# CIRE Taxation Tables

2025 marginal rates, dividend gross-up + DTC, capital gains inclusion, attribution rules. Verify CRA for 2026 indexation.

## 2025 federal marginal rates (verify 2026)

- Up to $57,375: 15.0%
- $57,376 to $114,750: 20.5%
- $114,751 to $158,519: 26.0%
- $158,520 to $220,000: 29.0%
- Over $220,000: 33.0%

## Dividend gross-up + DTC

### Eligible dividend

`Gross-up 38%, federal DTC 15.0198%`

*Public corporations + most large CCPCs*

### Non-eligible dividend

`Gross-up 15%, federal DTC 9.0301%`

*Income from small business deduction*

## Capital gains inclusion

- Individuals: 50% inclusion on amounts up to $250,000/year
- Above $250,000: 66.67% inclusion is legislatively pending. Verify current law.
- Corporations: 66.67% on all amounts (legislatively pending; verify)

## Attribution rules ITA s.74.1

- Income on transferred property attributes back to the higher-income spouse
- Loans at the prescribed rate avoid attribution if interest paid by Jan 30 each year
- Capital gains on property transferred to a child do not attribute back

## T-slip reference

- T3: trust and mutual fund distributions
- T5: dividend, interest, royalty income
- T5008: securities transactions
- NR4: non-resident income subject to withholding

## Common taxation traps on the CIRE

- Dividend tax credit math: gross-up first, calculate federal tax on grossed-up amount, THEN subtract DTC. Candidates who flip the order get the wrong answer.
- Capital gains on principal residence: still fully exempt for primary residence, no inclusion. Watch for trap questions about secondary properties.
- Attribution rules apply to SPOUSAL transfers but NOT to gifts to adult children for capital gains purposes. Income still attributes from any transfer.

- Prescribed-rate loan: interest must be paid by January 30 of the following year. Miss the date and the entire income attributes back to the lender for the year.
- TFSA over-contributions: 1% per month penalty on the excess until withdrawn. Penalty does NOT depend on whether the over-contribution was inadvertent.

## Worked example: dividend gross-up

Client receives $1,000 in eligible dividends. Gross-up = $1,000 x 1.38 = $1,380 taxable. At a 33% federal rate the tax owing is $455.40. Federal DTC = $1,380 x 0.150198 = $207.27. Net federal tax = $248.13. Effective rate on the $1,000 cash dividend = 24.8%, well below the marginal rate. This is why dividends are tax-preferred income.

## Worked example: spousal attribution and prescribed-rate loan

Higher-income spouse lends $200,000 to lower-income spouse at the CRA prescribed rate (currently 4%). Lower-income spouse invests at 7% return and earns $14,000 in the year.

- Interest owed on prescribed-rate loan: $200,000 x 4% = $8,000. Lower-income spouse MUST pay this to higher-income spouse by January 30 of the following year.
- If paid on time: $8,000 attributes back to higher-income spouse as interest income. $6,000 net gain stays with lower-income spouse and is taxed at her lower rate.
- If paid late or missed: ENTIRE $14,000 attributes back to higher-income spouse. Strategy fails completely for the year.
- Future years: as long as interest paid on time each January 30, only the prescribed-rate amount attributes back, not the full return.

## Capital gains on principal residence: 4-year rule and changes in use

Principal residence exemption fully shelters capital gain on a home designated as principal residence for each year of ownership. The 4-year rule lets you designate a property as principal residence for up to 4 years even if you do not live there, as long as you elect under subsection 45(2) and the property was not your principal residence in those years for any other reason.

Change in use (e.g., converting your home to a rental) is a deemed disposition at fair market value. You can elect under 45(2) to defer this for up to 4 years, but only if no other property is designated principal residence for those years.

## T-slip identification quick recap

- T3: trust and mutual fund distributions, REIT distributions
- T5: dividend, interest, royalty income, foreign income
- T4A: retirement income, scholarships, RESP educational assistance payments
- T4RSP: RRSP withdrawals and Home Buyers Plan repayments
- T4RIF: RRIF payments
- T5008: securities transactions reported by the broker (not always issued by the issuer)
- NR4: non-resident income subject to withholding tax

### Read the live cheat sheet

Updated tables, mini-quiz, and rule citations.

**https://registrantprep.ca/cheat-sheets/cire-taxation-tables**