

When a corporation has surplus cash not needed for business operations, shareholders may choose to invest that cash to earn passive investment portfolio income. There are two common routes to make those investment returns available for shareholders' eventual personal spending:

- 1) **Invest** → **Dividend** = Invest surplus in a corporate portfolio, realize returns, pay corporate tax → Dividend net return, pay personal tax on dividend → Spend remainder
- 2) **Dividend** → **Invest** = Dividend surplus, pay personal tax on dividend → Invest net cash in non-registered portfolio, realize returns, pay personal tax → Spend remainder

From the tables on the overleaf, select the personal and corporate tax rates for the calculations below, based on province and approximate personal income level.





















Province of residence		Income type						Income type					
Personal tax bracket		Personal tax rate						Corporate tax rate					

This assumes a Canadian-controlled private corporation (CCPC) has paid the small business tax rate on active business income, with net income added to retained earnings. For a given \$10,000 in retained earnings, it then estimates the net personal spendable cash from the two investing routes, for each 1% of investment return by income type.

	Invest → Dividend	%	Dividend → Invest	Invest → Dividend		Dividend → Invest	Invest → Dividend		Dividend → Invest	Invest → Dividend		Dividend → Invest
<b>CCPC</b>												
Retained earnings	\$ 10,000		\$ 10,000	\$ 10,000		\$ 10,000	\$ 10,000	\$ 10,000		\$ 10,000		\$ 10,000
Available – Corporate	A		10,000	10,000		10,000	10,000	10,000		10,000		10,000
Each 1% return	B = A x 1%		100	100		100	100	100		100		100
Corporate Tax	[Income type]											
	%Tax   \$Amount	C = B x rate				0%	0					
For taxable dividend	D =	B - C		B/2 - C		B - C	100	B - C		B - C		
<b>SHAREHOLDER</b>												
Taxable dividend	E = D		10,000	10,000		100	10,000	10,000				10,000
Personal Tax	[Ineligible, except Eligible pass-through]											
	F = E x rate											
Available – Personal	G = E - F											
Each 1% ROR	H = G x 1%											
Personal Tax	[Income type]											
	%Tax   \$Amount	I = H x rate										
Net taxable dividend	J = H - I											
Non-taxable dividend	K =		n/a	B * 1/2			n/a					n/a
Spendable cash	L = J + K	L1 \$	L2 \$	L1 \$	L2 \$	L1 \$	L2 \$	L1 \$	L2 \$	L1 \$	L2 \$	
<b>EXCESS or (SHORTFALL)</b>	M = L1 - L2											
	N = M / L2	\$	%	\$	%	\$	%	\$	%	\$	%	

<b>Legend:</b>	Interest income	Capital gain	Eligible Canadian dividend	Ineligible Canadian dividend	Foreign dividend
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**Table 1: Personal marginal income tax bracket rates**






	From \$100,000					From \$150,000					From \$200,000					From \$300,000 *				
																				
<b>AB</b>	31%	15%	10%	22%	31%	36%	18%	18%	29%	36%	42%	21%	26%	36%	42%	47%	24%	33%	41%	47%
<b>BC</b>	28%	14%	2%	20%	28%	41%	20%	19%	34%	41%	46%	23%	26%	40%	46%	54%	27%	37%	49%	54%
<b>MB</b>	38%	19%	21%	32%	38%	43%	22%	28%	39%	43%	47%	23%	33%	42%	47%	50%	25%	38%	47%	50%
<b>NB</b>	35%	17%	8%	26%	35%	42%	21%	18%	35%	42%	49%	24%	27%	43%	49%	53%	26%	32%	47%	53%
<b>NL</b>	36%	18%	21%	28%	36%	42%	21%	28%	34%	42%	47%	24%	36%	40%	47%	54%	27%	45%	48%	54%
<b>NS</b>	38%	19%	19%	32%	38%	44%	22%	27%	38%	44%	50%	25%	36%	46%	50%	54%	27%	42%	50%	54%
<b>ON</b>	31%	16%	9%	22%	31%	45%	22%	28%	38%	45%	48%	24%	32%	42%	48%	54%	27%	39%	48%	54%
<b>PE</b>	37%	19%	16%	31%	37%	45%	23%	27%	40%	45%	48%	24%	31%	44%	48%	52%	26%	37%	48%	52%
<b>QC</b>	36%	18%	16%	29%	36%	47%	24%	32%	42%	47%	50%	25%	36%	45%	50%	53%	27%	40%	49%	53%
<b>SK</b>	33%	17%	10%	25%	33%	39%	19%	17%	31%	39%	44%	22%	25%	37%	44%	48%	24%	30%	41%	48%

\* This is top bracket for all provinces, except AB (\$370,220) and NL (\$1,141,275), adding up to 1.5% in those provinces, which is immaterial here.

**Table 2: Corporate tax rates**

Net of tax refunded

					
<b>AB</b>	16%	8%	0%	0%	28%
<b>BC</b>	20%	10%	0%	0%	32%
<b>MB</b>	20%	10%	0%	0%	32%
<b>NB</b>	23%	12%	0%	0%	34%
<b>NL</b>	25%	12%	0%	0%	35%
<b>NS</b>	23%	12%	0%	0%	34%
<b>ON</b>	20%	10%	0%	0%	31%
<b>PE</b>	25%	12%	0%	0%	35%
<b>QC</b>	20%	10%	0%	0%	31%
<b>SK</b>	20%	10%	0%	0%	32%

<b>Legend:</b>	 Interest income	 Capital gain	 Eligible Canadian dividend	 Ineligible Canadian dividend	 Foreign dividend
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*Technical notes and disclaimer*

For illustration purposes only. Tax rates are compiled from official government sources, January 1, 2026. For ease of display and calculation on this worksheet, percentages are rounded to integers, whereas actual rates may have further decimal places, but the difference in net results is non-material. The individual/shareholder and corporation are resident in the same province. The corporation is a Canadian-controlled private corporation (CCPC) with a calendar taxation year. Corporate passive income tax rates include refundable taxes, and combined corporate-personal tax rates include recovery of the appropriate amount of refundable tax. Additional shareholder dividends out of retained earnings may be required to fully recover the contribution to refundable tax when foreign dividend/non-business income is earned at the corporate level.

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