

THE FACTS ABOUT TAXATION OF YOUR INVESTMENT INCOME

TAXATION BY INCOME SOURCE

TOP MARGINAL TAX RATES BY PROVINCE

We are all required to pay taxes, the thing is, we shouldn't pay more than is required. The type of income you receive and the tax characteristics play an important role.

Province/Territory	Interest & Other	Capital Gains	Eligible Dividends	Non-eligible Dividends
Alberta	48.00%	24.00%	34.31%	42.30%
BC	53.50%	26.75%	36.54%	48.89%
Manitoba	50.40%	25.20%	37.78%	46.67%
Ontario	44.50%	22.25%	33.08%	37.79%
Quebec	53.53%	26.76%	39.34%	47.74%

- Interest income is taxed as ordinary income at your marginal rate.
- Capital gains are taxed on 50% of the gain, and the taxable portions is taxed at your marginal rate.
- Eligible dividends (from large Canadian corporations) get a significant tax credit, reducing your effective rate relative to ordinary income.
- Non-eligible dividends (from smaller Canadian corporations) receive a smaller credit and are taxed at a higher rate than eligible dividends.
- These rates assume you're in the top combined federal + provincial tax bracket for 2025. Actual tax payable can vary depending on income level and credits.

WHERE SHOULD I HOLD MY INVESTMENTS

- Any interest income or foreign dividend investments should be held in your RRSP/RRIF account.
- Dividend Income and capital gains should be in your TFSA/non registered account.
- Once TFSA is at maximum contribution limit Canadian and other growth stock can be allocated to the non registered account.
- if you have a Canadian Controlled Private Corporation (CPC) there are other tax considerations regarding passive income.

CONTACT US TO MINIMIZE YOUR TAX BITE.

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