

The following summarizes the personal income tax rate changes and other items for 2017. Please feel free to forward this to any of your colleagues who may find it of interest.

Should you have any questions relating to how the following will affect you and your family, and what can be done to take advantage of these changes, or any other aspect of personal or corporate income taxation please contact one of the members of our tax group at info@ddwca.com or (250) 220-7311.

Personal Income Tax Rates

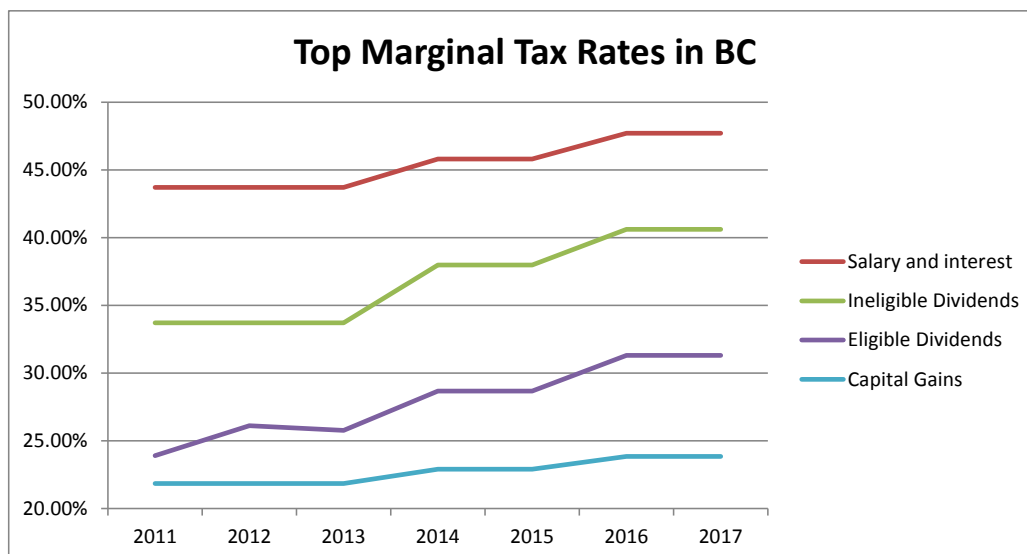
2017 Personal Income Tax Rates

The following table summarizes the 2017 personal income tax rates.

Taxable Income (\$)	Salary & Interest	Ineligible Dividend	Eligible Dividends	Capital Gains
0 to 38,210	20.06%	8.27%	-6.84%	10.03%
38,211 to 45,282	22.70%	11.36%	-3.20%	11.35%
45,283 to 76,421	28.20%	17.79%	4.39%	14.10%
76,421 to 87,741	31.00%	21.07%	8.25%	15.50%
87,742 to 90,563	32.79%	23.16%	10.72%	16.40%
90,563 to 106,543	38.29%	29.60%	18.31%	19.15%
106,543 to 140,388	40.70%	32.42%	21.64%	20.35%
140,389 to 200,000	43.70%	35.93%	25.78%	21.85%
Greater than 200,000	47.70%	40.61%	31.30%	23.85%

History of Top Marginal Tax Rate in British Columbia

The following table summarizes the top marginal tax rates in BC. There has been a steady increase in the top marginal rate over the past seven years:



Personal Income Taxes

Benefit of Income Splitting

Due to the low marginal tax rates and tax credits available on the lower income bracket, if an individual (other than a minor) receives dividend income and no other income that individual may pay no personal income tax.

The following summarizes the amount of dividends that would not incur any personal income taxes and an estimate of the resulting tax savings had the same dividend be earned by a taxpayer in the top tax bracket.

	Ineligible Dividend	Eligible Dividends
Amount of dividend	\$20,732	\$50,122
Potential tax savings	\$8,419	\$15,688

Lifetime Capital Gains Exemption (LCGE)

Each individual is entitled to the LCGE which is an exemption on capital gains of certain qualified property including Qualified Small Business Corporation (QSBC) shares. The amount for 2016 is \$824,176, and will be adjusted for inflation for 2017.

Tax Tip: In order to utilize the LCGE on the sale of a business, the business must be a QSBC. Therefore, proper tax planning should be performed to ensure that the company continually qualifies as a QSBC.

Savings Accounts and Retirement Plans

Tax Free Savings Account (TSFA)

The following table shows the annual contribution limits to TSFA. The contribution limits are indexed for inflation and rounded to the nearest \$500.

	2017	2016
Annual contribution limit	\$5,500	\$5,500

Registered Retirement Savings Plan (RRSP)

The maximum RRSP contribution is 18% of the prior year's earned income for RRSP purposes to a maximum annual contribution limit shown in the following table. If you do not contribute your maximum in a year, any unused RRSP contribution room can be carried forward indefinitely.

	2017	2016
Earned income for maximum contribution limit	\$144,500	\$140,944
Annual contribution limit	\$26,010	\$25,370

Canadian Pension Plan (CPP)

The CPP contribution is calculated as your contributory earnings less a basic exemption of \$3,500.

	2017	2016
Max. contributory earnings	\$55,300	\$54,900
Employees (4.95%)	\$2,564	\$2,544
Self-employed (9.90%)	\$5,128	\$5,088

Old Age Security (OAS)

OAS benefits start in the month following the taxpayers' 65th birthday. For 2017 the annual amount is approximately \$6,800. The amounts are repayable if net income exceeds \$74,789. The repayment is 15% of the excess income. If your income is greater than approximately \$120,000 the full amount of OAS is clawed back.

Tax tip: If your net income is over the \$74,789 clawback threshold and your spouse or common-law partner's net income is below it, consider reviewing income splitting opportunities, such as pension splitting, or methods to reduce your personal net income for tax purposes.