alone ⁽¹⁾	1,850	278
Married ⁽²⁾	16,143	2,421
Dependent child (18 years old and over) ⁽³⁾	4,519	678
- Post-secondary students (under 18 years old)	3,101	465
Single parent family ⁽³⁾	2,284	343
Other dependents ⁽³⁾	4,519	678
Disability	3,584	538
Age ⁽¹⁾	3,395	509

per term (max. 2)

⁽¹⁾ Reduced by 15% of net family income in excess of \$36,590

⁽²⁾ Reduced by spouse's net income

⁽³⁾ Reduced by dependent's net income

3. Additional Quebec Tax Credits

The following amounts are additional non-refundable tax credits applicable for 2022:

Pension income ⁽¹⁾	-	15% of amount up to \$3,017 for a maximum credit of \$453
Medical expense	-	20% of amount in excess of 3% of net income ⁽²⁾
Charitable donations	-	20% for first \$200; 24%/25.75% of balance, limited to 75% of net income ⁽³⁾⁽⁴⁾
Quebec Parental Insurance	-	15% of contributions
Tuition fees	-	8% of fees
Union dues, professional fees	-	10% of amount paid

⁽¹⁾ Reduced by 15% of net family income in excess of \$36,590

⁽²⁾ For married taxpayer, total net income of the two individuals.

⁽³⁾ 100% in the year of death.

⁽⁴⁾ Increased by 25% of taxable capital gain arising from a gift of capital property and by 25% of recaptured capital cost allowance arising from a gift of depreciable capital property.

4. Transferability of Tax Credits

Any tax credits, if not fully utilized by a taxpayer, may be transferred to a spouse or a supporting person.

5. Dividends

A Quebec resident with no federal tax, no provincial tax, and no minimum tax, assuming no other income or deductions other than the personal and dividend tax credits, can receive the following amount of Canadian dividends (actual amount, not taxable amount).

	2022		2021	
	Eligible	Non-eligible	Eligible	Non-eligible
i) Single taxpayer	\$ 41,349	\$ 18,183	\$ 40,291	\$ 18,666
ii) Married taxpayer (with full married credit)	56,143	36,366	55,731	37,333

For Quebec tax purposes, the gross-up for “eligible dividends” remains 38%. The Quebec dividend tax credit is at 11.70% of the grossed-up dividend. These rates apply to dividends paid by public corporations or other non-Canadian controlled private corporations (CCPC’s) or by CCPC’s out of business income not subject to the small business deduction.

For Quebec tax purposes the gross-up rate for non-eligible dividends remains at 15 % and the Quebec dividend tax credit is now at 4.01% of the grossed-up dividend.

6. Marginal Tax Rates - Individuals

The following **marginal rates** (in %) are in effect for **Quebec** income for 2022. This assumes: all federal and provincial surtaxes are included, and the taxpayer only qualifies for the basic personal tax credit.

Taxable Income	Salary, Interest, etc.			Dividends (Eligible/Non-eligible)			Capital Gains		
	Federal	Quebec	Total	Federal	Quebec	Total	Federal	Quebec	Total
	%	%	%	%	%	%	%	%	%
\$14,398 or less	0	0	0	0	0	0	0	0	0
14,399 - 16,143	12.53	0	12.53	-0.02/5.73	0/0	-0.02/5.73	6.26	0	6.26
16,144 - 46,295	12.53	15.00	27.53	-0.02/5.73	4.55/13.32	4.53/19.05	6.26	7.5	13.76
46,296 - 50,197	12.53	20.00	32.53	-0.02/5.73	11.45/19.07	11.43/24.80	6.26	10.00	16.26
50,198 - 92,580	17.12	20.00	37.12	6.32/11.01	11.45/19.07	17.77/30.08	8.56	10.00	18.56
92,581 - 100,392	17.12	24.00	41.12	6.32/11.01	16.97/23.67	23.28/34.68	8.56	12.00	20.56
100,393 - 112,655	21.71	24.00	45.71	12.65/16.30	16.97/23.67	29.62/39.96	10.85	12.00	22.86
112,656 - 155,625	21.71	25.75	47.46	12.65/16.30	19.39/25.68	32.04/41.97	10.85	12.88	23.73
155,626 - 221,708	24.53	25.75	50.28	16.54/19.54	19.39/25.68	35.93/45.22	12.26	12.88	25.14
Over 221,708	27.56	25.75	53.31	20.72/23.02	19.39/25.68	40.10/48.70	13.78	12.88	26.65

These rates do not take into account the Federal and Quebec alternative minimum tax.

