Corporate Tax Rates

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

	M&P Income	Active Business Income[2]	Investment Income[3]
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
M&P deduction[4]	(13.0)	0.0	0.0
Rate reduction[5]	0.0	(13.0)	(13.0)
	15.0	15.0	15.0
Provincial rates			
British Columbia	12.0%	12.0%	12.0%
Alberta	8.0	8.0	8.0
Saskatchewan[6]	10.0	12.0	12.0
Manitoba	12.0	12.0	12.0
Ontario[7]	10.0	11.5	11.5
Quebec	11.5	11.5	11.5
New Brunswick	14.0	14.0	14.0
Nova Scotia	14.0	14.0	14.0
Prince Edward Island	16.0	16.0	16.0
Newfoundland and Labrador	15.0	15.0	15.0
Territorial rates			
Yukon[8]	2.5	12.0	12.0
Northwest Territories	11.5	11.5	11.5
Nunavut	12.0	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 December 31, 2024

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

	M&P Income	Active Business Income[2]	Investment Income[3]
Provincial rates			
British Columbia	27.0%	27.0%	27.0%
Alberta	23.0	23.0	23.0
Saskatchewan[6]	25.0	27.0	27.0
Manitoba	27.0	27.0	27.0
Ontario[7]	25.0	26.5	26.5
Quebec	26.5	26.5	26.5
New Brunswick	29.0	29.0	29.0
Nova Scotia	29.0	29.0	29.0
Prince Edward Island	31.0	31.0	31.0
Newfoundland and Labrador	30.0	30.0	30.0
Territorial rates			
Yukon[8]	17.5	27.0	27.0
Northwest Territories	26.5	26.5	26.5
Nunavut	27.0	27.0	27.0

Notes

(1) The federal and provincial/territorial tax rates shown in the tables apply to income earned by a corporation other than a Canadian-controlled private corporation (CCPC). A general corporation typically includes public companies and their subsidiaries that are resident in Canada, and Canadian-resident private companies that are controlled by non-residents.

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 CCPCs, see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC".

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

Notes, continued

(2) 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).

The income tax rate on bank and life insurer groups is 16.5%, subject to a $100 million taxable income exemption to be allocated among the group. A group includes a bank or life insurer and any other financial institution for the purposes of Part VI tax that is related to the bank or life insurer.

(3) The federal and provincial/territorial tax rates shown in the tables apply to investment income earned by a general corporation, 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%.

Dividends received by financial institutions on shares that are mark-to-market property are no longer eligible for a deduction, subject to certain exceptions. This denial applies to dividends received after 2023.

(4) Corporations that derive at least 10% of their gross revenue for the year from manufacturing or processing goods in Canada for sale or lease can claim the manufacturing and processing (M&P) deduction against their M&P income.

(5) 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%.

(6) Saskatchewan provides a manufacturing and processing profits tax reduction that effectively reduces the corporate tax rate on the corporation's Canadian manufacturing and processing profits earned in the province to 10%.

(7) Ontario provides a manufacturing and processing tax credit that effectively reduces the corporate tax rate on the corporation's Canadian manufacturing and processing profits earned in the province to 10%.

(8) Yukon provides a manufacturing and processing profits tax credit that effectively reduces the corporate tax rate on the corporation's Canadian manufacturing and processing profits earned in the territory to 2.5%.