

## TAX RATES FOR CANADIAN-CONTROLLED PRIVATE CORPORATIONS – 2021<sup>1</sup>

	FEDERAL	QUEBEC	TOTAL
<b>Active business income</b>			
Eligible for SBD <sup>2</sup>	9%	11.5%	20.5%
Eligible for SBD <sup>2,3</sup> – Compliance with hours worked criterion	9%	4%/3.2% <sup>4</sup>	13%/12.2%
Eligible for SBD <sup>2</sup> – SME manufacturing	9%	4%/3.2% <sup>4</sup>	13%/12.2%
Not eligible for SBD	15%	11.5%	26.5%
<b>Inactive business income</b>			
Personal services business	33%	11.50%	44.50%
Investment income	38.67%	11.50%	50.17%
Refundable portion	30.67%	N/A	30.67%
<b>Dividend income</b>			
From an unconnected corporation	38½%	N/A	38½%

<sup>1</sup> Rates indicated in the table are based on a 12-month taxation year ending December 31, 2021.

<sup>2</sup> The small business deduction of \$500,000 must be prorated among associated corporations and gradually decreased if the paid-up capital from the previous year is between \$10M and \$15M or if the total adjusted investment income for each taxation year ending in the previous civil year is between \$50,000 and \$150,000.

<sup>3</sup> Excluding dividend income.

<sup>4</sup> Under the 2021 provincial budget, the SBD rate will increase to 8.3% from 7.5%. The announced change will apply to corporate tax years that end after March 25, 2021.

## BUDGET CHANGES – 2021

### FEDERAL

- Temporary reduction of corporate tax rates to 7.5% from 15% or 4.5% from 9% on eligible zero-emission technology manufacturing and processing income for eligible businesses.
- Increase in the capital cost allowance rate to 100% for certain assets acquired on or after April 19, 2021, and available for use before January 1, 2024, to a maximum of \$1.5 million per taxation year, per group of associated Canadian-controlled private corporations.
- Inclusion of post-doctoral fellowship income as earned income for the purpose of determining an individual's RRSP contribution limit.

### QUEBEC

- The tax credit rate for home-support services for seniors will be raised by 1% each year starting in 2022, to reach 40% by 2026.
- Temporary increase in the tax credit relating to investment and innovation by doubling the rate to 40% in areas of low economic vitality, 30% in intermediate areas and 20% in areas of high economic vitality.



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## TAX QUICK REFERENCE

CERTIFICATION

CORPORATE AND PERSONAL TAXATION

BUSINESS SUCCESSION PLANNING

BUSINESS ACQUISITIONS, SALES AND MERGERS

BUSINESS VALUATION



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2021

## TAX TABLE FOR INDIVIDUALS (QUEBEC) — 2021

This quick reference is intended to provide general information relevant to the 2021 tax year. Individuals requiring further information in order to make an informed tax-related decision are encouraged to seek the advice of a tax professional.

TAXABLE INCOME	FEDERAL INCOME TAX	MARGINAL RATE <sup>1</sup>	QUÉBEC INCOME TAX	MARGINAL RATE <sup>1</sup>	COMBINED TAX	COMBINED MARGINAL RATE <sup>1</sup>	MARGINAL RATES <sup>1,2</sup>	ELIGIBLE DIVIDENDS	OTHER DIVIDENDS	MARGINAL RATE <sup>1</sup>	CAPITAL GAINS
\$	\$	%	\$	%	\$	%	%	%	%	%	%
13,808	-	12.53	-	-	-	12.53	-	-	5.73	6.26	
15,728	240	12.53	-	15.00	240	27.53	4.55	18.37	13.76		
20,000	776	12.53	641	15.00	1,416	27.53	4.55	18.37	13.76		
25,000	1,402	12.53	1,391	15.00	2,793	27.53	4.55	18.37	13.76		
30,000	2,028	12.53	2,141	15.00	4,169	27.53	4.55	18.37	13.76		
35,000	2,654	12.53	2,891	15.00	5,545	27.53	4.55	18.37	13.76		
40,000	3,281	12.53	3,641	15.00	6,921	27.53	4.55	18.37	13.76		
<b>45,105</b>	<b>3,920</b>	<b>12.53</b>	<b>4,407</b>	<b>20.00</b>	<b>8,326</b>	<b>32.53</b>	<b>11.45</b>	<b>24.12</b>	<b>16.26</b>		
<b>49,020</b>	<b>4,410</b>	<b>17.12</b>	<b>5,190</b>	<b>20.00</b>	<b>9,600</b>	<b>37.12</b>	<b>17.77</b>	<b>29.40</b>	<b>18.56</b>		
50,000	4,578	17.12	5,386	20.00	9,964	37.12	17.77	29.40	18.56		
60,000	6,290	17.12	7,386	20.00	13,675	37.12	17.77	29.40	18.56		
70,000	8,002	17.12	9,386	20.00	17,387	37.12	17.77	29.40	18.56		
80,000	9,713	17.12	11,386	20.00	21,099	37.12	17.77	29.40	18.56		
<b>90,200</b>	<b>11,459</b>	<b>17.12</b>	<b>13,426</b>	<b>24.00</b>	<b>24,885</b>	<b>41.12</b>	<b>23.29</b>	<b>34.00</b>	<b>20.56</b>		
95,000	12,281	17.12	14,578	24.00	26,858	41.12	23.29	34.00	20.56		
<b>98,040</b>	<b>12,801</b>	<b>21.71</b>	<b>15,307</b>	<b>24.00</b>	<b>28,108</b>	<b>45.71</b>	<b>29.63</b>	<b>39.28</b>	<b>22.86</b>		
<b>109,755</b>	<b>15,345</b>	<b>21.71</b>	<b>18,119</b>	<b>25.75</b>	<b>33,463</b>	<b>47.46</b>	<b>32.04</b>	<b>41.30</b>	<b>23.73</b>		
125,000	18,654	21.71	22,044	25.75	40,699	47.46	32.04	41.30	23.73		
<b>151,978</b>	<b>24,511</b>	<b>24.48</b>	<b>28,991</b>	<b>25.75</b>	<b>53,502</b>	<b>50.23</b>	<b>35.87</b>	<b>44.49</b>	<b>25.12</b>		
200,000	36,314	24.48	41,357	25.75	77,671	50.23	35.87	44.49	25.12		
<b>216,511</b>	<b>40,312</b>	<b>27.56</b>	<b>45,608</b>	<b>25.75</b>	<b>85,920</b>	<b>53.31</b>	<b>40.11</b>	<b>48.02</b>	<b>26.65</b>		
250,000	49,714	27.56	54,232	25.75	103,946	53.31	40.11	48.02	26.65		

