

Corporate income tax rates¹

Updated to January 31, 2010

		2005	2006	2007	2008	2009	2010	2011	2012
Federal ^{2, 16}	General/M&P/Investment	22.12	22.12	22.12	19.50	19.00	18.00	16.50	15.00
	Small business	13.12	13.12	13.12	11.00	11.00	11.00	11.00	11.00
	Investment - CCPC	35.79	35.79	35.79	34.67	34.67	34.67	34.67	34.67
British Columbia ³	General/M&P/Investment	13.5/12	12	12	12/11	11	10.5	10	10
	Small business	4.5	4.5	4.5	4.5/3.5/2.5	2.5	2.5	2.5	2.5/0
Alberta ⁴	General/M&P/Investment	11.5	11.5/10	10	10	10	10	10	10
	Small business	3	3	3	3	3	3	3	3
Saskatchewan ⁵	General/Investment	17	17/14	14/13	13/12	12	12	12	12
	Small business	5	5	4.5	4.5	4.5	4.5	4.5	4.5
	M&P	10	10	10	10	10	10	10	10
Manitoba ⁶	General/M&P/Investment	15	14.5	14	14/13	13/12	12	12	12
	Small business	5	4.5	3	2	1	1/0	0	0
Ontario ⁷	General/Investment	14	14	14	14	14	14/12	12/11.5	11.5/11
	Small business	5.5	5.5	5.5	5.5	5.5	5.5/4.5	4.5	4.5
	M&P	12	12	12	12	12	12/10	10	10
Quebec ⁸	General/M&P	8.9	9.9	9.9	11.4	11.9	11.9	11.9	11.9
	Small business	8.9	8.5/8	8	8	8	8	8	8
	Investment	16.25	16.25	16.25/9.9	11.4	11.9	11.9	11.9	11.9
New Brunswick ⁹	General/M&P/Investment	13	13	13	13	13/12	12/11	11/10	10/8
	Small business	2.5/2	2/1.5	5	5	5	5	5	5
Nova Scotia ¹⁰	General/M&P/Investment	16	16	16	16	16	16	16	16
	Small business	5	5	5	5	5	5	5	5
Prince Edward Island ¹¹	General/Investment	16	16	16	16	16	16	16	16
	Small business	7.5/6.5	6.5/5.4	5.4/4.3	4.3/3.2	3.2/2.1	2.1/1	1	1
	M&P	7.5/16	16	16	16	16	16	16	16
Newfoundland and Labrador ¹²	General/Investment	14	14	14	14	14	14	14	14
	Small business/M&P	5	5	5	5	5	5	5	5
Yukon ¹³	General/Investment	15	15	15	15	15	15	15	15
	Small business	4	4	4	4	4	4	4	4
	M&P	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Northwest Territories ¹⁴	General/M&P/Investment	14	14/11.5	11.5	11.5	11.5	11.5	11.5	11.5
	Small business	4	4	4	4	4	4	4	4
Nunavut ¹⁵	General/M&P/Investment	12	12	12	12	12	12	12	12
	Small business	4	4	4	4	4	4	4	4

