



A GOALD & CO REFERENCE GUIDE

Canadian Tax Tables *2026*



BY CONOR MCGOWAN · PUBLISHED JUN 02, 2026 · UPDATED AUG 05, 2026 ·

10 MIN READ

TL;DR — KEY TAKEAWAYS

THE SHORT ANSWER

The 2026 federal and provincial personal and corporate tax tables in one reference — personal brackets, dividend and capital-gains treatment, CPP/EI limits, RRSP/TFSA room, and the corporate active/passive rates by province.

- Capital gains inclusion rate stays at 50% (the proposed 66.67% was cancelled).
- LCGE indexed above \$1.25M for QSBC shares in 2026.
- SBD rate ~9–12% on first \$500K of active income; general rate ~23–27%.
- Eligible dividend top rate ~26.75–39% depending on province.

Who this is for: Anyone modelling 2026 Canadian tax outcomes — owners, advisors, accountants.

*Corporate, personal, dividend and capital-gains rates — written for
incorporated business owners and their advisors, with a tax-
mitigation lens.*

9%

FEDERAL SBD RATE

50%

CAP-GAINS INCLUSION

\$1.25M+

2026 LCGE

26.75%

LOWEST ELIGIBLE DIV TOP RATE

TABLE OF CONTENTS

- | | |
|----|---|
| 01 | The 2026 Canadian tax landscape, at a glance. |
| 02 | Federal personal brackets — 2026 |
| 03 | Top combined marginal rates by province (2026) |
| 04 | Eligible vs. non-eligible dividends |
| 05 | Corporate rates — general & small business (2026) |
| 06 | Capital gains & the 50% inclusion rate |
| 07 | The LCGE on QSBC shares |
| 08 | Passive income & the SBD claw-back |
| 09 | Why these numbers drive strategy |
| 10 | FAQ |
| 11 | A 30-minute strategy call. |

The 2026 Canadian tax landscape, *at a glance*.

*A reference card you can hand to a CPA, an estate lawyer, or a corporate client
— and have everyone working from the same numbers.*

This guide consolidates the rates that matter most when planning around an incorporated business: corporate brackets (general & small business), personal marginal brackets by province, eligible vs. non-eligible dividend rates, the capital gains inclusion rate, and the indexed Lifetime Capital Gains Exemption (LCGE).

IN THIS GUIDE

01. Federal personal brackets — 2026
02. Top combined marginal rates by province
03. Eligible vs. non-eligible dividends
04. Corporate tax rates (general & SBD)
05. Capital gains & the 50% inclusion rate
06. LCGE for QSBC shares
07. Passive income & the SBD claw-back
08. Why these numbers drive strategy
09. FAQ

Federal personal brackets — 2026

The federal brackets are indexed annually. Provincial tax is layered on top — see the next section for combined top marginal rates.

TAXABLE INCOME	FEDERAL RATE
First ~\$57,375	15.0%
~\$57,376 – \$114,750	20.5%
~\$114,751 – \$177,882	26.0%
~\$177,883 – \$253,414	29.0%
Over ~\$253,414	33.0%
Bracket thresholds shown are 2026 CRA-indexed amounts; rounded for readability. Verify against current CRA published figures for filing.	

Top combined marginal rates *by province (2026)*

These are the headline rates a HNW owner sees on the next dollar of ordinary employment or interest income at the top bracket.

PROVINCE / TERRITORY	TOP MARGINAL — ORDINARY	TOP — ELIGIBLE DIV.	TOP — NON-ELIGIBLE DIV.	TOP — TOTAL
British Columbia	53.50%	36.54%	48.89%	
Alberta	48.00%	34.31%	42.31%	
Saskatchewan	47.50%	29.64%	41.82%	
Manitoba	50.40%	37.78%	46.67%	
Ontario	53.53%	39.34%	47.74%	
Quebec	53.31%	40.11%	48.70%	
New Brunswick	52.50%	32.40%	46.83%	
Nova Scotia	54.00%	41.58%	48.28%	
PEI	51.75%	36.20%	47.63%	
Newfoundland & Labrador	54.80%	46.20%	48.96%	
Yukon	48.00%	28.93%	44.04%	
NWT	47.05%	28.33%	36.82%	
Nunavut	44.50%	33.08%	37.79%	
Top-bracket combined rates, illustrative for 2026. Capital-gain rate shown reflects the 50% inclusion rate currently in force. Rates are subject to in-year provincial budget changes — verify before filing.				