N.B.: Income tax is computed for a single individual with no dependants. This table takes into account both the federal and Quebec basic personal exemption. This table should not be used to compute tax if the taxpayer has income from dividends only (unless a separate, distinct computation is made for this type of income). The income tax rate indicated for dividends in the first taxable income brackets only applies fully in cases where there are taxes otherwise payable by the individual.

- The marginal rate corresponds to the income tax rate applicable to each additional dollar of income.
- Eligible dividends:** Dividends paid by a public company and any other corporation from business income that is not eligible for the small business deduction (SBD).  
**Other dividends:** Dividends paid out by a Canadian-controlled private corporation (CCPC) from business income that is eligible for the SBD and dividends paid out from investment income (interest, taxable capital gains, other income from property, but not dividends).

## INDIVIDUALS RECEIVING ONLY DIVIDEND INCOME — 2021

GROSS-UP AND CREDIT RATES	FEDERAL	QUEBEC
<b>Eligible dividends</b>		
Dividend gross-up	38%	38%
Dividend tax credit	15.02%	11.70%
<b>Other dividends</b>		
Dividend gross-up	15%	15%
Dividend tax credit	9.03%	4.01%

If this is the taxpayer's only source of income, an individual not eligible for any deduction or credit other than the basic amount may receive a dividend without having to pay any tax if the revenue does not exceed the following thresholds (amount before gross-up):

	FEDERAL	QUEBEC
Eligible dividends	\$62,818	\$40,291
Other dividends	\$30,176	\$20,057

## RRSP, TFSA AND RPP CONTRIBUTION LIMITS

	2021	2021
RPP <sup>1</sup>	\$29,210	Indexed
TFSA (cumulative 2021 — \$75,500)	\$6,000	TBD
RRSP	\$27,830	\$29,210
Income limit <sup>2</sup>	\$154,611	\$162,278

- Defined benefits.
- This is the maximum earned income from the previous year used for calculating the RRSP limit.

## CAPITAL GAINS EXEMPTION — 2021

- Eligible small business shares \$892,218
- Farm property \$1,000,000

## PERSONAL TAX CREDITS — 2021

	FEDERAL (15%) <sup>1</sup>	QUEBEC (15%) <sup>1</sup>
Basic	\$12,421 /\$13,808 <sup>2</sup>	\$15,728
Person living alone	N/A	\$1,802
Spouse or eligible dependant	\$12,421 /\$13,808 <sup>2</sup>	N/A
Dependent child:		
■ 18 years or older at school	N/A	\$10,796 <sup>3</sup>
■ Canada caregiver credit for children under 18 years of age	\$2,295	N/A
■ Additional amount for infirm children under 18 years of age	\$5,053 <sup>4</sup>	N/A
■ Post-secondary studies (by term, minors)	N/A	\$3,021
■ Single-parent family	N/A	\$2,225 <sup>5</sup>
■ Children's activities (refundable credit) (per child under 16 years available to families whose income does not exceed \$138,525)	N/A	\$500
Other dependant aged 18 or older:		
■ General	N/A	\$4,403
Age amount	\$7,713	\$3,308
Retirement income amount	\$2,000	\$2,939
Disability amount	\$8,662 <sup>9</sup>	\$3,492
Caregiver (refundable provincial credit)	\$7,348	\$2,500 <sup>6</sup>
■ Net income threshold	\$17,256	\$22,460
Canada Employment Credit/Deduction for Workers	\$1,257 <sup>7</sup>	\$1,205 <sup>8</sup>
First-Time Home Buyers' Tax Credit	\$5,000	\$5,000

