

Corporate income tax rates* for active business income - 2010

Includes all rate changes announced up to 15 July 2010

	Income eligible for small business deduction(SBD) (%) (generally up to \$500,000 ¹)	Manufacturing and processing (M&P) income not eligible for federal SBD (%) (greater than \$500,000)	General income not eligible for SBD (%) (non-M&P income)
Federal rates ²	11.00 ³	18.00	18.00 ²
Combined federal and provincial rates:			
Newfoundland and Labrador ⁴	16.00	23.00	32.00
Prince Edward Island ⁵			
- Prior to 1 April 2010	13.10	34.00	34.00
- After 31 March 2010	12.00	34.00	34.00
- Calendar year-end rate	12.27	34.00	34.00
Nova Scotia ⁶	16.00 (up to \$400k)/ 27.00 (\$400-500k)	34.00	34.00
New Brunswick ⁷			
- Prior to 1 July 2010	16.00	30.00	30.00
- After 30 June 2010	16.00	29.00	29.00
- Calendar year-end rate	16.00	29.50	29.50
Quebec ⁸	19.00	29.90	29.90
Ontario ^{9,10}			
- Prior to 1 July 2010	16.50	30.00	32.00
- After 30 June 2010	15.50	28.00	30.00
- Calendar year-end rate	16.00	29.00	31.00
Manitoba ¹¹			
- Prior to 1 Dec 2010	12.00 (up to \$400k)/ 23.00 (\$400-500k)	30.00	30.00
- After 30 Nov 2010	11.00 (up to \$400k)/ 23.00 (\$400-500k)	30.00	30.00
- Calendar year-end rate	11.92 (up to \$400k)/ 23.00 (\$400-500k)	30.00	30.00
Saskatchewan	15.50	28.00	30.00
Alberta ¹²	14.00	28.00	28.00
British Columbia ¹³	13.50	28.50	28.50
Northwest Territories	15.00	29.50	29.50
Nunavut	15.00	30.00	30.00
Yukon	13.50/15.00 (up to \$400k) / 13.50/26.00 (\$400-\$500k) ¹⁴	20.50	33.00
Non-resident	N/A	28.00	28.00

* Rates represent calendar-year rates unless indicated otherwise.

NOTES:

1. The 2009 federal budget increased the small business limit from \$400,000 to \$500,000 effective 1 January 2009. Since Newfoundland and Labrador, Prince Edward Island, Northwest Territories, and Nunavut adopt the same small business limit as the federal government, their respective small business limits also increased to \$500,000 effective 1 January 2009. For Nova Scotia, Manitoba and the Yukon, the small business limit remains at \$400,000.
2. A federal general rate reduction of 10% 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 Canadian-controlled private corporation (CCPC). The federal rate applicable to investment income earned by CCPCs is 34.67%, due to the additional 6.67% refundable federal income tax. The 18% general corporate business rate will decrease to 16.5% on 1 January 2011 and 15% on 1 January 2012.
3. The federal SBD is reduced if taxable capital employed in Canada exceeds \$10 million. The SBD generally applies to M&P income within the small business income limit, except in the Yukon (see note 14 below).
4. The Newfoundland and Labrador small business rate is reduced from 5% to 4% for fiscal periods beginning on or after 1 April 2010.
5. The Prince Edward Island small business rate is reduced from 2.1% to 1% effective 1 April 2010.
6. The Nova Scotia small business rate is reduced from 5.0% to 4.5% effective 1 January 2011.
7. The New Brunswick small business limit increased from \$400,000 to \$500,000 effective 1 January 2009. The general corporate business rate is reduced from 12% to 11% effective 1 July 2010, and will decrease further to 10% on 1 July 2011 and 8% on 1 July 2012.
8. The Quebec small business limit increased from \$400,000 to \$500,000 effective 20 March 2009.
9. Ontario levies different rates on small business income, eligible Canadian profits (M&P, farming, fishing and logging) and other income. The general corporate business rate is reduced from 14% to 12% effective 1 July 2010, and will decrease further to 11.5% on 1 July 2011, 11% on 1 July 2012 and 10% on 1 July 2013. The M&P rate is reduced from 12% to 10% effective 1 July 2010. The small business rate is reduced from 5.5% to 4.5% effective 1 July 2010.
10. Ontario's small business limit is \$500,000, with a clawback on income of up to \$1.5 million, until 30 June 2010. The clawback is eliminated effective 1 July 2010. The small business rates do not include the Ontario clawback. For the period 1 January 2010 to 30 June 2010, the clawback will add 4.25% to the general business rate and 3.25% to the M&P rate for taxable income over \$500,000.
11. Manitoba's general corporate rate decreased from 13% to 12% on 1 July 2009. There is no M&P rate reduction. Manitoba's small business rate decreased to 1% effective 1 January 2009, and is further reduced to nil effective 1 December 2010.
12. The Alberta small business income limit increased from \$460,000 to \$500,000 effective 1 April 2009.
13. British Columbia's general corporate rate is reduced to 10.5% effective 1 January 2010, and will be further reduced to 10% effective 1 January 2011. The small business limit increased from \$400,000 to \$500,000 effective 1 January 2010.
14. In the Yukon, the M&P rate (2.5%) is less than the small business rate (4%). The first rate applies to M&P income eligible for the small business deduction, while the second rate is for non-M&P income.

