Corporate Tax Rates

Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC—2024 and 2025[1]

	Small Business Income up to $500,000[2,4]	Active Business Income[3,4]	Investment Income[5]
Federal rates			
General corporate rate	38.0%	38.0%	38.0%
Federal abatement	(10.0)	(10.0)	(10.0)
	28.0	28.0	28.0
Small business deduction[6]	(19.0)	0.0	0.0
Rate reduction[7]	0.0	(13.0)	0.0
Refundable tax[8]	0.0	0.0	10.7
	9.0	15.0	38.7
Provincial rates			
British Columbia	2.0%	12.0%	12.0%
Alberta	2.0	8.0	8.0
Saskatchewan[9]	1.0/2.0	12.0	12.0
Manitoba	0.0	12.0	12.0
Ontario	3.2	11.5	11.5
Quebec[10]	3.2	11.5	11.5
New Brunswick	2.5	14.0	14.0
Nova Scotia	2.5	14.0	14.0
Prince Edward Island	1.0	16.0	16.0
Newfoundland and Labrador[11]	2.5	15.0	15.0
Territorial rates			
Yukon	0.0	12.0	12.0
Northwest Territories	2.0	11.5	11.5
Nunavut	3.0	12.0	12.0

Refer to notes on the following pages.

All rates must be prorated for taxation years that straddle the effective date of the rate changes.

Current as of September 30, 2024

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC—2024 and 2025

	Small Business Income up to $500,000[2,4]	Active Business Income[3,4]	Investment Income[5]
Provincial rates			
British Columbia	11.0%	27.0%	50.7%
Alberta	11.0	23.0	46.7
Saskatchewan[9]	10.0/11.0	27.0	50.7
Manitoba	9.0	27.0	50.7
Ontario	12.2	26.5	50.2
Quebec[10]	12.2	26.5	50.2
New Brunswick	11.5	29.0	52.7
Nova Scotia	11.5	29.0	52.7
Prince Edward Island	10.0	31.0	54.7
Newfoundland and Labrador[11]	11.5	30.0	53.7
Territorial rates			
Yukon	9.0	27.0	50.7
Northwest Territories	11.0	26.5	50.2
Nunavut	12.0	27.0	50.7

Notes

(1) The federal and provincial/territorial tax rates shown in the tables apply to income earned by a Canadian-controlled private corporation (CCPC). In general, a corporation is a CCPC if the corporation is a private corporation and a Canadian corporation, provided it is not controlled by one or more non-resident persons, by a public corporation, by a corporation with a class of shares listed on a designated stock exchange, or by any combination of these, and provided it does not have a class of shares listed on a designated stock exchange.

The federal government introduced rules to eliminate the tax deferral opportunity using a non-CCPC to earn investment income. Specifically, the government introduced "substantive CCPCs" which are private corporations resident in Canada (other than CCPCs) that are ultimately controlled, in law or in fact, by Canadian-resident individuals. These rules to tax investment income earned and distributed by substantive CCPCs in the same manner as CCPCs generally apply to taxation years that end on or after April 7, 2022.

For tax rates applicable to general corporations, see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation".

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC—2024 and 2025

Notes, continued

(2) The small business income threshold is $600,000 in Saskatchewan. Therefore, Saskatchewan's combined income tax rate on active business income between $500,000 and $600,000 is 16% (i.e., 15% federally and 1% provincially) effective July 1, 2023 to June 30, 2025 and 17% (i.e., 15% federally and 2% provincially) effective July 1, 2025. See the table "Small Business Income Thresholds for 2024 and Beyond" for the federal and provincial/territorial small business income thresholds.

(3) The general corporate tax rate applies to active business income earned in excess of the small business income threshold. See the table "Small Business Income Thresholds for 2024 and Beyond" for the federal and provincial/territorial small business income thresholds.

CCPCs that earn income from manufacturing and processing (M&P) activities are subject to the same rates as those that apply to general corporations (see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation").

(4) The federal government temporarily reduced the small business tax rate to 4.5% (from 9%) and the general corporate tax rate to 7.5% (from 15%) on eligible zero-emission technology manufacturing profits.

The federal government expanded the eligible activities that qualify for the reduced tax rates for zero-emission technology manufacturers to include certain nuclear manufacturing and processing activities. This expansion of eligible activities for the rate reduction applies for taxation years beginning after 2023. The government also extended the availability of these reduced rates by three years. As a result, the phase-out will start in taxation years that begin in 2032 (instead of 2029), and the rate reduction will fully phase out for taxation years that begin after 2034 (instead of 2031).

(5) The federal and provincial/territorial tax rates shown in the tables apply to investment income earned by a CCPC, other than capital gains and dividends received from Canadian corporations.

The 2024 federal budget proposed to increase the inclusion rate for capital gains realized by corporations on or after June 25, 2024 to 2/3 (from 1/2).

Dividends received from Canadian corporations are generally deductible in computing regular Part I tax, but may be subject to Part IV tax, calculated at a rate of 38 1/3%.

(6) Corporations that are CCPCs throughout the year may claim the small business deduction (SBD). In general, the SBD is calculated based on the least of three amounts — active business income earned in Canada, taxable income and the small business income threshold.

(7) A general tax rate reduction is available on qualifying income. Income that is eligible for other reductions or credits, such as small business income, M&P income and investment income subject to the refundable provisions, is not eligible for this rate reduction.

Income of a corporation earned from a personal services business is not eligible for the general rate reduction and is subject to an additional 5% tax, which increases the federal tax rate on personal services business income to 33%.

Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC—2024 and 2025

Notes, continued

(8) The refundable tax of 10 2/3% of a CCPC's investment income and taxable capital gains, as well as 20% of such income that is subject to regular Part I tax, is included in the corporation's non-eligible refundable dividend tax on hand (NERDTOH) account. When non-eligible dividends are paid out to shareholders, a dividend refund equal to the lesser of 38 1/3% of the dividends paid or the combined balance in NERDTOH and eligible refundable dividend tax on hand (ERDTOH) accounts is refunded to the corporation. The dividend refund on non-eligible dividends must come out of the corporation's NERDTOH account before it comes out of the corporation's ERDTOH account.

(9) Saskatchewan will increase the province's small business income tax rate to 2% (from 1%) beginning July 1, 2025 (instead of July 1, 2024).

(10) Quebec's small business deduction is generally available to corporations only if their employees were paid for at least 5,500 hours in the taxation year (proportionally reduced for short taxation years) or if their employees and those of their associated corporations were paid for at least 5,500 hours in the previous taxation year, to a maximum of 40 hours a week per employee (excluding the hours paid to a subcontractor). The small business deduction is reduced linearly between 5,500 and 5,000 hours, and falls to nil at 5,000 hours.

(11) Newfoundland and Labrador decreased the province's small business income tax rate to 2.5% (from 3%) effective January 1, 2024.