



An Income Tax Comparison: Moving from Ontario to Florida



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Introduction

While many people are drawn to Florida for its endless sunshine and warm nights, the argument in favor of moving south becomes even more compelling when examining the tax environment between Canada and Florida.

In this Ebook, we will examine the tax rates for a Canadian province and a sunshine state (Ontario to Florida) from the perspective of someone resident for tax purposes in those places. We will compare the tax rates and the income levels at which they kick in. Note that Ontarians who snowbird in Florida but maintain a closer connection to Canada would not get the lower U.S. rates and would continue to be subject to Ontario's higher rates.

Also, as Florida has no state income tax, the numbers below for Florida are for Federal tax rates only, while the numbers for Ontario combine Federal and Provincial tax rates and brackets.

Interest Income (Ordinary Income)

Canada and the United States both tax interest income at ordinary income rates. Canadian rates are generally much higher and kick in at lower income levels than do U.S. rates. The United States also has different income thresholds dependent upon Filing Status, whereas Canada does not.

In addition, in the United States, it is possible to purchase municipal bonds that pay tax-free interest. However, Canada does not have a comparable opportunity.

Canadian and Ontario¹ integrated tax rates for 2025 are as follows:

2025 Taxable Income (CAD)	Tax Rate
first \$52,886	20.05%
over \$52,886 up to \$57,375	24.15%
over \$57,375 up to \$93,132	29.65%
over \$93,132 up to \$105,775	31.48%
over \$105,775 up to \$109,727	33.89%
over \$109,727 up to \$114,750	37.91%
over \$114,750 up to \$150,000	43.41%
over \$150,000 up to \$177,882	44.97%
over \$177,882 up to \$220,000	48.29%
over \$220,000 up to \$253,414	49.85%
over \$253,414	53.53%

¹ These rates are imposed on Canadian Taxable Income without any deduction for personal amounts. Non-refundable tax credits for personal amounts (basic, age, spouse, pension income, medical, charitable, etc.) can offset a fair portion of the first-tier taxes.

As there is no state income tax in Florida², the tax rates are the same as U.S. Federal tax rates as follows:

2025 Taxable Income (USD)

Single filers	Married Filing Joint	Married Filing Separate	Head of Household	Tax Rate
\$0 to \$11,925	\$0 to \$23,850	\$0 to \$11,925	\$0 to \$17,000	10%
\$11,926 to \$48,475	\$23,851 to \$96,950	\$11,926 to \$48,475	\$17,001 to \$64,850	12%
\$48,476 to \$103,350	\$96,951 to \$206,700	\$48,476 to \$103,350	\$64,851 to \$103,350	22%
\$103,351 to \$197,300	\$206,701 to \$394,600	\$103,351 to \$197,300	\$103,351 to \$197,300	24%
\$197,301 to \$250,525	\$394,601 to \$501,050	\$197,301 to \$250,525	\$197,301 to \$250,500	32%
\$250,526 to \$626,350	\$501,051 to \$751,600	\$250,526 to \$375,800	\$250,501 to \$626,350	35%
\$626,351 or more	\$751,601 or more	\$375,801 or more	\$626,351 or more	37%

With the passing of the American Taxpayer Relief Act in 2013, an additional 3.8 % surtax has been imposed on most forms of investment income, including interest, dividends, and most capital gains. This additional surtax is added when adjusted gross income exceeds a certain threshold. The threshold is \$250,000 for married filing jointly, \$125,000 for married filing separately, \$200,000 for single, and \$200,000 for head of household.

As shown above, in Ontario, the maximum rate of 53.53% kicks in at an income of \$253,414 Canadian dollars. In Florida, the top rate is only 40.8% (including the surtax) and does not kick in until income exceeds between \$375,800 and \$751,600 USD, depending on filing status.

² These rates are imposed on Taxable Income, which is after deducting the standard or itemized deductions.



Capital Gains

Canada includes 50% of the realized capital gain in taxable income. A resident of Ontario would, therefore, pay a maximum rate of 26.765%, equal to half of the maximum rate for Ordinary Income.

The U.S. capital gains rate depends on the type of asset being sold, the length of time that the asset has been held, and how much income you have earned. For investments held one year or less, capital gains are taxed as ordinary income, just like interest. For the sale of most types of investments held greater than one year, refer to the chart below. The 3.8% surtax may also be applicable, as discussed above. As such, the maximum rate would be 23.8%.

Single filers	Married Filing Joint	Married Filing Separate	Head of Household	Tax Rate
Up to \$48,350	Up to \$96,700	Up to \$48,350	Up to \$64,750	0%
\$48,351 - \$533,400	\$96,701 to \$600,050	\$48,351 to \$300,000	\$64,751 to \$566,700	15%
Over \$533,400	Over \$600,050	Over \$300,000	Over \$566,701	20%

Capital Losses

Canada allows capital losses to be utilized against capital gains in the current year. To the extent that there are no capital gains in the current year or the gains are not sufficient to offset the amount of capital losses, you can apply capital losses against any capital gains in the three prior years. Any unutilized losses can be carried forward and applied against future gains.

In the U.S., capital losses can also be used to offset capital gains in the current tax year. To the extent that capital losses exceed capital gains, up to \$3,000 USD (Married Filing Jointly) or \$1,500 (Single or Married Filing Separate) can be used to reduce other taxable income. Any excess can be carried forward.





Dividends

Canada provides a gross-up of certain Canadian dividends. In Ontario, the net tax rate on a Canadian-eligible dividend would be as high as 39.34%, and the rate on a Canadian non-eligible dividend would be 47.74% (in 2025). Foreign dividends are taxed at ordinary rates.

In the United States, non-qualified dividends would be taxed at ordinary marginal income tax rates (as high as 40.8%, including the surtax). Qualified dividends are taxed in a similar manner to long-term capital gains, as per the table above. As such, the maximum U.S. rate would be 23.8%. It is possible for foreign dividends to be treated as qualified dividends.

While a move from Ontario to Florida can be beneficial from an income tax standpoint, there are many other items that must be considered ahead of time, including immigration, estate planning, health care, and Canadian “departure tax.” If you are considering making a move to the U.S. from Canada, make sure you reach out to a qualified cross-border financial advisor who can assist you in making a smooth financial transition.

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