Corporate and personal **tax integration**

Current as of March 1, 2025, the following tables demonstrate the tax cost (or savings) and the tax deferral advantage of incorporating and earning different types of income when compared to earning income personally or receiving wages, assuming the individual is taxed at the highest marginal tax rate.

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The following two tables focus on dividend income earned from a Canadian-Controlled Private Corporation (CCPC) when compared to earning dividend income personally or receiving wages.

Active Business Income (ABI) eligible for the Small Business Deduction (SBD) in 2025

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Corporate tax	($1,100)	($1,100)	($900)	($1,150)	($1,150)	($1,075)	($1,100)	($1,200)	($1,220)	($1,000)	($1,220)	($1,000)	($900)
Available for distribution	$8,900	$8,900	$9,100	$8,850	$8,850	$8,925	$8,900	$8,800	$8,780	$9,000	$8,780	$9,000	$9,100
Tax payable by individual	($3,765)	($4,351)	($4,247)	($4,144)	($4,333)	($4,309)	($3,277)	($3,325)	($4,192)	($4,313)	($4,276)	($3,721)	($4,008)
Net cash to individual	$5,135	$4,549	$4,853	$4,706	$4,517	$4,616	$5,623	$5,475	$4,588	$4,687	$4,504	$5,279	$5,092
Income earned directly by individual													
Personal income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Personal tax	($4,800)	($5,350)	($5,040)	($5,250)	($5,480)	($5,400)	($4,705)	($4,450)	($5,353)	($5,200)	($5,331)	($4,750)	($4,800)
Net cash to individual	$5,200	$4,650	$4,960	$4,750	$4,520	$4,600	$5,295	$5,550	$4,647	$4,800	$4,670	$5,250	$5,200
Summary													
Tax savings (cost) of incorporation	($65)	($101)	($107)	($44)	($3)	$16	$328	($75)	($59)	($113)	($165)	$29	($108)
Tax deferral (prepayment)	$3,700	$4,250	$4,140	$4,100	$4,330	$4,325	$3,605	$3,250	$4,133	$4,200	$4,110	$3,750	$3,900

Active Business Income (ABI) not eligible for the Small Business Deduction (SBD) in 2025

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Corporate tax	($2,300)	($2,700)	($2,700)	($2,900)	($3,000)	($2,900)	($2,650)	($2,700)	($2,650)	($3,100)	($2,650)	($2,700)	($2,700)
Available for distribution	$7,700	$7,300	$7,300	$7,100	$7,000	$7,100	$7,350	$7,300	$7,350	$6,900	$7,350	$7,300	$7,300
Tax payable by individual	($2,682)	($2,680)	($2,767)	($2,301)	($3,234)	($2,952)	($2,095)	($2,419)	($2,904)	($2,521)	($2,961)	($2,176)	($2,127)
Net cash to individual	$5,018	$4,620	$4,533	$4,799	$3,766	$4,148	$5,255	$4,881	$4,446	$4,379	$4,389	$5,124	$5,173
Income earned directly by individual													
Personal income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Personal tax	($4,800)	($5,350)	($5,040)	($5,250)	($5,480)	($5,400)	($4,705)	($4,450)	($5,353)	($5,200)	($5,331)	($4,750)	($4,800)
Net cash to individual	$5,200	$4,650	$4,960	$4,750	$4,520	$4,600	$5,295	$5,550	$4,647	$4,800	$4,670	$5,250	$5,200
Summary													
Tax savings (cost) of incorporation	($182)	($30)	($427)	$49	($754)	($452)	($40)	($669)	($201)	($421)	($280)	($126)	($27)
Tax deferral (prepayment)	$2,500	$2,650	$2,340	$2,350	$2,480	$2,500	$2,055	$1,750	$2,703	$2,100	$2,680	$2,050	$2,100

Source: Tax Templates Inc.

The following table compares income earned from M&P, above the small business limit, through a CCPC when compared to earning income personally or receiving wages.

