

2006 Average Tax Rate

British Columbia

The amount of tax you pay depends on your total taxable income including your salary + bonus + Investment income + other income minus eligible deductions and tax credits such as RRSPs, donations, medical expenses, tuition, etc.

To help you figure out your tax rate, we have prepared this tax grid. There are two tax rates you first need to know; the marginal tax rate and the average tax rate. Your marginal tax rate is the rate of tax you pay on the last dollar earned. It works by slices or bracket. The Average Tax Rate is the rate of tax you pay on your whole income.

For example, if you earn a total of \$50,000, your marginal tax rate is 31.15%, which is the rate you will pay for income above \$36,378. You will not pay 31.15% on your entire \$50,000; just on the "income above \$36,378". In fact, you will pay only 20.37% on your whole \$50,000 which is your average tax rate.

If you sold an investment or earned extra income from self-employment or from a second employer where enough tax is not deducted, you need to save enough to cover your tax bill calculated by using the **Marginal Tax rate**.

Taxable income ranges		Marginal Rate (1)	Tax per threshold	Tax payable	Average Tax Rate
\$ -	\$ 8,858	0.00%	\$0	\$0	0%
\$ 8,859	\$ 14,941	15.25%	\$928	\$928	6%
\$ 14,942	\$ 16,336	21.30%	\$297	\$1,225	7%
\$ 16,337	\$ 26,558	24.90%	\$2,545	\$3,770	14%
\$ 26,559	\$ 33,755	21.30%	\$1,533	\$5,303	16%
\$ 33,756	\$ 36,378	24.40%	\$640	\$5,943	16%
\$ 36,379	\$ 67,511	31.15%	\$9,697	\$15,640	23%
\$ 67,512	\$ 72,756	33.70%	\$1,767	\$17,407	24%
\$ 72,757	\$ 77,510	37.70%	\$1,792	\$19,199	25%
\$ 77,511	\$ 94,121	39.70%	\$6,594	\$25,793	27%
\$ 94,122	\$ 118,285	40.70%	\$9,834	\$35,627	30%
\$ 118,285	and more	43.70%			

Taxable income ranges	Tax payable (2)	Average Tax Rate
\$ 8,858	\$0	0.00%
\$ 10,000	\$174	1.74%
\$ 20,000	\$2,137	10.69%
\$ 30,000	\$4,503	15.01%
\$ 40,000	\$7,071	17.68%
\$ 50,000	\$10,186	20.37%
\$ 60,000	\$13,301	22.17%
\$ 70,000	\$16,479	23.54%
\$ 80,000	\$20,189	25.24%
\$ 90,000	\$24,159	26.84%
\$ 100,000	\$28,187	28.19%
\$ 120,000	\$36,379	30.32%
\$ 150,000	\$49,489	32.99%
\$ 200,000	\$71,339	35.67%
\$ 250,000	\$93,189	37.28%

Taxes saved per \$1000 of RRSP	
Income	Tax saved
\$ 20,000	\$ 249.00
\$ 30,000	\$ 213.00
\$ 40,000	\$ 311.50
\$ 50,000	\$ 311.50
\$ 60,000	\$ 311.50
\$ 70,000	\$ 337.00
\$ 80,000	\$ 397.00
or more than \$ 118,286	\$ 437.00

Earnst & Young has a great tax calculator which you can use to estimate your taxes.

http://www.ey.com/GLOBAL/content.nsf/Canada/Tax_-_Calculators_-_2006_Personal_Tax

(1) Marginal Rate on salary & interest.