

## Prince Edward Island

### Combined federal and provincial personal income tax rates - 2023<sup>1</sup>

Taxable income			Prince Edward Island				
Lower limit	Upper limit		Basic tax <sup>2</sup>	Rate on excess	Marginal rate on		
					Eligible dividend income <sup>3</sup>	Other dividend income <sup>3</sup>	Capital gains <sup>4</sup>
\$ -	to	\$ 15,000	\$ -	0.00%	0.00%	0.00%	0.00%
15,001	to	16,321	-	15.00%	0.00%	6.87%	7.50%
16,322	to	20,750	198	24.80%	0.00%	16.64%	12.40%
20,751	to	27,750 <sup>5</sup>	1,297	29.80%	5.93%	22.39%	14.90%
27,751	to	31,984	3,383	24.80%	0.00%	16.64%	12.40%
31,985	to	53,359	4,433	28.80%	4.55%	21.24%	14.40%
53,360	to	63,969	10,589	34.30%	12.12%	27.56%	17.15%
63,970	to	101,102	14,228	37.20%	16.12%	30.90%	18.60%
101,103	to	106,717	28,041	38.87%	16.97%	32.67%	19.44%
106,718	to	165,430	30,224	44.37%	24.56%	38.99%	22.19%
165,431	to	235,675 <sup>6</sup>	56,275	47.69%	29.14%	42.80%	23.84%
235,676	and up		89,772	51.37%	34.22%	47.04%	25.69%

1. The tax rates include the provincial surtax and reflect budget proposals and news releases to June 1, 2023. Where the tax is determined under the alternative minimum tax provisions (AMT), the above table is not applicable. AMT may be applicable where the tax otherwise payable is less than the tax determined by applying the relevant AMT rate to the individual's taxable income adjusted for certain preference items.
2. The tax determined by the table should be reduced by the applicable federal and provincial tax credits (see chart below), other than the basic personal tax credits, which have been reflected in the calculations (see Note 6 below).
3. The rates apply to the actual amount of taxable dividends received from taxable Canadian corporations. Eligible dividends are those paid by public corporations and private companies out of earnings that have been taxed at the general corporate tax rate (the dividend must be designated by the payor corporation as an eligible dividend). Where the dividend tax credit exceeds the federal and provincial tax otherwise payable on the dividends, the rates do not reflect the value of the excess credit that may be used to offset taxes payable from other sources of income. This assumption is consistent with prior year rates. Where applicable, the provincial surtax has been applied after deducting the dividend tax credit.
4. The rates apply to the actual amount of the capital gain. The capital gains exemption on qualified farm and fishing property and small business corporation shares may apply to eliminate the tax on those specific properties.
5. Individuals resident in Prince Edward Island on December 31, 2023 with taxable income up to \$16,321 pay no provincial income tax as a result of a low-income tax reduction. The low-income tax reduction is clawed back for income in excess of \$20,750 until the reduction is eliminated, resulting in an additional 5% of provincial tax on income between \$20,751 and \$27,750.
6. The federal basic personal amount comprises two elements: the base amount (\$13,520 for 2023) and an additional amount (\$1,480 for 2023). The additional amount is reduced for individuals with net income in excess of \$165,430 and is fully eliminated for individuals with net income in excess of \$235,675. Consequently, the additional amount is clawed back on net income in excess of \$165,430 until the additional tax credit of \$222 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$165,431 and \$235,675.

A chart of the most common non-refundable tax credits is available on the next page

## Prince Edward Island

### Federal and provincial personal tax credits - 2023<sup>1</sup>

	Federal credit	Provincial credit <sup>2</sup>
Amount of credits:		
Basic personal credit (see notes 2 and 6 above) <sup>3,4</sup>	\$ 2,028	\$ 1,374
Spousal credit (reduced when spouse's income over \$0 (federal) and \$1,083 (provincial)) <sup>3,4</sup>	2,028	1,167
Equivalent-to-spouse credit (reduced when dependant's income over \$0 (federal) and \$1,083 (provincial)) <sup>3,4</sup>	2,028	1,167
Infirm dependant aged 18 or over (reduced when dependant's income over \$4,966 (provincial))	-	264
Caregiver credit (reduced when particular person's income exceeds \$18,783 (federal) and \$11,953 (provincial))	1,200	264
Age credit (65 and over) <sup>5</sup>	1,259	459
Disability credit <sup>6</sup>	1,414	743
Pension income (maximum)	300	108
Education amount - per month	-	43
Canada employment credit	205	-
Child fitness and arts credits <sup>7</sup>	-	54
Credits as a percentage of:		
Tuition fees	15.00%	10.78%
Medical expenses <sup>8</sup>	15.00%	10.78%
Charitable donations		
- First \$200	15.00%	10.78%
- Remainder <sup>9</sup>	29% / 33%	18.37%
CPP contributions <sup>10</sup>	15.00%	10.78%
EI premiums	15.00%	10.78%

1. This table lists the most common non-refundable tax credits; other non-refundable and refundable credits may be available.
2. The tax value of each provincial credit includes the reduction in provincial surtax as it would apply to taxpayers in the highest tax bracket (except the age credit).
3. The federal tax value of the basic personal credit, the spousal credit and the equivalent-to-spouse credit represents the amount available to taxpayers in the highest tax bracket. An additional amount may be available for individuals with net income below \$235,675 (see Note 6 to the chart above).
4. A federal caregiver tax credit of \$375 may be available in respect of a spouse, dependant or child who is dependent on the individual by reason of mental or physical infirmity.
5. The maximum federal age credit of \$1,259 occurs at \$42,335 of net income and declines to nil as net income rises to \$98,309. The maximum provincial age credit of \$459 occurs at \$30,879 of net income and declines to nil as net income rises to \$62,072.
6. A federal supplement of \$825 is available for an individual who is under 18 years of age, reduced by the total child care and attendant care expenses claimed for the individual in excess of \$3,221. A provincial supplement of \$433 is available for an individual who is under 18 years of age, reduced for the total child care and attendant care expenses claimed for the individual in excess of \$2,354.
7. The children's wellness credit may be available for eligible expenses paid in respect of a child under 18 years of age.
8. The federal credit applies to eligible medical expenses that exceed the lesser of \$2,635 and 3% of net income. The provincial credit applies to eligible medical expenses that exceed the lesser of \$1,678 and 3% of net income.
9. The federal tax credit rate of 33% applies to charitable donations in excess of \$200 to the extent the individual has taxable income in excess of \$235,675; otherwise, a federal tax credit rate of 29% applies.
10. One-half of CPP paid by self-employed individuals is deductible in computing taxable income.