# Salary *and* Tax

TAKE-HOME PAY COMPARISON

Tax year **2026**
Amounts **per year**

**A — $195,000** *a year in* **Alberta**
**B — $195,000** *a year in* **Ontario**

## A takes home $6,277 more per year

$523 per month · same gross — the difference is all deductions

| LINE ITEM | A · ALBERTA | B · ONTARIO | B − A |
|---|---|---|---|
| **INCOME** | | | |
| Gross income | $195,000 | $195,000 | ±0 |
| Taxable income after the CPP enhanced deduction | $193,873 | $193,873 | ±0 |
| **PAYROLL PROGRAMS** | | | |
| CPP + CPP2 | $4,646 | $4,646 | ±0 |
| EI premium | $1,123 | $1,123 | ±0 |
| **INCOME TAX** | | | |
| Federal tax after credits | $37,412 | $37,412 | ±0 |
| Provincial tax after credits | $16,850 | $16,809 | −$42 |
| Ontario surtax a tax on Ontario tax | – | $5,569 | +$5,569 |
| Ontario health premium | – | $750 | +$750 |
| **BOTTOM LINE** | | | |
| Total deductions | $60,032 | $66,309 | +$6,277 |
| **Take-home** | **$134,968** | **$128,692** | **−$6,277** |
| Effective deduction rate share of gross lost to tax, CPP and EI | 30.8% | 34.0% | +3.2 pts |
| True marginal rate on the next $100 | 42.3% | 48.3% | +6.0 pts |

Amounts per year; rates are annual. Green favours B, red favours A. Full statements for A and B follow, their bracket figures drawn on one scale.

Employment income only, single filer resident in the stated province on Dec 31. Basic credits only (no RRSP, dependant or tuition). Validated against TaxTips.ca and Wealthsimple, October 2026. An estimate, not tax advice.
Sources: CRA tax rates · CRA payroll deductions tables · Adjust these numbers: salaryandtax.ca/compare?a=195000-ab&b=195000-on

# Salary *and* Tax

TAKE-HOME PAY STATEMENT

SCENARIO A

Tax year **2026**
Amounts **per year**

*Prepared for an employee earning* **$195,000** *a year in* **Alberta**.

## INCOME

**Gross pay** — **$195,000**
Your salary before any deductions — $195,000 a year, the number on your offer letter.

## PAYROLL PROGRAMS — taken before income tax

**CPP — Canada Pension Plan** — - $4,230
5.95% of earnings between $3,500 and $74,600. Its enhanced slice is deductible, which lowers your taxable income below.

**CPP2 — second-tier pension** — - $416
4% of earnings between $74,600 and $85,000. Fully deductible.

**EI — Employment Insurance** — - $1,123
1.63% of earnings up to $68,900. Funds job-loss, parental and sickness benefits.

## INCOME TAX

**Taxable income** — $193,873
Gross minus the deductible part of CPP. Income tax is worked out on this, not on your gross.

**Federal income tax** — - $37,412
Charged in layers from 14% up to the 29% band your income reaches, less credits for the basic personal amount, CPP, EI and the Canada employment amount.

**Alberta income tax** — - $16,850
Alberta brackets from 8%, less credits for the basic personal amount, CPP and EI.

## TOTAL

**Total deductions** — **- $60,032**
Everything taken off the top: income tax, CPP and EI.

NET TAKE-HOME PAY

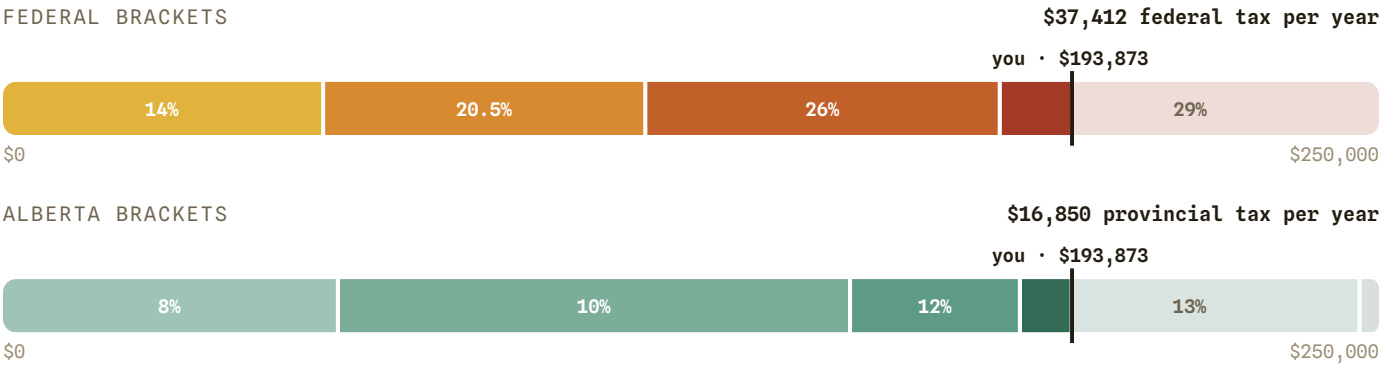
# $134,968

per year · 69.2% of your gross stays with you

KEEPS 69%

FIGURE 1

## How your income tax was built




Each band taxes only the income that falls inside it. The marker is where your taxable income reaches — everything to its left was taxed at the lower bands first, which is why your effective rate is well below your top bracket. Bars show tax before credits.

