

# Provincial corporate income tax rates for active business income\* – 2016



Includes all rate changes announced up to 30 June 2016

	<b>Income eligible for small-business deduction (SBD) (%)</b> (generally up to \$500,000 <sup>1</sup> )	<b>Manufacturing and processing (M&amp;P) income not eligible for federal SBD (%)</b> (greater than \$500,000)	<b>General income not eligible for SBD (%)</b> (non-M&P income)
Newfoundland and Labrador <sup>2</sup>	3.00	15.00	15.00
Prince Edward Island	4.50	16.00	16.00
Nova Scotia	3.00 (up to \$350k) <sup>1</sup> / 16.00 (\$350k-500k)	16.00	16.00
New Brunswick			
- Prior to 1 April 2016	4.00 <sup>3</sup>	12.00 <sup>4</sup>	12.00 <sup>4</sup>
- After 31 March 2016	3.50 <sup>3</sup>	14.00 <sup>4</sup>	14.00 <sup>4</sup>
- Calendar year-end rate	3.62 <sup>3</sup>	13.50 <sup>4</sup>	13.50 <sup>4</sup>
Quebec	8.00 <sup>5</sup>	11.90 <sup>6</sup>	11.90 <sup>6</sup>
Ontario	4.50	10.00	11.50
Manitoba	Nil (up to \$450k) <sup>1</sup> / 12.00 (\$450k-500k)	12.00	12.00
Saskatchewan <sup>7</sup>	2.00	10.00	12.00
Alberta	3.00 <sup>8</sup>	12.00	12.00
British Columbia	2.50	11.00	11.00
Northwest Territories	4.00	11.50	11.50
Nunavut	4.00	12.00	12.00
Yukon	1.50/3.00 <sup>9</sup>	2.50	15.00

\*Rates represent calendar-year rates unless indicated otherwise.



## Notes:

1. The Nova Scotia small-business limit is \$350,000, and the Manitoba small-business limit is increased from \$425,000 to \$450,000 effective 1 January 2016. In its March 2016 Economic and Fiscal Update, the former Manitoba government announced it will further increase the small-business limit from \$450,000 to \$500,000, effective 1 July 2017. This proposal was not confirmed by the new government in its 2016-17 budget tabled on 31 May 2016. As a result, it is unclear at this time whether the new Manitoba government will proceed with this proposal. The small-business limit for the remaining provinces and territories is \$500,000.
2. The 2016-17 Newfoundland and Labrador budget announced that the general corporate income tax rate is increased from 14% to 15% and the M&P profits tax credit is eliminated, retroactive to 1 January 2016.
3. The New Brunswick small-business rate was reduced from 4.5% to 4.0% effective 1 January 2015. In its 2015-16 budget, the province confirmed its previously announced intention to decrease the small-business rate to 2.5%, but no specific timeline was announced. While the 2016-17 budget did not include changes to the small-business rate, in a news release dated 17 March 2016, New Brunswick announced that the small-business rate is reduced from 4.0% to 3.5% effective 1 April 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 that effective for taxation years beginning on or after 1 January 2017, a corporation must generally have more than three full-time employees or be a corporation in the primary (i.e., agriculture, forestry, fishing, hunting and certain resource-based sectors) or M&P sectors to benefit from the small-business tax rate. The 2016-17 Quebec budget, however, announced that the qualification criterion concerning the minimum number of employees will be replaced by a qualification criterion concerning the minimum number of hours worked. More specifically, the small-business tax rate will apply if an eligible corporation's employees worked at least 5,500 hours. Canadian-controlled private corporations (CCPCs) engaged in M&P activities may be able to claim an additional deduction (2% as of 5 June 2014 and 4% as of 1 April 2015) from the small-business rate, depending on the proportion of activities attributable to M&P. The additional deduction is prorated for taxation years straddling the effective dates and is reduced linearly where the proportion of activities attributable to M&P totals between 25% and 50%. The 2015-16 Quebec budget proposed to extend eligibility for the additional deduction to corporations in the primary sector effective for taxation years beginning on or after 1 January 2017. The additional deduction will reach 4% where the proportion of activities in the primary and manufacturing sectors is 50% or more, and will be reduced on a linear basis where the proportion is between 25% and 50%.
6. 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%.
7. 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.
8. The 2016-17 Alberta budget announced that the small business rate will decrease from 3% to 2% effective 1 January 2017.
9. The Yukon M&P rate is less than the small-business rate. The first rate applies to M&P income eligible for the SBD, while the second rate is for non-M&P income.