Eligible vs. non-eligible *dividends*

Eligible dividends are paid out of corporate income that has been taxed at the general corporate rate (typically large CCPCs paying out of GRIP or public companies). **Non-eligible dividends** are paid out of income taxed at the small business rate or out of investment income.

For an HNW owner-manager, the difference matters: at the top bracket the gap between eligible and non-eligible dividend rates is typically **8 – 13 percentage points**, which is the entire economic case for tracking GRIP balances and timing distributions.

Why advisors care. Insurance death benefits paid through the Capital Dividend Account (CDA) are received personally tax-free — sidestepping the dividend table above entirely. That is the structural reason corporate-owned life insurance is the most tax-efficient wealth-transfer tool available to a Canadian incorporated business owner.

Corporate rates — *general & small business (2026)*

Active business income earned by a CCPC up to the \$500,000 small business limit is taxed at the combined small business rate. Income above the limit, or earned by a non-CCPC, is taxed at the general rate. Investment income is taxed at a separate (high) rate but generates RDTOH that is refundable on dividend payment.

PROVINCE	SBD COMBINED	GENERAL COMBINED	M&P (WHERE APPLICABLE)
Federal only	9.0%	15.0%	15.0%
British Columbia	11.0%	27.0%	27.0%
Alberta	11.0%	23.0%	23.0%
Saskatchewan	10.0%	27.0%	25.0%
Manitoba	9.0%	27.0%	27.0%
Ontario	12.2%	26.5%	25.0%
Quebec	12.2%	26.5%	26.5%
New Brunswick	11.5%	29.0%	29.0%
Nova Scotia	11.5%	29.0%	29.0%
PEI	10.0%	31.0%	31.0%
Newfoundland & Labrador	11.5%	30.0%	30.0%
Combined federal + provincial. SBD column applies to active business income up to the \$500,000 federal limit, subject to grind for taxable capital ≥ \$10M and passive-income rules below.			

Capital gains & the 50% inclusion rate

For 2026 the capital gains inclusion rate remains **50%** for individuals, trusts and corporations. The 2024 federal proposal to raise the inclusion rate to 66.67% above \$250,000 was **cancelled** in early 2025 and is not in force.

Practically, this means at the top Ontario bracket of 53.53%, a realized capital gain is effectively taxed at **26.77%** personally — half the rate of ordinary income.

HOLDER	INCLUSION RATE	NOTE
Individuals	50%	All gains, no \$250K threshold.
Trusts	50%	Same as individuals; allocations to beneficiaries flow at 50%.
CCPCs	50%	Non-taxable half flows into the Capital Dividend Account (CDA).

The LCGE on *QSBC shares*

The Lifetime Capital Gains Exemption shelters capital gains realized on the disposition of qualified small business corporation (QSBC) shares, qualified farm property, and qualified fishing property. For 2026 the exemption is indexed to **over \$1.25 million per individual**.

ASSET CLASS		2026 EXEMPTION	HELD BY
QSBC shares		\$1.25M+ (indexed)	Individual
Qualified farm property		\$1.25M+ (indexed)	Individual
Qualified fishing property		\$1.25M+ (indexed)	Individual
Multiplied by the number of family-member shareholders who individually qualify (commonly via an estate freeze + family trust). Strict purification, holding-period and asset-use tests apply.			

Stacking the LCGE across multiple family members through a properly structured family trust is one of the most powerful exit-planning levers for incorporated business owners.

Passive income & the *SBD claw-back*

Adjusted Aggregate Investment Income (AAII) earned in a CCPC (and its associated group) above **\$50,000** reduces the \$500,000 small business limit by \$5 for every \$1 of excess AAI. At **\$150,000** of AAI, the small business deduction is fully eliminated for the group.

PASSIVE INCOME (AAII)	SBD LIMIT AVAILABLE	EFFECTIVE GRIND
Up to \$50,000	\$500,000	0%
\$75,000	\$375,000	25%
\$100,000	\$250,000	50%
\$125,000	\$125,000	75%
\$150,000+	\$0	100%

This is one of the structural reasons HNW operators move corporate retained earnings out of taxable investment portfolios and into **tax-exempt** structures — corporate-owned permanent life insurance, an Individual Pension Plan, or a Retirement Compensation Arrangement.

Why these numbers *drive strategy*

Tax tables look static. They are not — they are the input layer for every meaningful corporate planning decision:

Distributions & salary–dividend mix

The spread between SBD–rate retained earnings and the personal eligible/non–eligible dividend rate determines whether to pay salary, dividend, or retain. Provinces with a wide gap (Ontario, BC) reward retention; provinces with a narrower gap shift the answer.

