

Marmer Penner Newsletter

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Income Tax Rates for Top Marginal Rate Ontario Taxpayers

The March/April 1998 newsletter (Vol. 1, No. 7) listed the top marginal income tax rates for residents of Ontario from 1972 to 1997. With the recent victory of the ruling Conservatives in Ontario, it appears that the 1999 Ontario Budget will be passed into law with further income tax cuts proposed for the 1999 and 2000 personal taxation years.

Readers may recall that the 1999 Federal Budget reduced the general surtax from 3% to 1.5% with another 1.5% reduction scheduled for 2000.

The attached schedule updates the top marginal rates of taxation to 2000 as they apply to dividends, capital gains and other income.

Most of the tax reduction from the 53.19% paid in 1995 to the 47.87% scheduled for 2000 is due to provincial income tax cuts in Ontario.

It should be noted that until 1995, self-employed individuals paid Employer Health Tax ("EHT") at a marginal rate of 1.95% on income in excess of \$200,000. With the elimination of the EHT for self-employed individuals, the high rate

self-employed Ontario taxpayer has seen the rate drop by 7.27% between 1995 and 2000.

For the first time since 1989, the top marginal rate for general income earned by a resident of Ontario will be below 48%.

This newsletter is intended to highlight areas where professional assistance may be required. It is not intended to substitute for proper professional planning. The professionals at Marmer Penner will be pleased to assist you with any matters that arise.