

## APPENDIX

*Paying a bonus versus a paying dividend when corporate income is less than \$500,000 (EHT is not applicable)*

	<u>Bonus</u>	<u>Dividend</u>
Corporate income	\$ 100,000	\$ 100,000
Bonus	\$ (100,000)	-
	\$ -	\$ 100,000
Corporate taxes	\$ -	\$ (13,500)
Corporate net income	\$ -	\$ 86,500
Personal income – bonus	\$ 100,000	
Personal income – dividend		\$ 86,500
Personal taxes (Note)	\$ (53,530)	\$ (40,517)
Net amount retained	\$ 46,470	\$ 45,983

Note – assumes the individual is in the highest marginal tax rate in Ontario and that CPP and EI has already been maximized.

*Paying a bonus versus a paying dividend when corporate income is less than \$500,000 (EHT is applicable)*

	<u>Bonus</u>	<u>Dividend</u>
Corporate income	\$ 100,000	\$ 100,000
Bonus	\$ (98,522)	-
EHT	\$ (1,478)	-
	\$ -	\$ 100,000
Corporate taxes	\$ -	\$ (13,500)
Corporate net income	\$ -	\$ 86,500
Personal income – bonus	\$ 98,522	
Personal income – dividend		\$ 86,500
Personal taxes (Note)	\$ (52,739)	\$ (40,517)
Net amount retained	\$ 45,783	\$ 45,983

Note – assumes the individual is in the highest marginal tax rate in Ontario and that CPP and EI has already been maximized.

*Paying a bonus versus a paying dividend when corporate income is greater than \$500,000 (EHT is not applicable)*

	<u>Bonus</u>	<u>Dividend</u>
Corporate income	\$ 100,000	\$ 100,000
Bonus	<u>\$ (100,000)</u>	<u>-</u>
	\$ -	\$ 100,000
Corporate taxes	<u>\$ -</u>	<u>\$ (26,500)</u>
Corporate net income	\$ -	\$ 73,500
Personal income – bonus	\$ 100,000	
Personal income – dividend		\$ 73,500
Personal taxes (Note)	<u>\$ (53,530)</u>	<u>\$ (28,915)</u>
Net amount retained	\$ 46,470	\$ 44,585

Note – assumes the individual is in the highest marginal tax rate in Ontario and that CPP and EI has already been maximized.

*Paying a bonus versus a paying dividend when corporate income is greater than \$500,000 (EHT is applicable)*

	<u>Bonus</u>	<u>Dividend</u>
Corporate income	\$ 100,000	\$ 100,000
Bonus	\$ (98,522)	-
EHT	<u>\$ (1,478)</u>	<u>-</u>
	\$ -	\$ 100,000
Corporate taxes	<u>\$ -</u>	<u>\$ (26,500)</u>
Corporate net income	\$ -	\$ 73,500
Personal income – bonus	\$ 98,522	
Personal income – dividend		\$ 73,500
Personal taxes (Note)	<u>\$ (52,739)</u>	<u>\$ (28,915)</u>
Net amount retained	\$ 45,783	\$ 44,585

Note – assumes the individual is in the highest marginal tax rate in Ontario and that CPP and EI has already been maximized.