



Corporate and personal  
**tax integration**

Now, for tomorrow



Current as of January 2023, these tables demonstrate the tax cost (or savings) and the tax deferral advantage of incorporating and receiving dividend income from a Canadian-controlled private corporation (CCPC) when compared to earning income personally or receiving wages, assuming the individual is taxed at the highest marginal tax rate.

## Active Business Income (ABI) eligible for Small Business Deductions (SBD) in 2023

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Corporate tax	(\$1,100)	(\$1,100)	(\$900)	(\$1,150)	(\$1,200)	(\$1,150)	(\$1,100)	(\$1,200)	(\$1,220)	(\$1,000)	(\$1,220)	(\$950)	(\$900)
Available for distribution	\$8,900	\$8,900	\$9,100	\$8,850	\$8,800	\$8,850	\$8,900	\$8,800	\$8,780	\$9,000	\$8,780	\$9,050	\$9,100
Tax payable by individual	(\$3,765)	(\$4,351)	(\$4,247)	(\$4,144)	(\$4,308)	(\$4,273)	(\$3,277)	(\$3,325)	(\$4,192)	(\$4,234)	(\$4,276)	(\$3,785)	(\$4,008)
Net cash to individual	\$5,135	\$4,549	\$4,853	\$4,706	\$4,492	\$4,577	\$5,623	\$5,475	\$4,588	\$4,766	\$4,504	\$5,265	\$5,092
<b>Income earned directly by individual</b>													
Personal income	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Personal tax	(\$4,800)	(\$5,350)	(\$5,040)	(\$5,250)	(\$5,480)	(\$5,400)	(\$4,705)	(\$4,450)	(\$5,353)	(\$5,137)	(\$5,331)	(\$4,750)	(\$4,800)
Net cash to individual	\$5,200	\$4,650	\$4,960	\$4,750	\$4,520	\$4,600	\$5,295	\$5,550	\$4,647	\$4,863	\$4,670	\$5,250	\$5,200
<b>Summary</b>													
Tax savings (cost) of a dividend	(\$65)	(\$101)	(\$107)	(\$44)	(\$28)	(\$23)	\$328	(\$75)	(\$59)	(\$97)	(\$165)	\$15	(\$108)
Tax deferral	\$3,700	\$4,250	\$4,140	\$4,100	\$4,280	\$4,250	\$3,605	\$3,250	\$4,133	\$4,137	\$4,110	\$3,800	\$3,900

## Active Business Income (ABI) not eligible for Small Business Deductions (SBD) in 2023

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Corporate tax	(\$2,300)	(\$2,700)	(\$2,700)	(\$2,900)	(\$3,000)	(\$2,900)	(\$2,650)	(\$2,700)	(\$2,650)	(\$3,100)	(\$2,650)	(\$2,700)	(\$2,700)
Available for distribution	\$7,700	\$7,300	\$7,300	\$7,100	\$7,000	\$7,100	\$7,350	\$7,300	\$7,350	\$6,900	\$7,350	\$7,300	\$7,300
Tax payable by individual	(\$2,682)	(\$2,680)	(\$2,767)	(\$2,301)	(\$3,234)	(\$2,952)	(\$2,095)	(\$2,419)	(\$2,904)	(\$2,361)	(\$2,961)	(\$2,176)	(\$2,127)
Net cash to individual	\$5,018	\$4,620	\$4,533	\$4,799	\$3,766	\$4,148	\$5,255	\$4,881	\$4,446	\$4,539	\$4,389	\$5,124	\$5,173
<b>Income earned directly by individual</b>													
Personal income	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Personal tax	(\$4,800)	(\$5,350)	(\$5,040)	(\$5,250)	(\$5,480)	(\$5,400)	(\$4,705)	(\$4,450)	(\$5,353)	(\$5,137)	(\$5,331)	(\$4,750)	(\$4,800)
Net cash to individual	\$5,200	\$4,650	\$4,960	\$4,750	\$4,520	\$4,600	\$5,295	\$5,550	\$4,647	\$4,863	\$4,670	\$5,250	\$5,200
<b>Summary</b>													
Tax savings (cost) of a dividend	(\$182)	(\$30)	(\$427)	\$49	(\$754)	(\$452)	(\$40)	(\$669)	(\$201)	(\$324)	(\$280)	(\$126)	(\$27)
Tax deferral	\$2,500	\$2,650	\$2,340	\$2,350	\$2,480	\$2,500	\$2,055	\$1,750	\$2,703	\$2,037	\$2,680	\$2,050	\$2,100

Source: Tax Templates Inc.

## Assumptions

- The individual and corporation reside in the same province.
- The individual shareholder is taxed at the highest marginal tax rate.
- The corporation is a Canadian Corporate Private Corporation (CCPC) with a taxation year that begins on January 1 and ends on December 31.
- Eligible dividends are assumed to be paid up to General Rate Income Pool (GRIP) generated from the income. The balance is assumed to be paid by non-eligible dividends (where applicable).

*This information is provided for broad illustrative purposes only and is not warranted for accuracy or applicability to any particular situation. Individual circumstances may vary from the assumptions made. Please review the latest legislation and/or engage a qualified professional to determine exact results. The rates and information are current as of the published date, but they may change in the future.*

*Rates and/or brackets shown in these tables reflect announcements made in federal and provincial budgets, which may not be currently legislated and are subject to change.*

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