7. Quebec Pension Plan Contributions

	2022	2021
Contributory earnings	\$ 64,900.00	\$ 61,600.00
Basic exemption	<u>3,500.00</u>	<u>3,500.00</u>
Maximum contributory earnings	61,400.00	58,100.00
Maximum contributions	3,776.10	3,427.90
self-employed – 12.30%	7,552.20	6,855.80

One-half of the QPP contributions payable by self-employed individuals is deductible against income.

8. Employment Insurance Premium

	2022	2021
Employee maximum: 1.20% x \$60,300 (2021- 1.18% x \$56,300)	\$ 723.60	\$ 664.34
Employer maximum: 1.4 x \$723.60 (2021 - 1.4 x \$664.34)	\$ 1,013.04	\$ 930.08

Since January 31, 2010, self-employed individuals can enter into an agreement with the Canada Employment Insurance Commission and start paying EI premiums on their self-employment income. The premium rate will be the same that salaried employees currently pay. For 2022, the rate is 1.20% of insurable earnings. The payment of the premiums for individuals opting in during the 2022 calendar year will be made through their 2022 tax return.

9. Quebec Parental Insurance Plan Premiums

	2022	2021
Employee maximum: 0.494% x \$88,000 (2021 - 0.494% x \$83,500)	\$ 434.72	\$ 412.49
Employer maximum: 1.4 x \$434.72 (2021 - 1.4 x \$412.49)	\$ 608.96	\$ 577.82
Self-employed maximum: 0.878% x \$88,000 (2021 - 0.878% x \$83,500)	\$ 772.64	\$ 733.13

Self-employed workers are also subject to Quebec parental insurance plan premiums on their net business income if his or her place of business is in Quebec on December 31st of that year.

10. Contribution to the Health Services Fund

Income	Premium payable
Up to \$15,765	Nothing
From \$15,766 to \$54,819	1% of the income higher than \$15,765 up to a max contribution of \$150
Over \$54,819	\$150 + 1% of income higher than \$54,819 up to a max contribution of \$1,000

In general, contributions are required with respect to self-employment income, pension income, investment income other than dividends paid by taxable Canadian corporations, and capital gains. Certain deductions may reduce the income subject to the contribution such as contributions to an RRSP or an RPP, support payments, carrying charges and interest expenses and business investment loss.

11. Premium payable under the Québec Prescription Drug Insurance Plan

If you are not covered throughout the year by basic prescription drug insurance provided by a group insurance plan and you are not in a situation that allows you to be exempt, you have to pay \$710 (2021: \$686) for your premium under the Québec Prescription Drug Insurance Plan.

12. Refundable Tax Credit for Child-Care Expenses

The credit is based on net family income and is usually claimed by the supporting person who has the lower income.

For 2021, the tax credit rate is maintained at 75% as long as net family income does not exceed \$35,950. The tax credit rate is gradually reduced by the increase of the net family income. When net family income exceeds \$157,545, the applicable tax credit rate is reduced to 26%. This chart is useful to apply for advance payments of the tax credit for childcare expenses.

Net Family income		Tax credit rate
From	To	(%)
\$0	\$37,030	75
37,030	43,880	70
43,880	50,755	65
50,755	101,490	60
101,490	145,700	57
145,700	149,835	50
149,835	153,975	44
153,975	158,105	38
158,105	162,275	32
162,275	165,030	28
165,030	or more	26

13. Prescribed Interest Rates

	2022		2021	
	Over-Tue Tax	Refund	Over-Due Tax	Refund
January – March	5.00%	0.60%	5.00%	1.00%
April – June	5.00%	0.60%	5.00%	1.00%
July – September	6.00%	2.25%	5.00%	0.80%
October – December	7.00%	3.00%	5.00%	0.80%
Average Annual Rates	2019 -	7.00%		
	2020 -	6.25%		
	2021 -	5.00%		
	2022 -	5.75%		

For purposes of taxable benefit calculations, the Quebec prescribed rate is the same as the federal prescribed rate.

14. Corporate Tax Rates - Combined Federal and Quebec

	Federal	2022 Quebec	Total	2021 Total
General rate	15.00%	11.50%	26.50%	26.50%
Manufacturing ⁽³⁾	15.00%	11.50%	26.50%	26.50%
Small business ⁽⁶⁾				
- below \$500,000	9.00%	3.2% ⁽²⁾⁽⁴⁾	12.20%	13%/12.2%
- over \$500,000	15.00%	11.50%	26.50%	26.50%
Investment Income	38.67% ⁽¹⁾	11.50%	50.17%	50.17%

The small business deduction is "clawed back" where the taxable capital employed in Canada exceeds \$10,000,000, increasing on a pro rata basis and eliminated when taxable capital reaches \$15,000,000.

