Capital Gains Received Personally vs. Corporately (2024)

Description This chart compares the tax cost of generating a capital gain personally against generating it in a corporation. Further, from a personal perspective, it compares the tax cost of gains protected by the $250,000 threshold (50% inclusion rate) with those that are not (2/3 inclusion rate).

Province	Less than $250k in gains			$250k + in gains			Personal Cost of not using the $250k (5)
	Personal	Corporate	Personal advantage	Personal	Corporate	Personal Advantage	
British Columbia	26.75%	39.41%	**12.66%**	35.67%	39.41%	**3.74%**	**8.92%**
Alberta	24.00%	34.36%	**10.36%**	32.00%	34.36%	**2.36%**	**8.00%**
Saskatchewan	23.75%	35.38%	**11.63%**	31.67%	35.38%	**3.72%**	**7.92%**
Manitoba	25.20%	38.23%	**13.03%**	33.60%	38.23%	**4.63%**	**8.40%**
Ontario	26.77%	38.62%	**11.86%**	35.69%	38.62%	**2.93%**	**8.92%**
Quebec	26.65%	39.13%	**12.48%**	35.54%	39.13%	**3.60%**	**8.88%**
New Brunswick (3)	26.25%	39.02%	**12.77%**	35.00%	39.02%	**4.02%**	**8.75%**
New Brunswick - trapped RDTOH (4)	26.25%	39.46%	**13.21%**	35.00%	39.46%	**4.46%**	**8.75%**
Nova Scotia (3)	27.00%	39.77%	**12.77%**	36.00%	39.77%	**3.77%**	**9.00%**
Nova Scotia - trapped RDTOH (4)	27.00%	40.20%	**13.20%**	36.00%	40.20%	**4.20%**	**9.00%**
Prince Edward Island (3)	25.88%	40.13%	**14.26%**	34.50%	40.13%	**5.63%**	**8.63%**
Prince Edward Island - trapped RDTOH (4)	25.88%	41.00%	**15.12%**	34.50%	41.00%	**6.50%**	**8.63%**
Newfoundland and Labrador	27.40%	40.46%	**13.06%**	36.53%	40.46%	**3.93%**	**9.13%**
Newfoundland and Labrador - trapped RDTOH (4)	27.40%	41.47%	**14.07%**	36.53%	41.47%	**4.93%**	**9.13%**
Northwest Territories	23.53%	32.76%	**9.24%**	31.37%	32.76%	**1.39%**	**7.84%**
Nunavut	22.25%	33.49%	**11.24%**	29.67%	33.49%	**3.82%**	**7.42%**
Yukon	24.00%	36.82%	**12.82%**	32.00%	36.82%	**4.82%**	**8.00%**

Notes

1 All rates assume a taxation year from January 1, 2024 to December 31, 2024, and are rounded to the nearest 0.01%. Rates are current as of July 31, 2024. Where the rate changes throughout the year, a blended rate is used (assuming a January to December fiscal year). The chart assumes that all capital gains were received after June 24, 2024.

2 The personal tax rates used reflect income taxed in the top federal and provincial bracket.

3 This assumes RDTOH can be fully recovered by paying dividends from retained earnings accumulated from other sources (most commonly active income). The personal tax cost of the additional dividends is not included above.

4 It is assumed that RDTOH can be recovered only to the extent of taxable dividends paid to distribute the corporate capital gains. In other words, the corporation cannot recover all RDTOH and maximize capital dividends. In general, where equity is not sufficient to recover all RDTOH and maximize capital dividends, fully using CDA is preferable only if the dividend recipients would pay more than the dividend refund rate of 38 1/3% on non-eligible dividends.

5 This is calculated by subtracting the effective personal tax rate associated with "$250k + in gains" from that associated with "Less than $250k in gains". This represents the cost of not fully using the $250,000 exemption by, for example, having $500,000 in gains being received in one year rather than spread out over two.