

Corporate income tax rates¹

Updated to July 20, 2012

		2009	2010	2011	2012	2013
Federal ^{2, 16}	General/M&P/Investment	19.00	18.00	16.50	15.00	15.00
	Small business	11.00	11.00	11.00	11.00	11.00
	Investment - CCPC	34.67	34.67	34.67	34.67	34.67
British Columbia ³	General/M&P/Investment	11	10.5	10	10	10
	Small business	2.5	2.5	2.5	2.5	2.5
Alberta ⁴	General/M&P/Investment	10	10	10	10	10
	Small business	3	3	3	3	3
Saskatchewan ⁵	General/Investment	12	12	12	12	12
	Small business	4.5	4.5	4.5/2	2	2
	M&P	10	10	10	10	10
Manitoba ⁶	General/M&P/Investment	13/12	12	12	12	12
	Small business	1	1/0	0	0	0
Ontario ⁷	General/Investment	14	14/12	12/11.5	11.5	11.5
	Small business	5.5	5.5/4.5	4.5	4.5	4.5
	M&P	12	12/10	10	10	10
Quebec ⁸	General/M&P	11.9	11.9	11.9	11.9	11.9
	Small business	8	8	8	8	8
	Investment	11.9	11.9	11.9	11.9	11.9
New Brunswick ⁹	General/M&P/Investment	13/12	12/11	11/10	10	10
	Small business	5	5	5	4.5	4.5
Nova Scotia ¹⁰	General/M&P/Investment	16	16	16	16	16
	Small business	5	5	4.5	4	3.5
Prince Edward Island ¹¹	General/Investment/M&P	16	16	16	16	16
	Small business	3.2/2.1	2.1/1	1	1	1
Newfoundland and Labrador ¹²	General/Investment	14	14	14	14	14
	Small business	5	5/4	4	4	4
	M&P	5	5	5	5	5
Yukon ¹³	General/Investment	15	15	15	15	15
	Small business	4	4	4	4	4
	M&P	2.5	2.5	2.5	2.5	2.5
Northwest Territories ¹⁴	General/M&P/Investment	11.5	11.5	11.5	11.5	11.5
	Small business	4	4	4	4	4
Nunavut ¹⁵	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

- ¹ This table provides a glance of the corporate income tax rates (federal, provincial and territorial) announced up to July 20, 2012. The rates apply to the 2009 to 2013 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 \$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.
- 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. The March 2, 2010 budget announced no changes related to tax rates. The February 15, 2011 budget confirmed the previously announced elimination of the small business income tax by April 1, 2012. The February 21, 2012 budget announced that the previously announced reduction to the small business corporate income tax rate to 0% by April 1, 2012 will not proceed. Rather, the current rate of 2.5% will be maintained and revisited when the fiscal situation has improved. A provisional one point increase in the general corporate income tax rate to 11% will be introduced, effective April 1, 2014.
- 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. The April 7, 2009, February 9, 2010, February 24, 2011 and February 9, 2012 budgets announced no further changes.
- ⁵ **Saskatchewan:** The March 23, 2011 budget proposed a reduction in the small business rate from 4.5% to 2% effective July 1, 2011. The March 21, 2012 budget announced no changes to the rates.
- 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. The March 23, 2010 budget announced that the reduction in the general rate to 11% is postponed until the economy strengthens. The April 12, 2011 and April 17, 2012 budgets announced no changes related to tax rates.
- ⁷ **Ontario:** 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 and the rate for manufacturing and processing profits will be reduced from 12% to 10% as of July 1, 2010. Further, the rate for small businesses will be reduced to 4.5% 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. The March 25, 2010 budget confirmed the previously announced measures. The March 29, 2011 budget announced no changes related to tax rates. The March 27, 2012 budget proposes 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.
- ⁸ **Quebec:** The March 19, 2009 budget announced that the SBD limit was increased to \$500,000 as of March 20, 2009. The March 30, 2010, March 17, 2011 and March 20, 2012 budgets announced no changes related to tax rates.
- ⁹ **New Brunswick:** 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. The March 22, 2011 budget proposed a reduction in the small business rate from 5% to 4.5% effective January 1, 2012. The budget also confirmed the previously announced reduction in the general rate to 10% as of July 1, 2011 and a commitment to maintaining this rate, indicating that the previously announced reduction to 8% as of July 1, 2012 would no longer occur. The March 27, 2012 announced no changes related to tax rates.

¹⁰ **Nova Scotia:** 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 budget, there were no changes to the legislated rates: the SBD limit remains at \$400,000 and the small business rate remains at 5%. The April 6, 2010 budget announced that the rate for small businesses would be reduced from 5% to 4.5% as of January 1, 2011. 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.

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. 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. The April 23, 2010, April 6, 2011 and April 18, 2012 budgets announced no changes related to tax rates.

¹² **Newfoundland and Labrador:** As announced in the March 26, 2009 budget, the SBD limit is being increased to \$500,000 effective January 1, 2009. The March 29, 2010 budget announced that the rate for small businesses would be reduced from 5% to 4% applicable to fiscal periods beginning after March 31, 2010. The M&P rate remains 5%. The April 19, 2011 and April 24, 2012 budgets announced no changes related to tax rates.

¹³ **Yukon:** The SBD limit is \$400,000 in 2007 as announced in the March 25, 2004 budget. The March 19, 2009 and March 25, 2010 budgets announced no changes related to tax rates. On September 21, 2010, the Yukon government announced that the SBD limit was increased to \$500,000 for 2011. The February 3, 2011 and March 15, 2012 budgets announced no changes related to tax rates.

¹⁴ **Northwest Territories:** Since the Northwest Territories legislation was not amended, the increase of the federal SBD limit (to \$500,000 as of January 1, 2009) would also apply to the Northwest Territories. The January 28, 2010, February 3, 2011 and May 24, 2012 budgets announced no changes related to tax rates.

¹⁵ **Nunavut:** Since the Nunavut legislation was not amended, the increase of the federal SBD limit (to \$500,000 as of January 1, 2009) would also apply to Nunavut. The March 8, 2010, March 1, 2011 and February 22, 2012 budgets announced no changes related to tax rates.

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). The March 4, 2010, March 22, 2011 and March 29, 2012 budgets announced no changes related to tax rates.