- Depending on income, the amounts of certain credits may be reduced.
- The basic personal amount is \$12,421 for individuals whose net income for the year is greater than or equal to the amount at which the 33% tax bracket begins. It is \$13,808 for individuals whose net income for the year is less than or equal to the amount at which the 29% tax bracket begins.
- Amount includes the recognized parental contribution and two terms of post-secondary studies.
- This credit is reduced by the childcare or attendant care expenses claimed.
- For single-parent families who have lived with an eligible student.
- An amount of \$1,250 is not reducible on the basis of income.
- The lesser of \$1,257 and the individual's employment income for the year.
- Deduction of the lesser of \$1,205 and 6% of employment income.
- This credit may be transferred to a person who provides basic necessities for a dependant.

	FEDERAL	QUEBEC
Professional and union dues	Deduction	10% tax credit
Contribution to the Health Services Fund (applicable income includes net business income, investment income, pension income, taxable capital gains, etc.)	N/A	\$0 to \$15,360 = no contribution required \$15,361 to \$30,360 = 1% of taxable income \$30,361 to \$53,410 = \$150 \$53,411 to \$138,409 = \$150 + 1% of taxable income (max. \$1,000) \$138,410 and more = \$1,000
Medical expenses	15% of expenses in excess of the lesser of \$2,421 or 3% of net income of claimant	20% of excess expenses 3% of net family income
Charitable donations (amount of eligible donations is limited to 75% of net income)	15% on the first \$200 29% on the excess 33% on the portion that is subject to the highest marginal rate	20% on the first \$200 24% on the excess 25.75% on the portion that is subject to the highest marginal rate

## PRESCRIBED INTEREST RATES — 2021

Trimester	FEDERAL			QUEBEC		
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
Income tax owing	5%	5%	5%	5%	5%	5%
Tax receivable (corporations/other)	1%/3%	1%/3%	1%/3%	1%	1%	0.8%
Taxable benefits and loan to a related person	1%	1%	1%	1%	1%	1%

## DEDUCTIONS AT SOURCE — 2021

QUEBEC			
<b>Quebec Pension Plan (QPP)</b>			
Maximum pensionable earnings			\$61,600
Basic exemption			\$3,500
Maximum contributory gains			\$58,100
Contribution rate (5.40% for the basic contribution + 0.50% for the first additional contribution)			5.90%
Maximum employee contribution			\$3,428
Maximum employer contribution (per employee)			\$3,428
Maximum contribution for a self-employed worker			\$6,856
<b>Quebec Parental Insurance Plan (QPIP)</b>			
Maximum insurable earnings			\$83,500
Employee contribution rate			0.494%
Self-employed worker contribution rate			0.878%
Employer contribution rate			0.692%
Maximum employee contribution			\$412.49
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)			\$577.82
Maximum contribution for a self-employed worker			\$733.13
<b>Health Services Fund (HSF)</b>			
Employer contribution rate:			
<b>Payroll</b>		<b>SMEs in primary and manufacturing sectors</b>	<b>Other</b>
≤ \$1,000,000		1.25%	1.65%
> \$1,000,000 and < \$6,500,000		0.7027% + [0.5473% x P]	1.1755% + [0.4745% x P]
≥ \$6,500,000		4.26%	4.26%
(P = Cumulative total payroll / \$1,000,000)			
The cumulative total payroll represents the total amount of wages paid by any associated employer, regardless of where the employer carries on its business.			
<b>Workforce training (1%)</b>			
Businesses with a payroll of more than \$2M are required to devote a minimum of 1% of their payroll to eligible training expenses.			
<b>FEDERAL</b>			
<b>Employment insurance</b>			
Maximum insurable earnings			\$56,300
Employee contribution rate			1.18%
Maximum employee contribution			\$664.34
Maximum employer contribution (per employee) (employee contribution multiplied by 1.4)			\$930.08

## MOTOR VEHICLES — TAXABLE BENEFIT — 2021

Personal use of a company vehicle is considered a twofold taxable benefit that is calculated as follows:

	PURCHASED VEHICLE	LEASED VEHICLE
1. Standby charge <sup>1</sup>	2% x original cost x n° of months	¾ leasing cost x n° of months
2. Operating costs	\$0.27 x n° of km for personal use or 50% of item #1 <sup>1</sup>	\$0.27 x n° of km for personal use or 50% of item #1 <sup>1</sup>

- The standby charge decreases if the automobile is used for business purposes more than 50% of the time and if the number of kilometres travelled for personal reasons is less than 1,667 km for each 30-day period.

The taxable benefit must also take into account GST, QST and deductions at source.

	DEDUCTION LIMIT
For the purposes of CCA	\$30,000 + taxes
Monthly leasing costs	\$800 + taxes <sup>1</sup>
Maximum allowable monthly interest	\$300

- Another limit based on a mathematical formula that factors in the suggested price can definitely bring the deduction limit down below the \$800 threshold.

Employer's maximum deductible allowance for kilometres travelled by an employee and exempt from taxes as it can be considered reasonable:

- \$0.59/km on first 5,000 km
- \$0.53/km for every additional km