

		2012	2013	2014	2015	2016
<b>Federal</b> <sup>2, 16</sup>	General/M&P/Investment	15.00	15.00	15.00	15.00	15.00
	Small business	11.00	11.00	11.00	11.00	10.50
	Investment - CCPC	34.67	34.67	34.67	34.67	38.67
<b>British Columbia</b> <sup>3</sup>	General/M&P/Investment	10	10/11	11	11	11
	Small business	2.5	2.5	2.5	2.5	2.5
<b>Alberta</b> <sup>4</sup>	General/M&P/Investment	10	10	10	10/12	12
	Small business	3	3	3	3	3
<b>Saskatchewan</b> <sup>5</sup>	General/Investment	12	12	12	12	12
	Small business	2	2	2	2	2
	M&P	10	10	10	10	10
<b>Manitoba</b> <sup>6</sup>	General/M&P/Investment	12	12	12	12	12
	Small business	0	0	0	0	0
<b>Ontario</b> <sup>7</sup>	General/Investment	11.5	11.5	11.5	11.5	11.5
	Small business	4.5	4.5	4.5	4.5	4.5
	M&P	10	10	10	10	10
<b>Quebec</b> <sup>8</sup>	General/Investment/M&P	11.9	11.9	11.9	11.9	11.9
	Small business (non M&P-M&P)	8	8	8-8/6	8-6/4	8-4
<b>New Brunswick</b> <sup>9</sup>	General/M&P/Investment	10	10/12	12	12	12
	Small business	4.5	4.5	4.5	4	4
<b>Nova Scotia</b> <sup>10</sup>	General/M&P/Investment	16	16	16	16	16
	Small business	4	3.5	3	3	3
<b>Prince Edward Island</b> <sup>11</sup>	General/Investment/M&P	16	16	16	16	16
	Small business	1	1.0/4.5	4.5	4.5	4.5
<b>Newfoundland and Labrador</b> <sup>12</sup>	General/Investment	14	14	14	14	14
	Small business	4	4	4/3	3	3
	M&P	5	5	5	5	5
<b>Yukon</b> <sup>13</sup>	General/Investment	15	15	15	15	15
	Small business	4	4	4/3	3	3
	M&P	2.5	2.5	2.5	2.5	2.5
	M&P (small business)	2.5	2.5	2.5/1.5	1.5	1.5
<b>Northwest Territories</b> <sup>14</sup>	General/M&P/Investment	11.5	11.5	11.5	11.5	11.5
	Small business	4	4	4	4	4
<b>Nunavut</b> <sup>15</sup>	General/M&P/Investment	12	12	12	12	12
	Small business	4	4	4	4	4