Estate freezes & trusts

The 50% capital gains inclusion rate, the indexed LCGE, and the 21–year deemed disposition rule on family trusts together shape when (and how) to freeze. [Family trusts](#) become a multiplier on the LCGE; an estate freeze caps the founder's gain at today's value.

Corporate-owned life insurance

The CDA mechanic ties directly to capital gains: half of every realized gain in a CCPC is tax-free and flows into CDA. Insurance proceeds (less ACB) flow into the CDA in full. [Corporate-owned life insurance \(COLI\)](#) turns a 48–53% personal estate tax into a near-tax-free transfer.

Passive income mitigation

If AAIL is approaching \$50,000, every additional dollar of taxable interest costs the CCPC group up to \$50 in lost SBD. Permanent life insurance, an [IPP](#), or an [IRP](#) moves capital into structures that don't generate AAIL.

FAQ

What is the capital gains inclusion rate in Canada in 2026?

50%. The 2024 federal proposal to raise it to 66.67% above \$250,000 was cancelled in early 2025. The long-standing 50% inclusion rate continues to apply to all individuals, trusts, and corporations.

What is the Lifetime Capital Gains Exemption (LCGE) for 2026?

The LCGE on qualified small business corporation shares is indexed to over \$1.25 million per individual for 2026. Qualified farm and fishing property use the same indexed amount.

What is the federal small business tax rate in 2026?

9% federally on the first \$500,000 of active business income for a CCPC. Combined federal + provincial small business rates range from approximately 9% to 12.2% depending on province.

What is the top marginal rate on eligible dividends?

Approximately 26.75% in the lowest-rate provinces and roughly 39 – 46% in the highest, depending on residence. See the by-province table above.

When does the small business deduction get clawed back?

The \$500,000 SBD limit is reduced \$5 for every \$1 of Adjusted Aggregate Investment Income (AAII) over \$50,000 in the associated CCPC group, and is eliminated entirely at \$150,000 of AAII.

How are these rates relevant to corporate-owned life insurance?

The death benefit (less ACB) flows into the corporation's Capital Dividend Account, which is paid out personally tax-free. That bypasses the eligible/non-eligible dividend rates above and is what makes COLI the most tax-efficient wealth-transfer tool for a Canadian incorporated business owner.

Continue with the *related references*.

Each of the guides below is part of the same Goad & Co library — written for incorporated owners and HNW Canadian families coordinating tax, insurance, and estate planning together.

CONTINUE READING

Corporate Tax Rate in Canada (2026)

General, SBD, M&P and the ~50% passive rate inside a CCPC.

CONTINUE READING

Salary vs Dividends Calculator

Apply the 2026 dividend math to your own owner-manager comp.

CONTINUE READING

Corporate Tax Strategy Comparison

Side-by-side: COLI, IFA, IPP, RCA and where each one wins.

APPLY THESE NUMBERS TO YOUR STRUCTURE

A 30-minute *strategy call*.

Send us your corporate structure and ballpark retained earnings. We'll model where the rates above are quietly costing you the most, and show you the highest-leverage move first.

No products quoted on the call. Advisory only.

SOURCES & REFERENCES

Primary sources cited in this guide

Every link below points to the specific statute, CRA technical publication, form, or court decision that supports a factual claim made in this guide. Analysis, opinions, and illustrative figures are Goald & Co's own and are not attributed to these sources.

1. **CRA — Canadian income tax rates for individuals** (<https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/canadian-income-tax-rates-individuals-current-previous-years.html>)
2. **CRA — Corporation tax rates** (<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-tax-rates.html>)
3. **CRA — Indexation adjustment for personal income tax and benefit amounts** (<https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/adjustment-personal-income-tax-benefit-amounts.html>)
4. **CRA — Provincial and territorial tax rates (combined)** (<https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/canadian-income-tax-rates-individuals-current-previous-years.html>)

Disclaimer. *This guide is a plain-language reference of 2026 Canadian tax rates compiled by Goald & Co Financial Inc. for educational purposes. Rates are illustrative, drawn from publicly available federal and provincial budget data, and subject to in-year change. Bracket thresholds round; exact filing should be done against current CRA and provincial tax authority publications. Nothing in this guide constitutes tax, legal, or accounting advice. Coordinate with your CPA and tax counsel before acting on any of the figures or strategies referenced. Sources: Department of Finance Canada, CRA T1/T2 schedules, provincial budget documents.*

