

WORK CENTRAL AB

Tax Information

Understanding Income Tax as an Alberta Resident

A Career Resource from Work Central AB

Tax Information for Alberta Residents

Understanding how income tax works in Alberta helps you budget accurately and avoid surprises at filing time. This guide covers the basics - for advice specific to your situation, consult a qualified accountant or tax professional, since individual circumstances vary.

1. How Income Tax Works in Canada

- You pay both federal and provincial income tax, collected together by the Canada Revenue Agency (CRA).
- Canada uses a progressive, marginal tax system - you pay a higher rate only on the portion of income within each higher bracket, not your entire income.
- Alberta has no provincial sales tax, which is a genuine advantage compared to most other provinces for day-to-day spending.

2. 2026 Alberta Tax Brackets

Alberta Provincial Tax Brackets (2026)

8% on income up to \$61,200

10% on income from \$61,200 to \$154,259

12% on income from \$154,259 to \$185,111

13% on income from \$185,111 to \$246,813

14% on income from \$246,813 to \$370,220

15% on income over \$370,220

Alberta's basic personal amount for 2026 is \$22,769 - income up to this amount is generally tax-free provincially.

3. 2026 Federal Tax Brackets

- 14% on income up to \$58,523
- 20.5% on income from \$58,523 to \$117,045
- 26% on income from \$117,045 to \$181,440
- 29% on income from \$181,440 to \$258,482
- 33% on income over \$258,482
- The federal basic personal amount for 2026 is \$16,452, gradually reduced for higher earners.

4. Payroll Deductions

- CPP (Canada Pension Plan): 5.95% of pensionable earnings between \$3,500 and \$74,600, with an additional CPP2 rate of 4% on earnings between \$74,600 and \$85,000.

- EI (Employment Insurance): 1.63% of insurable earnings, up to an annual maximum.
- These deductions fund future pension and unemployment benefits - they're mandatory for most employees.

5. Filing Your Tax Return

- Tax returns are generally due April 30 for the prior calendar year (self-employed individuals have a later filing deadline, though any balance owing is still due April 30).
- Filing is required to receive benefits like the Canada Child Benefit and Alberta Child and Family Benefit, even if you have no tax owing.
- Free tax filing clinics are available for eligible lower-income individuals through community organizations and settlement agencies across Central Alberta.
- Keep records of eligible deductions and credits (RRSP contributions, medical expenses, tuition) throughout the year to simplify filing.

6. Frequently Asked Questions

Common Questions

Do I pay tax on my entire income at the highest bracket rate? No - Canada's marginal system means only the income within each bracket is taxed at that bracket's rate, not your whole income.

Is there a deadline for RRSP contributions to count for a given tax year? Yes - RRSP contributions generally must be made within 60 days after the end of the calendar year to count toward that year's return; confirm the exact date with the CRA each year.

What if I can't pay my full tax bill by April 30? File on time regardless, since late-filing penalties are separate from and larger than interest on unpaid balances - contact the CRA about payment arrangements if needed.

Tax Information Checklist

- ✓ Understood which tax brackets apply to your income level
- ✓ Confirmed correct payroll deductions with your employer
- ✓ Filed your tax return by the deadline, even with no tax owing
- ✓ Explored free tax clinics if eligible
- ✓ Kept records of eligible deductions and credits

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This is general information, not personalized tax advice - consult a qualified accountant for your specific situation. See our Financial Assistance Programs guide for benefits tied to tax filing. Visit **workcentralab.ca/resources**.