M&P: Manufacturing or processing, CCPC: Canadian-controlled private corporation

- ¹ This table provides a glance of the corporate income tax rates (federal, provincial and territorial) announced up to **January 31, 2010**. The rates apply to the 2005 to 2012 12-month taxation years ended on December 31, unless otherwise indicated. In Canada, corporate income taxes are levied separately by both the federal government and the provincial and territorial governments. Although the tax base is substantially the same, there are minor differences. Also, rules exist to allocate income between the provinces and territories so that the same income is not taxed twice. The rates indicated in the table may not apply to income earned by credit unions, mutual fund corporations, mortgage investment corporations, most deposit insurance corporations and investment corporations, as this income already qualifies for a special tax treatment.
- ² **Federal:** The income limit for the purposes of the small business deduction (SBD limit) has been \$300,000 since 2005. The May 2, 2006 federal budget provided for a rise in the SBD limit to \$400,000 effective January 1, 2007. The January 27, 2009 federal budget provides for an increase in the SBD limit to \$500,000, effective January 1, 2009. The business limit must be allocated between associated corporations. The SBD is reduced progressively on a straight-line basis for CCPCs when their taxable capital used in Canada varies between \$10 million and \$15 million.
- ³ **British Columbia:** SBD limit: increased to \$400,000 for taxation years ending after December 31, 2004. As announced in the February 19, 2008 budget, the General/M&P/Investment rate was reduced to 11% effective July 1, 2008, to 10.5% effective January 1, 2010 and to 10% effective January 1, 2011. In addition, the rate for small businesses was reduced to 3.5% effective July 1, 2008, to 3% effective January 1, 2010 and to 2.5% effective January 1, 2011. On October 23, 2008, the government brought down its Economic Update which proposed a further decrease in the rate for small businesses, from 3.5% to 2.5% effective December 1, 2008. The February 17, 2009 budget confirmed the previously announced rate reductions. In a news release dated April 7, 2009, the B.C. government announced that the SBD limit would be increased from \$400,000 to \$500,000 on January 1, 2010. The budget update of September 1, 2009 confirmed the increase in the SBD limit; in addition the government announced its intention to eliminate the small business income tax entirely by April 1, 2012.
- ⁴ **Alberta:** As announced in the April 19, 2007 budget, the SBD limit is raised to \$430,000 effective April 1, 2007, to \$460,000 effective April 1, 2008, and to \$500,000, effective April 1, 2009. As announced in the April 22, 2008 budget, the government will introduce legislation to effectively increase the tax on income subject to the higher SBD limit in Alberta compared to the federal SBD limit that is withdrawn as eligible dividends subject to the enhanced dividend tax credit, from 3% to 10%. The particular legislation was enacted on December 2, 2008 and applies to eligible dividends paid after December 31, 2008. The federal budget of January 27, 2009 increased the SBD limit to \$500,000, effective January 1, 2009. As the SBD limit in Alberta is less than, or equal to, the federal SBD limit for the year, no additional Alberta income tax will apply for 2009. The April 7, 2009 and the February 9, 2010 budgets announced no further changes.
- ⁵ **Saskatchewan:** As announced in the April 6, 2006 budget, the SBD limit is raised as follows: to \$400,000 effective July 1, 2006, to \$450,000 effective July 1, 2007, and to \$500,000 effective July 1, 2008. Furthermore, the general rate is reduced to 14% effective July 1, 2006, 13% effective July 1, 2007 and 12% effective July 1, 2008. As announced in the November 2, 2006 news release, the small business rate is reduced to 4.5% effective January 1, 2007. No further changes were announced in the March 22, 2007, the March 19, 2008 and the March 18, 2009 budgets.
- ⁶ **Manitoba:** SBD limit: \$400,000 since 2005. The April 9, 2008 budget confirmed the previously announced reductions in the general rate (effective July 1, 2008 and July 1, 2009) and in the small business rate (effective January 1, 2009). The budget also announced the intention to reduce the general rate to 11% at a date to be determined subject to budget balancing requirements. The March 25, 2009 budget announced the reduction of the small business rate to zero effective December 1, 2010.
- ⁷ **Ontario:** The December 13, 2007 Ontario Economic Outlook and Fiscal Review stated that the SBD limit increased to \$500,000 and the threshold would reach \$1,500,000, retroactive to January 1, 2007. No changes were announced in the March 25, 2008 budget. On October 22, 2008, the government brought down its Economic and Fiscal Review, which included no tax measures. As announced in the March 26, 2009 budget, the general rate will be reduced to 12% as of July 1, 2010, to 11.5% as of July 1, 2011, to 11% as of July 1, 2012 and to 10% as of July 1, 2013. Further, the rate for small businesses will be reduced to 4.5% as of July 1, 2010; finally, the M&P rate will be reduced to 10% as of July 1, 2010. The budget also announced the elimination of the SBD surtax as of July 1, 2010. The budget also proposed amendments to the corporate minimum tax. Effective for taxation years ending after June 30, 2010, a corporation is liable to pay the corporate minimum tax if it (or its associated group) has total assets greater than \$50 million and total revenue greater than \$100 million. The budget reduced the minimum tax rate, effective July 2010, from 4% to 2.7% of a corporation's adjusted net income.
- ⁸ **Quebec:** Rate on active business income: increased to 9.9% effective January 1, 2006, 11.4% effective January 1, 2008, and 11.9% effective January 1, 2009. Rate applicable to the SBD limit (\$400,000): reduced to 8.5% effective January 1, 2006. As announced in the March 23, 2006 budget, the small business rate is reduced to 8%, effective March 24, 2006. As announced in the February 20, 2007 budget, the investment income rate is reduced from 16.25% to 9.9% as of February 21, 2007, increased to 11.4% as of January 1, 2008 and to 11.9% as of January 1, 2009. The May 24, 2007 budget confirmed the changes announced in the February 20, 2007 budget. Since June 1, 2007, the income tax rate for financial institutions and oil refining companies has been raised and these corporations are already subject to the 11.9% rate (Information Bulletin 2007-3). No changes were announced in the March 13, 2008 budget. The Economic Statement of January 14, 2009 announced no further changes. The March 19, 2009 budget announced that the SBD limit was increased to \$500,000 as of March 20, 2009.
- ⁹ **New Brunswick:** As announced in the March 13, 2007 budget, the general rate is increased to 13% as of January 1, 2007, restoring the rate that was in effect for the 2006 taxation year. As of January 1, 2007, the small business rate is increased to 5% and the SBD limit is decreased to \$400,000. No changes were announced in the March 18, 2008 budget. As announced in the March 17, 2009 budget, the general rate was reduced to 12% as of July 1, 2009, to 11% as of July 1, 2010, to 10% as of July 1, 2011 and to 8% as of July 1, 2012. In addition, the SBD limit was increased to \$500,000 to match the federal SBD limit, effective January 1, 2009. The December 1, 2009 budget confirmed the tax changes announced previously.

