

2010 INDIVIDUAL INCOME TAX (ONTARIO)

| <i>Taxable Income</i> | <i>Basic Federal Income Tax</i> |
|-----------------------|---------------------------------|
| Up to \$40,970 | 15% |
| \$40,971 to \$81,941 | \$6,146 + 22% on excess |
| \$81,942 to \$127,021 | \$15,160 + 26% on excess |
| \$127,022 and over | \$26,881 + 29% on excess |

| | <i>2010</i> |
|-----------------------|-------------|
| CPP employee/employer | \$2,163.15 |
| CPP Self-employed | \$4,326.30 |
| EI employee portion | \$747.36 |
| EI employer portion | \$1,046.30 |
| RRSP | \$22,000 |
| TFSA | \$5,000 |

| <i>Income Type</i> | <i>2009</i> | <i>2010</i> | <i>Scheduled 2011</i> |
|------------------------|-------------|---------------|-----------------------|
| Salary, Interest, Etc. | 46.41% | 46.41% | 46.41% |
| Ineligible Dividends | 31.34% | 32.57% | 32.57% |
| Gross-up | 25% | 25% | 25% |
| Eligible Dividends | 23.06% | 26.57% | 28.19% |
| Gross-up | 45% | 44% | 41% |
| Capital Gain | 23.21% | 23.21% | 23.21% |

| <i>Taxable Income</i> | <i>Basic Ontario Income Tax</i> |
|-----------------------|---------------------------------|
| Up to \$37,106 | 5.05% |
| \$37,107 to \$74,214 | \$1,874 + 9.15% on excess |
| \$74,215 and over | \$5,269 + 11.16% on excess |

| <i>Taxable Income</i> | <i>Tax</i> |
|-----------------------|------------|
| Up to \$ 20,000 | Nil |
| \$20,000 to \$36,000 | \$300 |
| \$36,000 to \$48,000 | \$450 |
| \$48,000 to \$72,000 | \$600 |
| \$72,000 to \$200,000 | \$750 |
| Over \$200,000 | \$900 |

| <i>Effective Date</i> | <i>Max. Ded'n per km (1st 5,000km/excess)</i> | <i>Standby Charge</i> |
|-----------------------|--|-----------------------|
| Jan 1/08-Dec 31 10 | 52 / 46 | 24 |

| <i>Effective Date</i> | <i>Cost Limit</i> | <i>Monthly Lease Limit</i> | <i>Monthly Interest Limit</i> |
|-----------------------|-------------------|----------------------------|-------------------------------|
| Jan 1/08 – Dec 31/10 | \$33,900 | \$904.00 | \$300 |

| <i>Taxable Income</i> | <i>Federal Income Tax</i> | <i>Ontario Income Tax</i> | <i>Ontario Surtax</i> | <i>Total Tax with Surtaxes</i> | <i>Marginal Tax Rate on Excess</i> | <i>Average Tax Rate</i> |
|-----------------------|---------------------------|---------------------------|-----------------------|--------------------------------|------------------------------------|-------------------------|
| \$ | \$ | \$ | \$ | \$ | % | % |
| 8,943 | - | - | - | - | 0.00 | 0.00 |
| 10,382 | - | - | - | - | 15.00 | 0.00 |
| 13,022 | 396 | - | - | 396 | 25.10 | 3.04 |
| 17,102 | 1,008 | 412 | - | 1,420 | 20.05 | 8.30 |
| 37,106 | 4,008 | 1,422 | - | 5,431 | 24.15 | 14.64 |
| 40,970 | 4,589 | 1,776 | - | 6,365 | 31.15 | 15.53 |
| 50,000 | 6,575 | 2,602 | - | 9,177 | 31.15 | 18.35 |
| 60,000 | 8,775 | 3,517 | - | 12,292 | 31.15 | 20.49 |
| 65,344 | 9,950 | 4,006 | - | 13,957 | 32.98 | 21.36 |
| 74,214 | 11,902 | 4,979 | 162 | 16,882 | 35.39 | 22.75 |
| 76,990 | 12,513 | 5,351 | 224 | 17,864 | 39.41 | 23.20 |
| 81,941 | 13,603 | 5,680 | 534 | 19,816 | 43.41 | 24.18 |
| 100,000 | 18,298 | 7,695 | 1,662 | 27,655 | 43.41 | 27.66 |
| 127,021 | 25,324 | 10,710 | 3,351 | 39,385 | 46.41 | 31.01 |
| 135,000 | 27,638 | 11,601 | 3,850 | 43,088 | 46.41 | 31.92 |

| | <i>1st</i> | <i>2nd</i> | <i>3rd</i> | <i>4th</i> |
|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2007 | 7% | 7% | 7% | 7% |
| 2008 | 6% | 6% | 5% | 5% |
| 2009 | 4% | 3% | 3% | 3% |
| 2010 | 3% | 3% | 3% | - |

