

Sample Tax Information¹

Taxes & Investment Income

Three Types of Investment Income

The type of income produced by the investments in your portfolio affects how much you pay in tax on that income.



INTEREST

Earned on investments such as treasury bills, GICs and bonds.

TAX TREATMENT

Interest is fully taxable at the same marginal tax rate as ordinary income.



DIVIDENDS

Paid as a portion of the after-tax profits made from a Canadian public company of whose stock you own.

TAX TREATMENT

Eligible dividends receive preferential tax treatment through the dividend tax credit.



CAPITAL GAINS

When an investment is sold, any profits on the investment (sales price less the original investment cost) are realized capital gains.

TAX TREATMENT

Capital gains receive preferential tax treatment as only 50% of a capital gain is taxable.

TAXES ON \$10,000 OF INVESTMENT INCOME - British Columbia

This chart illustrates how much tax you would pay and how much you would keep if you had \$10,000 of investment income in interest, dividends and capital gains.

Income Type	Tax Paid	Amount Kept
INTEREST	\$3,829	\$6,171
DIVIDENDS	\$1,555	\$8,445
CAPITAL GAINS	\$1,915	\$8,085

Assumptions: Scenario illustrates a British Columbia resident with \$100,000 of taxable income. Calculations use marginal tax rates as of January 2021. Rates take all federal and provincial taxes, surtaxes, and the basic personal tax credit into account.

¹ Note: This is a Canadian Sample for Tax Information.

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