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

- <sup>1</sup> This table provides a glance of the corporate income tax rates (federal, provincial and territorial) announced up to December 31, 2015. The rates apply to the 2012 to 2016 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. Personal services businesses are subject to a federal tax rate of 28%.
- <sup>2</sup> **Federal:** The income limit for the purposes of the small business deduction (SBD limit) has been \$500,000 since 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.
- <sup>3</sup> **British Columbia:** SBD limit: increased to \$500,000 since 2010. The General/M&P/Investment rate was reduced to 10% effective January 1, 2011. In addition, the rate for small businesses was reduced to 2.5% effective January 1, 2011. The February 21, 2012 budget introduced a provisional one point increase in the general corporate income tax rate to 11%, effective April 1, 2014. The February 19, 2013 budget announced an increase to the general rate from 10% to 11% effective April 1, 2013, one year earlier than originally announced. However, the Legislative Assembly was dissolved on April 16, 2013, and a provincial general election was held on May 14, 2013. The re-elected liberal government reintroduced the February 19, 2013 budget proposal in its June 27, 2013 budget. The February 18, 2014 and February 17, 2015 budgets announced no further changes.
- <sup>4</sup> **Alberta:** SBD limit: increased to \$500,000 since April 1, 2009. The February 9, 2012, March 7, 2013, March 7, 2014 and March 26, 2015 budgets announced no further changes. However, Alberta's new government, elected on May 5, 2015, announced an increase in the general corporate tax rate from 10% to 12% effective July 1, 2015.
- <sup>5</sup> **Saskatchewan:** SBD limit: increased to \$500,000 since July 1, 2008. The March 21, 2012 budget announced no changes to the rates. No changes were announced in the March 20, 2013 budget. However, the government confirmed its intention to reduce the general corporate tax rate as and when this reduction is sustainable. The March 19, 2014 and March 18, 2015 budgets announced no further changes.
- <sup>6</sup> **Manitoba:** SBD limit: \$400,000 since 2005. SBD limit to increase to \$425,000 as of January 1, 2014 as announced in the April 16, 2013 budget. The April 17, 2012, April 16, 2013 and March 6, 2014 budgets announced no changes related to tax rates. The April 30, 2015 budget announced an increase in the SBD limit, from \$425,000 to \$450,000, effective January 1, 2016. In a News Release dated December 1, 2015, the government announced that, starting in 2017, small businesses in Manitoba will benefit from a SBD limit of \$500,000.
- <sup>7</sup> **Ontario:** SBD limit: \$500,000 since January 1, 2007. The March 27, 2012 budget proposed to postpone the rate reductions scheduled for July 1, 2012 (to 11%) and for July 1, 2013 (to 10%) and to maintain the general tax rate to 11.5% until 2017-2018. The May 2, 2013 budget announced no changes related to tax rates. The July 14, 2014 budget proposed no rate changes. However, the small business deduction, which provides for a 4.5% tax rate on the first \$500,000 of active business income for CCPCs, is proposed to be phased out for CCPCs with more than \$10 million in taxable capital employed in Canada in the previous year, with full elimination of the deduction where taxable capital exceeds \$15 million (similar to the federal SBD claw-back). This measure is effective for taxation years ending after May 1, 2014 and will be prorated for taxation years that straddle May 1, 2014. The April 23, 2015 budget proposed no rate changes.
- <sup>8</sup> **Quebec:** SBD limit: \$500,000 since March 20, 2009. The March 20, 2012 and November 20, 2012 budgets announced no changes related to tax rates. The June 4, 2014 budget announced that manufacturing small medium enterprises (SME) may claim an additional tax rate reduction on the first \$500,000 of annual income eligible for the Quebec small business deduction. The maximum additional reduction a corporation may claim will be 2% as of June 5, 2014, increasing to 4% as of April 1, 2015. The rate reduction is prorated for taxation years straddling those dates. SMEs whose M&P activities are 50% or more can benefit from the maximum rate reduction. The rate reduction is reduced according to a formula where the proportion of M&P activities is less than 50% but at least 25%. There is no rate reduction where that proportion is less than 25%.

The March 26, 2015 budget announced further changes to the eligibility for the SBD, effective for taxation years beginning after December 31, 2016. Of the companies that are currently eligible for the SBD, generally only the following will maintain eligibility:

- corporations that employ more than three full-time employees throughout the year; or
- corporations in the primary or manufacturing sector.

The scope of the additional deduction for manufacturing SMEs (reduction to 4%) will be expanded to include SMEs in the primary and manufacturing sectors. This amendment will apply to taxation years beginning after December 31, 2016.

The 2015 budget also announced that Quebec's general corporate tax rate will be gradually reduced by 0.4 percentage points from 2017 to 2020. These rate reductions will come into force on January 1 of each of these years. More specifically, the general corporate tax rate will be reduced from the current rate of 11.9% to 11.8% in 2017, 11.7% in 2018, 11.6% in 2019 and, ultimately, 11.5% in 2020.

