2025 Ontario Tax Rate Card

Combined Federal & Ontario

Effective January 1, 2025

TOP COMBINED	CAPITAL GAINS	LCGE (QSBC)	TFSA ROOM	SBD RATE	PRESCRIBED
53.53%	**26.76%**	**~$1.25M**	**$102,000**	**12.2%**	**4%**
Over $253,414	50% inclusion	Indexed annually	Cumulative since 2009	First $500K active	Q1–Q2 2025

NEW FOR 2025: Federal lowest rate 14% (eff. July 1) · LCGE $1.25M (from June 2024) · TFSA cumulative room $102K · CPP2 second year (YAMPE $81.2K)

PERSONAL Combined Marginal Tax Rates

Taxable Income	Other Income	Cap. Gains	Elig. Div.	Non-Elig.	Cumul. Tax[1]	Avg. Rate
First $52,886	19.55%	9.78%	–7.55%	8.66%	$7,357	13.91%
$52,886 – $57,375	23.65%	11.83%	–1.89%	13.38%	$8,418	14.67%
$57,375 – $93,132	29.65%	14.83%	6.39%	20.28%	$19,020	20.42%
$93,132 – $105,775	31.48%	15.74%	8.92%	22.38%	$23,000	21.74%
$105,775 – $109,727	33.89%	16.95%	12.24%	25.16%	$24,340	22.18%
$109,727 – $114,750	37.91%	18.95%	17.79%	29.78%	$26,244	22.87%
$114,750 – $150,000	43.41%	21.70%	25.38%	36.10%	$41,546	27.70%
$150,000 – $177,882	44.97%	22.48%	27.53%	37.90%	$54,667	30.73%
$177,882 – $220,000	48.28%	24.14%	32.10%	41.71%	$74,871	34.03%
$220,000 – $253,414	49.84%	24.92%	34.25%	43.50%	$92,757	36.60%
Over $253,414	**53.53%**	**26.76%**	**39.34%**	**47.74%**	—	—

[1] Cumulative tax on other income at top of each bracket (basic personal amounts only). Capital gains: 50% inclusion × marginal rate.
(a) Federal lowest rate reduced to 14% eff. July 1, 2025 (blended 14.5% for 2025 tax year). Does not include Ontario Health Premium.

CORPORATE Corporate Tax Rates (CCPC)

Income Type	Rate	Notes
Active business — SBD	12.2%	First $500K active income
Active business — General	26.5%	Above SBD / non-CCPC
Investment income (CCPC)	50.17%	Incl. 30.67% RDTOH
Capital gains (CCPC)	25.09%	50% inclusion × 50.17%

SBD Clawback	Limit	Effect
Taxable capital	$10M–$50M	Business limit reduced pro rata
Passive income (AAII)	> $50,000	$5 reduction per $1 above $50K
Full SBD elimination	$150K AAII	Business limit reduced to $0

(a) Ontario SBD rate is 3.2%. Federal SBD rate is 9%. SBD applies to first $500K, subject to passive income grind and association rules.

TRUSTS Trust Tax Rates

Trust Type	Tax Rate	Notes
Inter vivos (family trust)	53.53%	Top combined rate on all income retained in trust
Testamentary (non-GRE)	53.53%	Top combined rate on all income
Graduated Rate Estate (GRE)	19.55%–53.53%	Graduated brackets; first 36 months after death
Qualified Disability Trust	19.55%–53.53%	Graduated brackets; one QDT per beneficiary

Income distributed to beneficiaries is taxed at their personal rates. This is the primary planning strategy for family trusts.

EXEMPTIONS

Lifetime Capital Gains Exemption

Exemption	2025 Amount	Details
LCGE (QSBC shares)	~$1,250,000	Indexed to inflation annually
LCGE (farm / fishing property)	~$1,250,000	Same indexed amount
Capital gains inclusion rate	50%	On gains exceeding LCGE
Tax saved per $1M gain	~$267,650	At top marginal rate (53.53%)

The Canadian Entrepreneurs' Incentive (CEI) was proposed in Budget 2024. Legislation has not been tabled as of December 2025.

PERSONAL

Personal Limits & Contributions

Item	2025 Amount	Notes
Federal basic personal amount	$16,129	Reduced for income above $177,882
Ontario basic personal amount	$12,747	Non-refundable provincial credit
RRSP contribution limit	$32,490	Or 18% of prior-year earned income
TFSA annual limit	$7,000	Cumulative room: $102,000 (since 2009)
CPP pensionable earnings (YMPE)	$71,300	Basic exemption: $3,500
CPP2 earnings ceiling (YAMPE)	$81,200	Enhanced CPP between YMPE and YAMPE
Max employee CPP contribution	$4,034	Base CPP (5.95%); plus $396 CPP2 (4%)
FHSA annual limit	$8,000	Lifetime limit: $40,000; deductible

RRSP room is generated by salary, not dividends — a key factor in salary vs. dividend planning.