SCHEDULE A

## What lands each payday

| PAY FREQUENCY | GROSS | DEDUCTIONS | TAKE-HOME |
|---|---|---|---|
| Weekly | $3,750.00 | $1,154.45 | **$2,595.55** |
| Bi-weekly | $7,500.00 | $2,308.91 | **$5,191.09** |
| Semi-monthly | $8,125.00 | $2,501.32 | **$5,623.68** |
| Monthly | $16,250.00 | $5,002.63 | **$11,247.37** |
| **Yearly** | $195,000.00 | $60,031.59 | **$134,968.41** |

EFFECTIVE TAX RATE

**27.8%**

The share of your whole income that goes to income tax — your true average.

TRUE MARGINAL RATE

**42.3%**

What your next $100 loses to tax, CPP and EI. On your next $1,000 raise you'd keep about $577 — a raise never lowers your take-home.

Employment income only, single filer resident in Alberta on Dec 31, 2026. Basic credits only (no RRSP, dependant or tuition). Validated against TaxTips.ca and Wealthsimple, October 2026. An estimate, not tax advice.
Sources: CRA tax rates · CRA payroll deductions tables · Adjust these numbers: salaryandtax.ca/?income=195000&province=ab

# Salary *and* Tax

TAKE-HOME PAY STATEMENT

SCENARIO B

Tax year **2026**
Amounts **per year**

*Prepared for an employee earning* **$195,000** *a year in* **Ontario**.

## INCOME

**Gross pay** — **$195,000**
Your salary before any deductions — $195,000 a year, the number on your offer letter.

## PAYROLL PROGRAMS — taken before income tax

**CPP — Canada Pension Plan** — - $4,230
5.95% of earnings between $3,500 and $74,600. Its enhanced slice is deductible, which lowers your taxable income below.

**CPP2 — second-tier pension** — - $416
4% of earnings between $74,600 and $85,000. Fully deductible.

**EI — Employment Insurance** — - $1,123
1.63% of earnings up to $68,900. Funds job-loss, parental and sickness benefits.

## INCOME TAX

**Taxable income** — $193,873
Gross minus the deductible part of CPP. Income tax is worked out on this, not on your gross.

**Federal income tax** — - $37,412
Charged in layers from 14% up to the 29% band your income reaches, less credits for the basic personal amount, CPP, EI and the Canada employment amount.

Ontario tax after credits — $16,809
Ontario brackets from 5.05%, less credits for the basic personal amount, CPP and EI.

Ontario surtax — + $5,569
20% of Ontario tax above $5,818, plus 36% above $7,446 — a tax on your tax.

Ontario Health Premium — + $750
Collected with Ontario tax; steps up with taxable income to a maximum of $900.

**Ontario income tax** — **- $23,127**
The provincial total: the lines above, added up.

## TOTAL

**Total deductions** — **- $66,309**
Everything taken off the top: income tax, CPP and EI.

NET TAKE-HOME PAY

# $128,692

per year · 66.0% of your gross stays with you

KEEPS 66%

FIGURE 1

## How your income tax was built

FEDERAL BRACKETS

**$37,412 federal tax per year**




ONTARIO BRACKETS

**$23,127 provincial tax per year**




Each band taxes only the income that falls inside it. The marker is where your taxable income reaches — everything to its left was taxed at the lower bands first, which is why your effective rate is well below your top bracket. Bars show tax before credits.

SCHEDULE A

## What lands each payday

| PAY FREQUENCY | GROSS | DEDUCTIONS | TAKE-HOME |
|---|---|---|---|
| Weekly | $3,750.00 | $1,275.16 | **$2,474.84** |
| Bi-weekly | $7,500.00 | $2,550.33 | **$4,949.67** |
| Semi-monthly | $8,125.00 | $2,762.85 | **$5,362.15** |
| Monthly | $16,250.00 | $5,525.71 | **$10,724.29** |
| **Yearly** | $195,000.00 | $66,308.50 | **$128,691.50** |

EFFECTIVE TAX RATE

### 31.1%

The share of your whole income that goes to income tax — your true average.

TRUE MARGINAL RATE

### 48.3%

What your next $100 loses to tax, CPP and EI. On your next $1,000 raise you'd keep about $517 — a raise never lowers your take-home.

Employment income only, single filer resident in Ontario on Dec 31, 2026. Basic credits only (no RRSP, dependant or tuition). Validated against TaxTips.ca and Wealthsimple, October 2026. An estimate, not tax advice.

Sources: CRA tax rates · CRA payroll deductions tables · Adjust these numbers: salaryandtax.ca/?income=195000&province=on