Manufacturing and Processing (M&P) income in 2025

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Corporate tax	($2,300)	($2,700)	($2,700)	($2,900)	($3,000)	($2,900)	($2,650)	($2,700)	($2,500)	($3,100)	($2,650)	($2,500)	($1,750)
Available for distribution	$7,700	$7,300	$7,300	$7,100	$7,000	$7,100	$7,350	$7,300	$7,500	$6,900	$7,350	$7,500	$8,250
Tax payable by individual	($2,682)	($2,680)	($2,767)	($2,301)	($3,234)	($2,952)	($2,095)	($2,419)	($2,976)	($2,521)	($2,961)	($2,258)	($2,545)
Net cash to individual	$5,018	$4,620	$4,533	$4,799	$3,766	$4,148	$5,255	$4,881	$4,524	$4,379	$4,389	$5,242	$5,705
Income earned directly by individual													
Personal income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Personal tax	($4,800)	($5,350)	($5,040)	($5,250)	($5,480)	($5,400)	($4,705)	($4,450)	($5,353)	($5,200)	($5,331)	($4,750)	($4,800)
Net cash to individual	$5,200	$4,650	$4,960	$4,750	$4,520	$4,600	$5,295	$5,550	$4,647	$4,800	$4,670	$5,250	$5,200
Summary													
Tax savings (cost) of incorporation	($182)	($30)	($427)	$49	($754)	($452)	($40)	($669)	($123)	($421)	($280)	($8)	$505
Tax deferral (prepayment)	$2,500	$2,650	$2,340	$2,350	$2,480	$2,500	$2,055	$1,750	$2,853	$2,100	$2,680	$2,250	$3,050

The following table compares income earned from other investment income through a CCPC when compared to earning income personally or receiving wages.

Other Canadian investment income in 2025 (excluding capital gains)

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Corporate tax	($1,600)	($2,000)	($2,000)	($2,200)	($2,300)	($2,200)	($1,950)	($2,000)	($1,950)	($2,400)	($1,950)	($2,000)	($2,000)
Available for distribution	$8,400	$8,000	$8,000	$7,675	$7,513	$7,675	$8,050	$8,000	$8,050	$7,351	$8,050	$8,000	$8,000
Tax payable by individual	($3,554)	($3,911)	($3,734)	($3,594)	($3,678)	($3,706)	($2,964)	($3,023)	($3,843)	($3,523)	($3,920)	($3,307)	($3,524)
Net cash to individual	$4,846	$4,089	$4,266	$4,081	$3,835	$3,970	$5,085	$4,977	$4,207	$3,828	$4,130	$4,692	$4,476
Income earned directly by individual													
Personal income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Personal tax	($4,800)	($5,350)	($5,040)	($5,250)	($5,480)	($5,400)	($4,705)	($4,450)	($5,353)	($5,200)	($5,331)	($4,750)	($4,800)
Net cash to individual	$5,200	$4,650	$4,960	$4,750	$4,520	$4,600	$5,295	$5,550	$4,647	$4,800	$4,670	$5,250	$5,200
Summary													
Tax savings (cost) of incorporation	($354)	($561)	($694)	($669)	($685)	($630)	($210)	($573)	($440)	($972)	($540)	($558)	($724)
Tax deferral (prepayment)	$133	$283	($27)	($17)	$113	$133	($312)	($617)	$336	($267)	$314	($317)	($267)

Source: Tax Templates Inc.

The following table compares income earned from capital gains through a CCPC when compared to earning income personally or receiving wages.

Capital gains in 2025

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Corporate tax	($800)	($1,000)	($1,000)	($1,100)	($1,150)	($1,100)	($975)	($1,000)	($975)	($1,600)	($975)	($1,000)	($1,000)
Available for distribution	$9,200	$9,000	$9,000	$8,838	$8,757	$8,838	$9,025	$9,000	$9,025	$8,676	$9,025	$9,000	$9,000
Tax payable by individual	($1,177)	($1,955)	($1,867)	($1,797)	($1,839)	($1,853)	($1,482)	($1,512)	($1,922)	($1,761)	($1,960)	($1,654)	($1,762)
Net cash to individual	$7,423	$7,045	$7,133	$7,041	$6,918	$6,985	$7,534	$7,489	$7,104	$6,915	$7,065	$7,347	$7,239

Income earned directly by individual													
Personal income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Personal tax	($2,400)	($2,675)	($2,520)	($2,625)	($2,740)	($2,700)	($2,353)	($2,225)	($2,676)	($2,600)	($2,665)	($2,375)	($2,400)
Net cash to individual	$7,600	$7,325	$7,480	$7,375	$7,260	$7,300	$7,648	$7,775	$7,324	$7,400	$7,335	$7,625	$7,600

Summary													
Tax savings (cost) of incorporation	($177)	($280)	($347)	($334)	($342)	($315)	($104)	($286)	($220)	($485)	($269)	($278)	($361)
Tax deferral (prepayment)	$67	$142	($13)	($8)	$57	$67	($156)	($308)	$168	($133)	$157	($158)	($133)

Source: Tax Templates Inc.

The following two tables compare income earned from dividends through a CCPC (holding company) when compared to earning income personally or receiving wages.

