



Corporate Tax Rates

Substantively Enacted¹ Income Tax Rates for Income Earned by a General Corporation² for 2025 and Beyond—As at March 31, 2025

	Active Business Income ³	
	2025	2026 and Beyond
Federal rates		
General corporate rate	38.0%	38.0%
Federal abatement	(10.0)	(10.0)
	28.0	28.0
Rate reduction ⁵	(13.0)	(13.0)
M&P deduction ⁶	0.0	0.0
	15.0	15.0
Provincial rates		
British Columbia	12.0%	12.0%
Alberta	8.0	8.0
Saskatchewan ⁷	12.0	12.0
Manitoba	12.0	12.0
Ontario ⁸	11.5	11.5
Quebec	11.5	11.5
New Brunswick	14.0	14.0
Nova Scotia	14.0	14.0
Prince Edward Island	16.0	16.0
Newfoundland and Labrador	15.0	15.0
Territorial rates		
Yukon ⁹	12.0	12.0
Northwest Territories	11.5	11.5
Nunavut	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. The tax rates in this table reflect federal and provincial/territorial income tax rate changes that were substantively enacted as at March 31, 2025.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Current as of March 31, 2025

Corporate Tax Rates 1

Substantively Enacted¹ Income Tax Rates for Income Earned by a General Corporation² for 2025 and Beyond—As at March 31, 2025

	M&P Income		Investment Income ⁴	
	2025	2026 and Beyond	2025	2026 and Beyond
Federal rates				
General corporate rate	38.0%	38.0%	38.0%	38.0%
Federal abatement	(10.0)	(10.0)	(10.0)	(10.0)
	28.0	28.0	28.0	28.0
Rate reduction ⁵	0.0	0.0	(13.0)	(13.0)
M&P deduction ⁶	(13.0)	(13.0)	0.0	0.0
	15.0	15.0	15.0	15.0
Provincial rates				
British Columbia	12.0%	12.0%	12.0%	12.0%
Alberta	8.0	8.0	8.0	8.0
Saskatchewan ⁷	10.0	10.0	12.0	12.0
Manitoba	12.0	12.0	12.0	12.0
Ontario ⁸	10.0	10.0	11.5	11.5
Quebec	11.5	11.5	11.5	11.5
New Brunswick	14.0	14.0	14.0	14.0
Nova Scotia	14.0	14.0	14.0	14.0
Prince Edward Island	16.0	16.0	16.0	16.0
Newfoundland and Labrador	15.0	15.0	15.0	15.0
Territorial rates				
Yukon ⁹	2.5	2.5	12.0	12.0
Northwest Territories	11.5	11.5	11.5	11.5
Nunavut	12.0	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. The tax rates in this table reflect federal and provincial/territorial income tax rate changes that were substantively enacted as at March 31, 2025.

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Current as of March 31, 2025

Corporate Tax Rates 2

Substantively Enacted¹ Income Tax Rates for Income Earned by a General Corporation² for 2025 and Beyond—As at March 31, 2025

Notes

- (1) For IFRS Accounting Standards and Accounting Standards for Private Enterprises (ASPE) purposes, a corporation's recorded income tax liabilities and assets in their financial statements should be measured using tax rates that are considered to be "substantively enacted" at the balance sheet date. In general, where there is a majority government, federal and provincial tax changes are considered to be "substantively enacted" for IFRS Accounting Standards and ASPE purposes when a tax bill containing the detailed legislation is tabled for first reading in the House of Commons or the provincial legislature. In the case of a minority government, however, the "substantively enacted" test is more stringent and requires the enabling legislation to have passed third reading in the House of Commons or the provincial legislature.

For U.S. Generally Accepted Accounting Principles (U.S. GAAP) purposes, a corporation's recorded income tax liabilities and assets in their financial statements should be measured using tax rates that are considered to be enacted at the balance sheet date. In general, tax rate changes are considered enacted once the relevant bill has received Royal Assent.

When tax rate changes are considered enacted or "substantively enacted", the effect of the change in tax rate is reflected in the period in which the changes are enacted or "substantively enacted". The effect of the change is recorded in income as a component of deferred tax expense in the period that includes the date of enactment or substantive enactment. For example, if a bill becomes "substantively enacted" for IFRS Accounting Standards or ASPE purposes (enacted for U.S. GAAP purposes) on December 31, the tax rate changes should be reflected in the corporation's financial statements for the quarter that includes December 31.

- (2) 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.

Investment income earned by a "substantive CCPC" is taxed in the same manner as a CCPC. A substantive CCPC is a private corporation resident in Canada (other than a CCPC) that is ultimately controlled, in law or in fact, by Canadian-resident individuals.

For tax rates applicable to CCPCs, see the tables "Substantively Enacted Income Tax Rates for Income Earned by a CCPC".

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Current as of March 31, 2025

Corporate Tax Rates 3

Substantively Enacted¹ Income Tax Rates for Income Earned by a General Corporation² for 2025 and Beyond—As at March 31, 2025

Notes, continued

- (3) The general corporate tax rate is temporarily reduced to 7.5% (from 15%) for eligible zero-emission technology manufacturing profits. The reduced tax rates are gradually phased out starting in taxation years that begin in 2032, and are fully phased out for taxation years that begin after 2034.

The federal income tax rate on bank and life insurer groups is 16.5% (instead of 15%), 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.

- (4) 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 rates that apply to capital gains are one-half of the rates shown in the tables. Although the 2024 federal budget proposed to increase the capital gains inclusion rate for corporations to 2/3 (from 1/2) for gains realized on or after June 25, 2024, this measure was not substantively enacted or enacted and is no longer expected to be implemented.

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 not eligible for a deduction, subject to certain exceptions.

- (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, manufacturing and processing (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) 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 M&P deduction against their M&P income.
- (7) 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%.
- (8) 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%.
- (9) 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%.