# Salary *and* Tax

TAKE-HOME PAY STATEMENT

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

*Prepared for an employee earning* **$45,000** *a year in* **Ontario**.

## INCOME

**Gross pay** — **$3,750.00**
Your salary before any deductions — $45,000 a year, the number on your offer letter.

## PAYROLL PROGRAMS — taken before income tax

**CPP — Canada Pension Plan** — − $205.77
5.95% of earnings between $3,500 and $74,600. Its enhanced slice is deductible, which lowers your taxable income below.

**EI — Employment Insurance** — − $61.13
1.63% of earnings up to $68,900. Funds job-loss, parental and sickness benefits.

## INCOME TAX

**Taxable income** — $3,715.42
Gross minus the deductible part of CPP. Income tax is worked out on this, not on your gross.

**Federal income tax** — − $278.18
14% on all of your taxable income — it stays in the lowest band — less credits for the basic personal amount, CPP, EI and the Canada employment amount.

Ontario tax after credits — $121.24
Ontario brackets from 5.05%, less credits for the basic personal amount, CPP and EI.

LIFT credit — − $22.56
Low-income Individuals and Families Tax credit: up to $875, phasing out at 5% above $32,500.

Ontario Health Premium — + $37.50
Collected with Ontario tax; steps up with taxable income to a maximum of $900.

**Ontario income tax** — **− $136.17**
The provincial total: the lines above, added up.

## TOTAL

**Total deductions** — **− $681.25**
Everything taken off the top: income tax, CPP and EI.

NET TAKE-HOME PAY

# $3,068.75

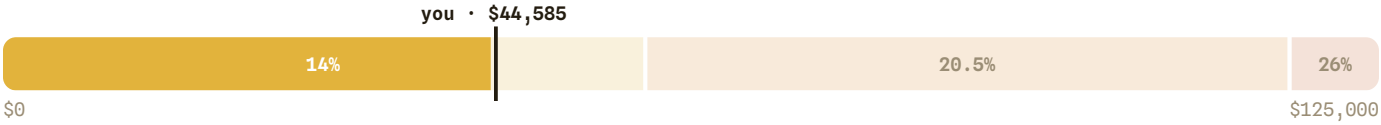
per month · 81.8% of your gross stays with you

KEEPS 82%

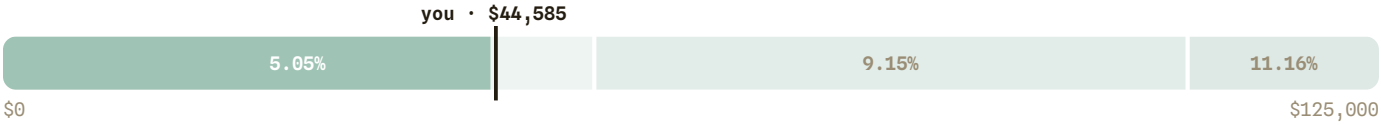
FIGURE 1

## How your income tax was built

FEDERAL BRACKETS — **$278.18 federal tax per month**




ONTARIO BRACKETS — **$136.17 provincial tax per month**




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 | $865.38 | $157.21 | **$708.17** |
| Bi-weekly | $1,730.77 | $314.42 | **$1,416.35** |
| Semi-monthly | $1,875.00 | $340.63 | **$1,534.37** |
| **Monthly** | $3,750.00 | $681.25 | **$3,068.75** |
| Yearly | $45,000.00 | $8,175.01 | **$36,824.99** |

EFFECTIVE TAX RATE

**11.1%**

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

TRUE MARGINAL RATE

**30.1%**

What your next $100 loses to tax, CPP and EI. On your next $1,000 raise you'd keep about $699 — 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=45000&province=on&freq=month