Rate is 2% higher for late or deficient income tax payments and unremitted tax withholdings

Rate is 2% lower for interest paid to corporations for 2010 and deemed interest on employee, shareholder and spousal loans

CORPORATE INCOME TAXES IN ONTARIO – December 31, 2010 Year End

| | Note | ABI & NO M&P | | | | ABI & M&P | | | | CCPC |
|-----------------------------------|----------|----------------|------------------|--------------------|------------------|----------------|------------------|--------------------|------------------|--------------------------|
| | | Low Rate | Low Ontario Rate | High Rate Clawback | High Rate | Low Rate | Low Ontario Rate | High Rate Clawback | High Rate | Investment Income Note 5 |
| Basic Federal Rate | | 38.00 | 38.00 | 38.00 | 38.00 | 38.00 | 38.00 | 38.00 | 38.00 | 38.00 |
| Provincial Abatement | | (10.00) | (10.00) | (10.00) | (10.00) | (10.00) | (10.00) | (10.00) | (10.00) | (10.00) |
| Refundable Tax | | | | | | | | | | 6.67 |
| General Rate Reduction | | - | - | (10.00) | (10.00) | - | - | - | - | - |
| Small Business Deduction | | (17.00) | (17.00) | - | - | (17.00) | (17.00) | - | - | - |
| M & P Profits Deduction | | - | - | - | - | - | - | (10.00) | (10.00) | - |
| Total Federal Rate | | 11.00 | 11.00 | 18.00 | 18.00 | 11.00 | 11.00 | 18.00 | 18.00 | 34.67 |
| Basic Ontario Rate | | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| Small Business Deduction | | (8.00) | (8.00) | - | - | (8.00) | (8.00) | - | - | - |
| Ontario SBD Clawback | | - | - | 2.10 | - | - | - | 2.10 | - | - |
| M & P Profits Deduction | | - | - | - | - | - | - | (2.00) | (2.00) | - |
| Ontario M&P Adjustment | | - | - | - | - | - | - | (0.50) | - | - |
| Total Ontario Rate | | 5.00 | 5.00 | 15.10 | 13.00 | 5.00 | 5.00 | 12.60 | 11.00 | 13.00 |
| Total Tax – 2010 | 1 | 16.00 | 16.00 | 33.10 | 31.00 | 16.00 | 16.00 | 30.60 | 29.00 | 47.67 |
| Scheduled Total Tax – 2011 | 2 | 15.50 | 15.50 | 28.25 | 28.25 | 15.50 | 15.50 | 26.50 | 26.50 | 46.42 |
| Total Tax – 2009 | 3 | 16.50 | 16.50 | 37.25 | 33.00 | 16.50 | 16.50 | 34.25 | 31.00 | 48.67 |
| Total Tax – 2008 | 4 | 16.50 | 25.00 | 37.75 | 33.50 | 16.50 | 25.00 | 34.75 | 31.50 | 48.67 |
| Total Tax – 2007 | 4 | 18.62 | 27.62 | 40.37 | 36.12 | 18.62 | 27.62 | 37.37 | 34.12 | 49.79 |
| Income Ranges | 4 | - | 400,001 | 500,001 | Over | - | 400,001 | 500,001 | Over | |
| | | 400,000 | 500,000 | 1,500,000 | 1,500,000 | 400,000 | 500,000 | 1,500,000 | 1,500,000 | |

- 1 2010 tax rate is based on the Federal and Ontario corporate tax rate reductions for 2010. Ontario corporate tax rate reduction from 14% to 12% is effective July 1, 2010. Also effective July 1, 2010, CMT threshold amounts are increasing to \$50 million in assets & \$100 million in revenue and CMT rate is being reduced to 2.7%.
- 2 2011 tax rate is based on the scheduled Federal and Ontario corporate tax rate reductions scheduled for 2011. Ontario corporate tax rate reductions are effective July 1, 2011.
- 3 In 2009, the Federal SBD threshold increased to \$500,000 and the Ontario SBD threshold remained at \$500,000.
- 4 In 2007, the Federal SBD threshold increased to \$400,000 and the Ontario SBD threshold increased to \$500,000. The income range for the Ontario SBD clawback increased to \$1,500,000.
- 5 Ultimate net corporate tax rate on investment income is 21.0% after full dividend refund of 26.67%. Refer to the integration tables.