- a. The refundable portion of part I tax is 30.67%. The dividend refund rate is 38 1/3% of taxable dividend paid.
- b. The rate was reduced at 4% on January 1, 2021 per the announce in the 2018 Quebec Budget. The 2021 Quebec budget has increased the SBD rate to match the Ontario rate at 3.2% as of March 25, 2021.
- c. There is no longer an additional deduction for small and medium enterprise in primary and manufacturing sectors. The rate is the same as any small and medium enterprise.
- d. The 2017 Quebec budget proposed that corporations must meet a minimum number of hours paid to qualify for the small business deduction. The corporation can meet the requirement if the hours paid to its employees during the taxation year is at least 5,500 hours or if during the previous taxation year, the hours paid to its employees and those from all the associated corporations totaled at least 5,500 hours. If the number of hours paid is less than 5,500, the small business deduction will be reduced and will become nil at 5,000 hours or less.
- e. Due to COVID-19, the calculation of the remunerated hours of a corporation's employees has been adjusted. Therefore, if all or part of the corporation's taxation year is included in the period from March 15 to June 29, 2020, the number of hours for the taxation year is deemed to be equal to the result of the following calculation: the number of remunerated hours of the corporation's employees for the taxation year multiplied by the ratio of 365 to the number of days in the taxation year that are not included in the period.
- f. The 2022 budget proposed an increase to the range of the taxable capital reduction. The upper limit was increased from 15 million to 50 million, allowing for more medium sized CCPCs to benefit from the small business deduction.

15. Corporate Integration - 2022 Combined Federal and Quebec Rates

The following charts show the after-tax dollars available for use by an individual of different types of income. The calculations first show the two layers of tax where the income is received by the corporation and then paid by dividend to the individual (Total of Amounts (A) and (B)). The second part shows the tax paid when the income is directly received by the individual (Amount (C)).

*Calculation based on a December 31, 2021 year end.

		Small Business Income < \$500,000	Active Business Income > \$500,000
	Income in Corporation	\$ 1,000	\$ 1,000
(A)	Corporation tax	<u>(122)</u>	<u>(265)</u>
	Available for Dividend	878	735
(B)	Personal tax (maximum rate)	<u>(422)</u>	<u>(295)</u>
	Net after tax cash	<u>456</u>	<u>440</u>
	Income earned directly	1,000	1,000
(C)	Personal tax (maximum rate)	<u>(533)</u>	<u>(533)</u>
	Net after tax cash	<u>467</u>	<u>467</u>
(C - A)	Deferral of tax	411	268
	Deferral of tax as a percentage	<u>41.1%</u>	<u>26.8%</u>
(C - A - B)	Savings (-cost)	(11)	(27)
	Savings (-cost) of tax as a percentage	<u>-1.1%</u>	<u>-2.7%</u>

Corporate Integration - 2022 Combined Federal and Quebec Rates - (cont'd)

	Investment Income	Dividend Income
Income in corporation	\$ 1,000	\$ 1,000
(A) Corporation tax	(502)	(383)
(A) Dividend refund	<u>307</u>	<u>383</u>
Available for dividend	805	1,000
(B) Personal tax (maximum rate)	<u>(379)</u>	<u>(400)</u>
Net after tax cash	<u>426</u>	<u>600</u>
Income earned directly	1,000	1,000
(C) Personal tax (maximum rate)	<u>(533)</u>	<u>(400)</u>
Net after tax cash	<u>467</u>	<u>600</u>
(C - A) Deferral of tax	31	17
Deferral of tax as a percentage	<u>3.1%</u>	<u>1.7%</u>
(C - A - B) Savings (-cost)	(41)	0
Savings (-cost) of tax as a percentage	<u>-4.1%</u>	<u>0%</u>

16. Income Tax Instalments

- Individuals - Quarterly instalments required in 2022 if net tax owing was more than \$1,800 in either 2021 or 2020 (both federal and Quebec).
- Corporations - Monthly instalments required if total taxes payable in 2021 or 2020 exceeded \$3,000 (both federal and Quebec).
- CCPC's qualify to make quarterly instalments instead of monthly if they are entitled to the small business deduction, the taxable income of the associated group must not exceed \$500,000 and the taxable capital of the associated group must not exceed \$10 million, all in the current or previous year.