- <sup>9</sup> **New Brunswick:** SBD limit: \$500,000 since January 1, 2009. The general rate was to be reduced to 8% as of July 1, 2012. The March 27, 2012 announced no changes related to tax rates. The March 26, 2013 budget announced an increase in the general rate from 10% to 12%, effective July 1, 2013 and maintained the small business rate of 4.5%. The February 4, 2014 budget has not introduced any corporate rate changes. The March 31, 2015 budget confirmed the small business tax rate reduction to 4% effective January 1, 2015 (reduction announced in October 2014). The government has indicated an intent to reduce the small business rate to 3.5% but this has not been enacted.
- <sup>10</sup> **Nova Scotia:** SBD limit: \$400,000 since April 1, 2006. SBD limit to decrease to \$350,000, the lowest SBD limit in the country, as of January 1, 2014 as announced in the April 4, 2013 budget. The April 5, 2011 budget announced that the small business rate would be reduced from 4.5% to 4.0% as of January 1, 2012. The April 3, 2012 budget announced that the small business rate would be reduced from 4.0% to 3.5% as of January 1, 2013. The April 4, 2013 budget announced a reduction in the small business rate from 3.5% to 3%, effective January 1, 2014. The April 4, 2014 and April 9, 2015 budgets did not introduce any corporate rate changes.
- <sup>11</sup> **Prince Edward Island:** SBD limit: \$500,000 since January 1, 2009. The April 18, 2012 budget announced no changes related to tax rates. The March 27, 2013 budget announced an increase in the small business rate from 1% to 4.5%, effective April 1, 2013 and no change in the general business rate of 16%. The April 9, 2014 and June 19, 2015 budgets did not introduce any corporate rate changes.
- <sup>12</sup> **Newfoundland and Labrador:** SBD limit: \$500,000 since January 1, 2009. The April 24, 2012 and March 26, 2013 budgets announced no changes related to tax rates. The March 28, 2014 budget announced that the small business rate would be reduced from 4% to 3% as of July 1, 2014. The April 30, 2015 budget announced no changes related to tax rates.
- <sup>13</sup> **Yukon:** SBD limit: \$500,000 since January 1, 2011. The March 15, 2012 and March 21, 2013 budgets announced no changes related to tax rates. The March 25, 2014 budget announced that the small business rate would be reduced from 4% to 3%. This reduction is effective as of July 1, 2014. Also effective July 1, 2014, the small business rate for M&P income is 1.5% and applies up to the SBD limit of \$500,000. The April 2, 2015 budget announced no changes to corporate income taxes.
- <sup>14</sup> **Northwest Territories:** SBD limit: \$500,000 since January 1, 2009. The May 24, 2012, February 7, 2013, February 6, 2014 and February 5, 2015 budgets announced no changes related to tax rates.
- <sup>15</sup> **Nunavut:** SBD limit: \$500,000 since January 1, 2009. The February 22, 2012, February 27, 2013, May 27, 2014 and February 25, 2015 budgets announced no changes related to tax rates.
- <sup>16</sup> **Federal:** The March 29, 2012, March 21, 2013 and February 11, 2014 budgets announced no changes related to tax rates.

The April 21, 2015 budget proposed to reduce the small business tax rate from 11% to 9% by 2019. The rate will decrease by 0.5% each year starting on January 1, 2016, with the changes being prorated for taxation year-ends that do not coincide with the calendar year. The reduction will be implemented as follows:

- effective January 1, 2016, the rate will be reduced to 10.5 per cent;
- effective January 1, 2017, the rate will be reduced to 10 per cent;
- effective January 1, 2018, the rate will be reduced to 9.5 per cent; and
- effective January 1, 2019, the rate will be reduced to 9 per cent.

The new majority liberal government has tabled Bill C-2 which received first reading on December 9, 2015. Bill C-2 includes an amendment to increase the rate of the additional tax on CCPC investment income from 6 2/3% to 10 2/3%, consequential to the introduction of a new top personal income tax rate of 33%. This amendment applies to taxation years that end after 2015. For such taxation years beginning before 2016, the rate increase is prorated according to the number of days in the taxation year that are after 2015. This amendment effectively raises the tax on investment income earned in a CCPC by 4% to 38.67%.