Eligible dividends in 2025

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Corporate tax	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Available for distribution	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Tax payable by individual	($3,431)	($3,654)	($3,778)	($3,240)	($4,620)	($4,158)	($2,833)	($3,308)	($3,934)	($3,654)	($4,011)	($2,964)	($2,893)
Net cash to individual	$6,570	$6,346	$6,222	$6,760	$5,380	$5,842	$7,167	$6,692	$6,066	$6,346	$5,990	$7,036	$7,108
Income earned directly by individual													
Personal income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Personal tax	($3,431)	($3,654)	($3,778)	($3,240)	($4,620)	($4,158)	($2,833)	($3,308)	($3,934)	($3,654)	($4,011)	($2,964)	($2,893)
Net cash to individual	$6,569	$6,346	$6,222	$6,760	$5,380	$5,842	$7,167	$6,692	$6,066	$6,346	$5,989	$7,036	$7,107
Summary													
Tax savings (cost) of incorporation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tax deferral (prepayment)	($403)	($179)	($55)	($593)	$787	$325	($1,000)	($525)	$101	($179)	$177	($869)	($941)

Non-eligible dividends in 2025

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Corporate tax	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Available for distribution	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Tax payable by individual	($4,231)	($4,889)	($4,667)	($4,683)	($4,896)	($4,828)	($3,682)	($3,779)	($4,774)	($4,792)	($4,870)	($4,134)	($4,404)
Net cash to individual	$5,769	$5,112	$5,333	$5,318	$5,105	$5,173	$6,318	$6,221	$5,226	$5,208	$5,131	$5,866	$5,596
Income earned directly by individual													
Personal income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Personal tax	($4,231)	($4,889)	($4,667)	($4,683)	($4,896)	($4,828)	($3,682)	($3,779)	($4,774)	($4,792)	($4,870)	($4,134)	($4,404)
Net cash to individual	$5,769	$5,111	$5,333	$5,317	$5,104	$5,172	$6,318	$6,221	$5,226	$5,208	$5,130	$5,866	$5,596
Summary													
Tax savings (cost) of incorporation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tax deferral (prepayment)	$398	$1,055	$834	$849	$1,062	$994	($151)	($54)	$941	$959	$1,036	$301	$571

Source: Tax Templates Inc.

The following table compares income earned from foreign income through a CCPC when compared to earning income personally or receiving wages.

Foreign income in 2025

Income earned through a corporation	AB	BC	MB	NB	NL	NS	NT	NU	ON	PE	QC	SK	YT
Corporate income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Corporate tax	($1,290)	($1,690)	($1,690)	($1,890)	($1,990)	($1,890)	($1,640)	($1,690)	($1,640)	($2,090)	($1,640)	($1,690)	($1,690)
Available for distribution	$7,210	$6,810	$6,810	$6,610	$6,510	$6,610	$6,860	$6,810	$6,860	$6,410	$6,860	$6,810	$6,810
Tax payable by individual	($3,051)	($3,329)	($3,179)	($3,095)	($3,187)	($3,191)	($2,526)	($2,574)	($3,275)	($3,072)	($3,341)	($2,816)	($3,000)
Net cash to individual	$4,159	$3,481	$3,631	$3,515	$3,323	$3,419	$4,334	$4,236	$3,585	$3,338	$3,519	$3,994	$3,810
Income earned directly by individual													
Personal income	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Personal tax	($4,800)	($5,350)	($5,040)	($5,250)	($5,480)	($5,400)	($4,705)	($4,450)	($5,353)	($5,200)	($5,331)	($4,750)	($4,800)
Net cash to individual	$5,200	$4,650	$4,960	$4,750	$4,520	$4,600	$5,295	$5,550	$4,647	$4,800	$4,670	$5,250	$5,200
Summary													
Tax savings (cost) of incorporation	($1,041)	($1,169)	($1,329)	($1,235)	($1,197)	($1,181)	($961)	($1,314)	($1,062)	($1,462)	($1,150)	($1,256)	($1,390)
Tax deferral (prepayment)	$133	$283	($27)	($17)	$113	$133	($312)	($617)	$336	($267)	$314	($317)	($267)

Source: Tax Templates Inc.

Assumptions

- The individual and corporation reside in the same province.
- The individual shareholder is taxed at the highest marginal tax rate.
- The corporation is a Canadian-Controlled Private Corporation (CCPC) with a taxation year that begins on Jan. 1 and ends on Dec. 31.
- Eligible dividends are assumed to be paid up to General Rate Income Pool (GRIP) generated from the income. The balance is assumed to be paid by non-eligible dividends (where applicable).

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