

Corporate investment income tax rates* – 2016



Includes all rate changes announced up to 30 June 2016

	Investment income earned by Canadian-controlled private corporations (CCPCs) (%)		Investment income earned by other corporations (non-CCPCs) (%)	
Federal	38.67 ¹		15.00 ²	
	Provincial/territorial rates:	Combined federal and provincial/territorial rates:	Provincial/territorial rates:	Combined federal and provincial/territorial rates:
Newfoundland and Labrador ³	15.00	53.67	15.00	30.00
Prince Edward Island	16.00	54.67	16.00	31.00
Nova Scotia	16.00	54.67	16.00	31.00
New Brunswick ⁴				
- Prior to 1 April 2016	12.00	50.67	12.00	27.00
- After 31 March 2016	14.00	52.67	14.00	29.00
- Calendar year-end rate	13.50	52.17	13.50	28.50
Quebec ⁵	11.90	50.57	11.90	26.90
Ontario	11.50	50.17	11.50	26.50
Manitoba	12.00	50.67	12.00	27.00
Saskatchewan ⁶	12.00	50.67	12.00	27.00
Alberta	12.00	50.67	12.00	27.00
British Columbia	11.00	49.67	11.00	26.00
Northwest Territories	11.50	50.17	11.50	26.50
Nunavut	12.00	50.67	12.00	27.00
Yukon	15.00	53.67	15.00	30.00

*Rates represent calendar-year rates unless indicated otherwise.



Notes:

1. Bill C-2, which received second reading on 21 March 2016, introduced a 4% increase in the federal top marginal personal income tax rate on income in excess of \$200,000 and also contains consequential amendments to the refundable additional Part I tax, Part IV tax and the refundable dividend tax on hand mechanism. For taxation years ending after 2015, the refundable additional Part I tax on investment income earned by a CCPC is increased by 4%, from 6.67% to 10.67%. As a result, the federal rate applicable to investment income earned by a CCPC is increased to 38.67% from 34.67%. The additional refundable tax as well as a portion of the regular Part I tax paid on the investment income is refundable to the CCPC as follows: 30.67% of the investment income (increased from 26.67%) is added to the CCPC's refundable dividend tax on hand account and is refundable at a rate of 38.33% of taxable dividends paid (increased from 33.33%). For taxation years that straddle 1 January 2016, these changes are prorated for the number of days in the taxation year that are after 2015. The 13% federal general rate reduction does not apply to investment income earned by a CCPC.
2. The federal general rate reduction of 13% applies to the base federal rate of 28% for active business income not eligible for other incentives, as well as to investment income earned by a non-CCPC.
3. The 2016-17 Newfoundland and Labrador budget announced that the general corporate income tax rate is increased from 14% to 15%, retroactive to 1 January 2016.
4. The 2016-17 New Brunswick budget announced that the general corporate income tax rate is increased from 12% to 14%, effective 1 April 2016.
5. The 2015-16 Quebec budget announced a gradual reduction to the general corporate income tax rate from 11.9% to 11.5% over four years, effective 1 January of each year beginning in 2017, based on the following schedule: 2017 - 11.8%; 2018 - 11.7%; 2019 - 11.6%; and 2020 - 11.5%.
6. The 2014-15 Saskatchewan budget confirmed the province's previously announced intention to reduce the general corporate rate from 12% to 10%; however, a schedule for the reduction(s) has not yet been provided, and the proposed rate reduction was not addressed in the 2016-17 provincial budget.