- ¹⁰ **Nova Scotia:** SBD limit: increased to \$350,000 effective April 1, 2005 and to \$400,000 effective April 1, 2006. No changes were announced in the April 29, 2008 budget. As announced in the May 4, 2009 budget, the rate for small businesses would be reduced to 4% as of January 1, 2011, to 3% as of January 1, 2012 and to 2.5% as of January 1, 2013. The SBD limit would remain at \$400,000. However, the former minority government lost a confidence motion on the budget and the new majority government tabled a budget on September 25, 2009. In this latest budget, there were no changes to the legislated rates: the SBD limit remains at \$400,000 and the small business rate remains at 5%.
- ¹¹ **Prince Edward Island:** As announced in the March 30, 2006 budget, the rate for small businesses is reduced to 5.4% effective April 1, 2006, 4.3% effective April 1, 2007, 3.2% effective April 1, 2008, 2.1% effective April 1, 2009 and 1% effective April 1, 2010. The April 10, 2007 budget confirmed the rate reductions and announced that the SBD limit was increased from \$300,000 to \$400,000, effective January 1, 2007. The October 16, 2007 budget (2nd budget - new government) confirmed previous changes. The April 23, 2008 budget confirmed previous changes. As announced in the April 16, 2009 budget, the rate for small businesses is decreased as previously announced. Further, the SBD limit is increased to \$500,000 as of January 1, 2009.
- ¹² **Newfoundland and Labrador:** The April 26, 2007 budget announced that the SBD limit is raised from \$300,000 to \$400,000 effective January 1, 2007. The April 29, 2008 budget announced no new changes. As announced in the March 26, 2009 budget, the SBD limit is being increased to \$500,000 effective January 1, 2009.
- ¹³ **Yukon:** The SBD limit is \$400,000 in 2007 as announced in the March 25, 2004 budget. The March 30, 2006, April 19, 2007, March 20, 2008 and March 19, 2009 budgets announced no changes.
- ¹⁴ **Northwest Territories:** The May 2, 2006 federal budget provides that the SBD limit is raised from \$300,000 to \$400,000 effective January 1, 2007. This increase also applies to the SBD limit of these territories. No changes were announced in the May 22, 2008 and February 5, 2009 budgets. Unless the legislation is amended, the increase of the federal SBD limit (to \$500,000 as of January 1, 2009) will also apply to the Northwest Territories. The January 28, 2010 budget announced no changes.
- ¹⁵ **Nunavut:** The May 2, 2006 federal budget provides that the SBD limit is raised from \$300,000 to \$400,000, effective January 1, 2007. Since the Nunavut legislation was not revised, the increase also applies to the SBD limit of this territory. No changes were announced in the Nunavut budgets tabled on February 20, 2008 and June 4, 2009. Unless the legislation is amended, the increase of the federal SBD limit (to \$500,000 as of January 1, 2009) will also apply to Nunavut.
- ¹⁶ **Federal:** The October 30, 2007 Economic Statement announced the following rate reductions:
- | | |
|----------------|---------------------------------|
| General | 19.5% effective January 1, 2008 |
| | 19.0% effective January 1, 2009 |
| | 18.0% effective January 1, 2010 |
| | 16.5% effective January 1, 2011 |
| | 15.0% effective January 1, 2012 |
| Small business | 11.0% effective January 1, 2008 |

The changes announced in the October 30, 2007 Economic Statement were included in Bill C-28 which received Royal Assent on December 14, 2007. The February 26, 2008 federal budget announced no further changes. The January 27, 2009 federal budget announced no further changes except for the increase to the SBD limit (see note 2).