Capital and payroll taxes - 2010

Includes all rate changes announced up to 15 July 2010

Jurisdiction	General capital tax rate (%)	Payroll tax rate (%)
Federal	- ¹	-
Newfoundland and Labrador	-	0-2.00 ⁸
Quebec	0.12 ²	2.70-4.26 ⁹
Ontario	0-0.15 ³	0-1.95 ¹⁰
Manitoba	0.10-0.30 ⁴	0-4.30 ¹¹
Saskatchewan	- ⁵	-
Nova Scotia	0.10-0.30 ⁶	-
New Brunswick	- ⁷	-
Northwest Territories	-	2.00 ¹²
Nunavut	-	2.00 ¹²

NOTES:

- The federal capital tax was eliminated effective 1 January 2006.
- The paid-up capital deduction is \$1 million, but is reduced gradually for corporations with paid-up capital between \$1 million and \$4 million. A separate paid-up capital deduction is provided for farming and fishing corporations and, effective for taxation years ending after 13 March 2008, for corporations whose proportion of activities attributable to manufacturing and processing is at least 20%. Rate reductions are scheduled until the capital tax is fully eliminated on 1 January 2011.
- Tax is nil for corporations engaged primarily in manufacturing and resource activities. For other corporations, tax is nil on the first \$15 million of taxable capital. This deduction must be shared by an associated group of corporations. The capital tax is fully eliminated on 1 July 2010.
- Tax is nil for qualifying manufacturing corporations. For other corporations, tax is nil on the first \$10 million of taxable capital. The deduction must be shared by an associated group of corporations. The lower rate is reduced from 0.2% to 0.1% for taxation years commencing after 1 January 2009. The higher rate (which includes a 0.2% surtax) is reduced to 0.3% for taxation years commencing after 1 January 2009, and generally applies to taxable capital in excess of \$10 million. The 0.2% surtax is phased in for taxable capital between \$10 million and \$11 million. The capital tax is fully eliminated on 31 December 2010.
- The general capital tax was eliminated effective 1 July 2008.
- Tax is nil if taxable capital is less than \$5 million. If taxable capital is between \$5 million and \$10 million, the tax rate is 0.3% prior to 1 July 2010 and 0.2% after 30 June 2010, on taxable capital in excess of \$5 million. If taxable capital is \$10 million or more, the rate is 0.15% prior to 1 July 2010, and 0.10% after 30 June 2010 (with no exemption). Further rate reductions are scheduled until the tax is eliminated effective 1 July 2012.
- The capital tax was eliminated effective 1 January 2009.
- Tax on payrolls up to \$1 million is nil. The 2% rate is applied to the amount of payroll in excess of the exemption.
- For businesses with payrolls of \$1 million or less, the rate is 2.7%. For businesses with payrolls of more than \$1 million, the rate varies between 2.7% and 4.26%. For certain public sector employers, the rate is 4.26% regardless of the total amount of their payroll. Certain exemptions may apply.
- For eligible employers, the first \$400,000 of payroll is exempt from Employer Health Tax. The \$400,000 exemption must be shared by an associated group. The 1.95% rate applies for payroll over \$400,000.
- Corporations with annual payrolls of up to \$1,250,000 are exempt. Corporations with annual payrolls between \$1.25 million and \$2.5 million pay tax at a rate of 4.3% on the amount in excess of \$1.25 million. All other corporations are subject to tax at a rate of 2.15%.
- Payroll tax is paid by employees on all remuneration earned within the territory.