

## FEBRUARY 17, 2009 B.C. BUDGET TAX HIGHLIGHTS

The highlights of the **proposed** tax changes from the recent B.C. provincial budget are outlined below.

*The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. Please contact our tax group if you have any questions on the impact of these proposed changes.*

### **INDIVIDUALS**

#### **Dividend Tax Credit**

- The combined top federal and B.C. personal income tax rate on non-eligible dividends will increase from 32.71% in 2009 to 33.71% in 2010. The increase will maintain integration between the corporate and personal income tax rates due to the December 1, 2008 reduction in the B.C. small business corporate income tax rate from 3.5% to 2.5%.

#### **BC Mining Flow-Through Share Tax Credit**

- The 20% B.C. Mining Flow-Through Share Tax Credit is extended by one year for flow through share agreements entered into on or before December 31, 2009. Under the one-year look back rule, companies will have until December 31, 2010 to incur eligible expenditures in B.C.

### **BUSINESS**

#### **Corporate Income Tax Rates**

- The budget confirms the 2008 proposal to reduce the B.C. general corporate income tax rate from 11% to 10.5% effective January 1, 2010, and to 10% effective January 1, 2011.
- As previously announced, the B.C. small business corporate income tax rate is reduced from 3.5% to 2.5% effective December 1, 2008.

<b>Federal and B.C. Combined Corporate Income Tax Rates</b>					
<b>Calendar Year Ended</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Active Income	31.00%	30.00%	28.50%	26.50%	25.00%
Small Business Active Income	14.92%	13.50%	13.50%	13.50%	13.50%

