



CHARTERED
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ACCOUNTANTS

DURWARD JONES BARKWELL
& COMPANY LLP

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TAX FACTS 2026

Ontario Personal Income Tax Rates

		Salary, Interest, Taxable Capital Gains	Dividends (assuming only dividend income)	
Taxable Income		Marginal Rate	Eligible	Non-eligible
\$ -	\$ 53,891	19.05%	0.00%	8.09%
53,892	58,523	23.15%	0.00%	12.80%
58,524	94,907	29.65%	6.39%	20.28%
94,908	107,785	31.48%	8.92%	22.38%
107,786	111,814	33.89%	12.24%	25.16%
111,815	117,045	37.91%	17.79%	29.78%
117,046	150,000	43.41%	25.38%	36.10%
150,001	181,440	44.97%	27.53%	37.90%
181,441	220,000	48.26%	32.07%	41.68%
220,001	258,482	49.82%	34.22%	43.47%
258,483	over	53.53%	39.34%	47.74%

Maximum tax-free dividend:

Eligible = \$81,800

Non-eligible = \$40,200

OAS Clawback:

Benefits repaid for income starting at \$95,323

Ontario Personal Tax Payable (After Basic Personal Credit)

Taxable Income*	Tax Payable**	Taxable Income*	Tax Payable**
\$10,000	\$ -	\$ 90,000	\$ 18,462
20,000	851	100,000	21,521
30,000	3,056	120,000	28,603
40,000	5,111	150,000	41,626
50,000	7,166	200,000	64,722
60,000	9,417	300,000	115,923
70,000	12,382	400,000	169,452
80,000	15,497	500,000	222,982

* Assumes income is only Salary, Interest, and Taxable Capital Gains

** Tax payable includes Ontario Health Premium

RRSP, TFSA, & FHSA Contribution Limits

Maximum Earned Income	RRSP Dollar Limit	TFSA Dollar Limit	TFSA Cumulative Limit*	FHSA Dollar Limit**
\$187,833	\$33,810	\$7,000	\$109,000	\$8,000

*Maximum Cumulative amount assuming no prior year contributions, and the taxpayer was 18 or older in 2009, and has been a Canadian resident since 2009.

**Annual limit, accumulating from the year the account opens, up to \$40,000 lifetime.

Penalty for Excess Contributions:

If \$2,000 or less & RRSP

Excess over \$2,000, or TFSA, or FHSA

No penalty

1% of excess per month until withdrawn

Capital Gains Deduction Limits

Qualified Small Business Corporation	\$1,250,000*
Qualified Farming/Fishing Property	\$1,250,000*

* Proposed limit and resumption of indexation of the LCGE in 2026 are not yet enacted. If not passed, the default will be indexation for 2025. Proposed amount based on September 23, 2024, Notice of Ways and Means Motion

Corporate Income Tax Rates (Federal & Ontario)

	Federal	Ontario	Combined
General	15.00%	11.50%	26.50%
Manufacturing	15.00%	10.00%	25.00%
Small Business*	9.00%	3.20%	12.20%
Small Business**	15.00%	3.20%	18.20%
Investment*	38.67%	11.50%	50.17%

*CCPC only without any limitations on the Small Business Limit

**CCPC with limitations on the Federal Small Business Limit due to high passive income

Historical Dividend Gross Up Rates

Eligible	2007–2009	2010	2011	2012–2026
	45%	44%	41%	38%
Non-eligible	2014–2015	2016–2017	2018	2019–2026
	18%	17%	16%	15%

Automobile Limits

Tax-Exempt Employee Travel Allowances

First 5,000 kilometres	\$0.73 per km*
Excess	\$0.67 per km*

*Inclusive of HST

**Plus HST

Deduction Limits

Capital cost passenger vehicles	\$39,000**
Capital cost zero-emission passenger vehicles	\$61,000**
Leasing cost	\$1,100/month**

Payroll Taxes

CPP Contributions

Contributory Earnings	\$ 74,600
Basic Exemption	<u>3,500</u>
Contributory Base	<u>\$ 71,100</u>

Maximum Annual Contributions

Employee	\$4,230.45	5.95%
Employer	\$4,230.45	5.95%

Enhanced CPP Contributions*

2nd Contributory Earnings	\$ 85,000
1st Contributory Earnings	<u>74,600</u>
Contributory Base	<u>\$ 10,400</u>

Maximum Annual Contributions

Employee	\$416.00	4%
Employer	\$416.00	4%

* Note that these contributions are applicable to earnings over the first threshold, as shown above.

Employment Insurance

Maximum Insurable Earnings	\$ 68,900
WSIB Maximum Insurable Earnings	\$ 121,700

Maximum Annual Premiums

Employee	\$1,123.07	1.63%
Employer	\$1,572.30	2.28%

Tax rates are approximate as of January 1, 2026, and are not meant for exact tax determination.