PLANNING

Salary vs. Dividend Comparison

Net after-tax from $1,000 corporate pre-tax income at top Ontario bracket (53.53%).

Salary Route	Amount
Corporate pre-tax income	$1,000
Corporate tax (deductible)	$0
Salary paid	$1,000
Personal tax @ 53.53%	($535)
CPP contribution (est.)	($9)
Net cash to owner	**$456**

Non-Eligible Dividend Route	Amount
Corporate pre-tax income	$1,000
Corporate tax @ 12.2%	($122)
Available for dividend	$878
Gross-up (15%)	$1,010
Personal tax @ 47.74%	($419)
Net cash to owner	**$459**

(a) Assumes corporation has $1,000 available for disbursement. Salary generates RRSP room and CPP; dividends do not.

TAX-FREE

Income Receivable Tax-Free

Ontario resident, single taxpayer with basic personal credit only. 2025 estimates.

Income Type	Tax-Free Amount	Notes
Interest / employment income	~$16,129	Federal basic personal amount
Capital gains	~$32,258	Due to 50% inclusion rate
Eligible dividends	~$74,900	Gross-up + dividend tax credit
Non-eligible dividends	~$36,400	Lower gross-up + credit

(a) Assumes single taxpayer claiming only basic personal amount. Excludes Ontario Health Premium. Actual amounts depend on individual circumstances.

PLANNING

Investment Yield Equivalents

At top Ontario marginal rate (53.53%). Pre-tax yield needed to match the same after-tax return as interest.

Interest Rate	After-Tax	Equiv. Elig. Div.	Equiv. Non-Elig.	Equiv. Cap. Gain
3.00%	1.39%	2.30%	2.67%	1.90%
4.00%	1.86%	3.06%	3.56%	2.54%
5.00%	2.32%	3.83%	4.45%	3.17%
7.00%	3.25%	5.36%	6.22%	4.44%
10.00%	4.65%	7.66%	8.89%	6.34%

After-tax interest = rate × (1 – 53.53%). Equivalent yields show pre-tax amount needed to match the same after-tax return.

THRESHOLDS

Key Planning Thresholds

Threshold	Value	Relevance
OAS clawback begins	~$93,454	15% recovery tax on net income above threshold
TOSI age threshold	Age 18+	Split income taxed at top rate if reasonableness tests not met
21-year deemed disposition	Trust property	Triggers capital gain; plan estate freeze before anniversary
Section 85 election deadline	Filing due date	Late-filed election subject to penalty ($100/month, max $8,000)
CRA prescribed rate	4% (Q1–Q2)	Minimum interest on income-splitting loans
AAII passive income grind	> $50,000	Business limit reduced by $5 for every $1 above $50,000

ESTATE

Ontario Estate Administration Tax (Probate)

A key motivation for estate freezes that reduce the value of assets passing through the estate.

Estate Value	Tax Rate	Notes
First $50,000	$0	No tax on the first $50,000
Above $50,000	$15 per $1,000	1.5% of estate value above $50,000

On a $5M estate, tax is ~$74,250. Assets held jointly, insurance to named beneficiaries, and trust-held assets generally bypass probate.

SALES TAX

Harmonized Sales Tax (Ontario)

Province	GST	PST	HST	Total
Ontario	—	—	13.00%	13.00%
Alberta	5.00%	—	—	5.00%
British Columbia	5.00%	7.00%	—	12.00%
Quebec	5.00%	9.975%	—	14.975%

DATES

Key Tax Dates for 2025

Deadline	Filing & Payment
Jan. 30	Prescribed-rate loan interest due
Feb. 28	T4, T5, T3 slips issued to recipients
March 1	RRSP contribution deadline (2024)
March 31	T3 trust return and balance due
April 30	T1 return and balance due
June 15	T1 self-employed filing deadline
June 30	T2 corporate return (Dec. 31 YE)

Deadline	Planning & Contributions
Quarterly	Instalments: Mar 15, Jun 15, Sep 15, Dec 15
June 30	FHSA contribution deadline
Dec. 31	TFSA contribution deadline
Dec. 31	Tax-loss selling / charitable donations
Dec. 31	Year-end salary vs. dividend planning
21st anniv.	Deemed disposition for family trusts
Ongoing	Estate freeze timing & valuation reviews

Have Questions About Your Situation?

Book a consultation: estatetaxplanning.ca | (647) 812-5177 | info@estatetaxplanning.ca

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