



**“Marginal Rate Chart 2016”**

**Opinion by: Justice Doug Campbell**

January 19, 2016

See: Issues No. 5 and 5A

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*This memorandum was prepared by Justice Doug Campbell in reply to the request of ACJ O’Neil as outlined in his Notice to the Bar dated November 6, 2014. It represents Justice Campbell’s personal viewpoint and may or may not require some adjustment to conform to the preferences or practices of individual Judges. That will be left up to the Judge and the lawyer, if any, involved. Readers who make use of the within material do so therefore at their own discretion and subject to their own judgment.*

**Formulation: In Family Law, the combination of Federal and Provincial Tax Rates can sometimes be a useful tool.**

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Attached is my compilation of “ballpark” combined Federal/Provincial marginal tax rates for 2016 (subject to changes that could occur in federal or provincial Budgets or other legislation). It includes the announced rate changes such as the new 54% top rate and certain reduced middle rates.

## Nova Scotia 2016 Combined Federal / Provincial Marginal Tax Rates

Prepared January 11, 2016

by Justice Doug Campbell

(using 2016 Estimates of brackets and rates)

Taxable Income Above :	Basic Tax	Tax on Next	Marginal Rate
11,474	0	18,116	24.00%
29,590	4,348	29,590	32.50%
59,180	13,965	33,820	37.60%
93,000	26,681	57,000	44.00%
150,000	51,761	50,000	50.00%
Over 200,000	76,761	Remainder	54.00%

**Note 1)** These are "ball park" brackets and rates for simplicity. Because the Federal brackets are indexed for inflation each year and the Provincial brackets are not ("Bracket Creep"), they spread apart from each other each year. This has the effect of creating a number of tiny "straddle" brackets. To avoid the nuisance of dealing with so many similar brackets, this Chart condenses nearby Brackets from 9 to 6 simplified combined Fed/Prov brackets with a consequent inaccuracy that is insignificant and is justified by the efficiency that it offers.

**2)** Marginal rate means the rate on the next (meaning "extra") income dollars from Interest, Salary etc. but not Dividends or Capital Gains.

**3)** This Chart takes a shortcut by recognizing that the Personal Tax Credit applies to everyone and that CPP & Employment Credits apply to most citizens and so are partially tracked. No accounting for other Tax Credits/ Deductions is made. Examples of others are the Workers Credit, Medical/Dental Credit, Charities, Pension Credit, and Age Credit (age 65 and above). Nonetheless, the Marginal Rates are relatively accurate.]

**4)** Basic tax is shown above to be zero on taxable income of \$11,474 because all taxpayers have a personal exemption which Federally is actually \$11,474 but Provincially is only \$8,481. To avoid performing those two calculations, I have created a weighted average tax rate of 24% which will produce a roughly accurate tax payable. (For exact tax payable calculations, go to [www.taxtips.ca](http://www.taxtips.ca) and click on Atlantic Provinces; then NS Combined Fed/Prov Rates)..... The correction will be insignificant.

**5.** The Chart is more accurate for Payor Spouses since many low Income Recipient Spouses do not get a credit for CPP and Employment status available to most Payors.