

Corporate income tax rates* for active business income - 2011

Includes all rate changes announced up to 30 June 2011

	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	16.50	16.50 ²
Combined federal and provincial rates:			
Newfoundland and Labrador ⁴	15.00	21.50	30.50
Prince Edward Island	12.00	32.50	32.50
Nova Scotia ⁵	15.50 (up to \$400k)/ 27.00 (\$400k-500k)	32.50	32.50
New Brunswick ⁶			
- Prior to 1 July 2011	16.00	27.50	27.50
- After 30 June 2011	16.00	26.50	26.50
- Calendar year-end rate	16.00	27.00	27.00
Quebec	19.00	28.40	28.40
Ontario ⁷			
- Prior to 1 July 2011	15.50	26.50	28.50
- After 30 June 2011	15.50	26.50	28.00
- Calendar year-end rate	15.50	26.50	28.25
Manitoba ⁸	11.00 (up to \$400k)/ 23.00 (\$400k-500k)	28.50	28.50
Saskatchewan ⁹			
- Prior to 1 July 2011	15.50	26.50	28.50
- After 30 June 2011	13.00	26.50	28.50
- Calendar year-end rate	14.24	26.50	28.50
Alberta	14.00	26.50	26.50
British Columbia ¹⁰	13.50	26.50	26.50
Northwest Territories	15.00	28.00	28.00
Nunavut	15.00	28.50	28.50
Yukon	13.50/15.00 ¹¹	19.00	31.50
Non-resident	N/A	26.50	26.50

* Rates represent calendar-year rates unless indicated otherwise.

NOTES:

1. The federal small business limit is \$500,000. The small business limit for Nova Scotia and Manitoba is \$400,000, and the small business limit for the remaining provinces and territories is \$500,000.
2. A federal general rate reduction of 11.5% applies to the base federal rate of 28% for active business income (ABI) 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 16.5% general corporate business rate will decrease to 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 11 below).
4. The Newfoundland and Labrador small business rate was reduced from 5% to 4% for fiscal periods beginning on or after 1 April 2010.
5. The Nova Scotia small business rate is reduced from 5.0% to 4.5% effective 1 January 2011, and will decrease further to 4% on 1 January 2012.
6. The New Brunswick general corporate business rate is reduced from 11% to 10% effective 1 July 2011. In the New Brunswick 2011-12 budget, the minister confirmed the remaining scheduled reduction in the general corporate rate to 8% on 1 July 2012 will not proceed. A reduction in the small business rate from 5% to 2.5% was also announced on 23 November 2010. In the 2011-12 budget, the minister confirmed the small business rate will be reduced from 5% to 4.5% effective 1 January 2012. A schedule for the remaining reduction(s) has not yet been provided.
7. Ontario levies different rates on small business income, eligible Canadian profits (ECP: M&P, farming, fishing and logging) and other income. The general corporate business rate is reduced from 12% to 11.5% effective 1 July 2011, and will decrease further to 11% on 1 July 2012 and 10% on 1 July 2013.
8. The Manitoba small business rate is reduced from 1% to nil effective 1 December 2010. Effective 1 January 2011, credit unions and caisses populaires with permanent establishments in Manitoba are subject to a 1% profits tax on taxable income in excess of \$400,000.
9. The Saskatchewan small business rate is reduced from 4.5% to 2% effective 1 July 2011.
10. The British Columbia general corporate rate is reduced from 10.5% to 10% effective 1 January 2011. On 25 May 2011, the minister announced plans to increase the general corporate rate from 10% to 12%, effective 1 January 2012, and postpone the proposed reduction in the small business rate from 2.5% to nil by 1 April 2012. These measures were announced to counteract a reduction in the HST rate from 12% to 10%, and are subject to the results of the HST referendum which are expected to be announced in August.
11. 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. The small business limit increased from \$400,000 to \$500,000 effective 1 January 2011.

Capital and payroll taxes - 2011

Includes all rate changes announced up to 30 June 2011

Jurisdiction	General capital tax rate (%)	Payroll tax rate (%)
Newfoundland and Labrador	-	0-2.00 ⁵
Quebec	-1	2.70-4.26 ⁶
Ontario	-2	0-1.95 ⁷
Manitoba	-3	0-4.30 ⁸
Nova Scotia	0.05-0.20 ⁴	-
Northwest Territories	-	2.00 ⁹
Nunavut	-	2.00 ⁹

NOTES:

1. The capital tax was eliminated on 1 January 2011.
2. The capital tax was eliminated on 1 July 2010.
3. The capital tax was eliminated on 31 December 2010.
4. 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 0.2% prior to 1 July 2011 and 0.1% after 30 June 2011, on taxable capital in excess of \$5 million. If taxable capital is \$10 million or more, the rate is 0.1% prior to 1 July 2011 and 0.05% after 30 June 2011 (with no exemption). The capital tax is eliminated effective 1 July 2012.
5. Tax on payrolls up to \$1,200,000 is nil. The 2.0% rate is applied to the amount of payroll in excess of the exemption.
6. 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.
7. 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 generally applies for payroll over \$400,000.
8. Corporations with annual payrolls of up to \$1.25 million are exempt. Corporations with annual payrolls between \$1.25 million and \$2.50 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%.
9. Payroll tax is paid by employees on all remuneration earned within the territory.