

Capital Dividend Account (CDA)



Capital Dividends received from another corporation

+



Insurance Proceeds (in excess of adjusted cost basis)

+



50% of Capital Gains minus 50% of Capital Losses

+



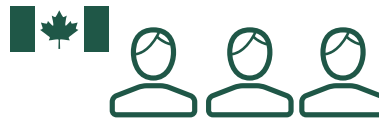
100% of Capital Gains on Securities Donated In-Kind



Canadian-Controlled Private Corporation (CCPC)'s Capital Dividend Account



Capital Dividend declared paid to shareholders



Funds Extracted from CCPC Tax-Free \$
(to Canadian resident shareholders)

Compare the Rates

Type of Dividend	Top 2018 Marginal Rate
Non-eligible Dividends	39.60% - 47.34%
Eligible Dividends	29.64% - 42.61%
Capital Dividends	0%

Information Tips

- CDA is a notional tax account (not tracked on financial statements)
- Consider paying a capital dividend before triggering capital losses (which reduce CDA balance)
- Balance can be calculated at any given point in time
- Can request CDA balance from CRA (T2SCH89) once every three years

As of May 2017, CDA balances available on 'My Business Account' (upon request)

Why are capital dividends paid out tax-free?

Concept of Integration

Income earned tax-free by individuals:

- + 50% of Capital gains (Only 50% of capital gains realized is taxed and included into income)
- 50% Capital losses offset capital gains
- + Capital Dividends received from shares owned
- + Life insurance proceeds

Approximately equal to

Income earned by a corporation and paid tax-free to shareholder (capital dividend):

- Capital Dividend Account¹ sum of:
- + 50% Capital gains
 - 50% Capital losses
 - + Capital Dividends from another company
 - + Life Insurance Proceeds in excess of adjusted cost basis
 - + 100% of Capital gains on securities donated in-kind (Bonus!)

¹Tax free dividend to Canadian-resident shareholder

Speak to your TD Wealth Advisor or TD Senior Private Banker.



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