



Corporate Tax Rates

Small Business Income Thresholds for 2025 and Beyond¹

	2025 and beyond (\$000)
Federal	\$500
British Columbia	500
Alberta	500
Saskatchewan	600
Manitoba	500
Ontario	500
Quebec ²	500
New Brunswick	500
Nova Scotia ³	500/700
Prince Edward Island ⁴	500/600
Newfoundland and Labrador	500
Yukon	500
Northwest Territories	500
Nunavut	500

Refer to notes on the following page.

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

© 2025 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Current as of September 30, 2025

Corporate Tax Rates 1

Small Business Income Thresholds for 2025 and Beyond¹

Notes

- (1) The small business income thresholds shown in the table apply to active business income earned by a Canadian-controlled private corporation (CCPC) that is eligible for the small business income tax rate (see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC"). All thresholds must be shared by associated corporations.

The federal small business income threshold is reduced on a straight-line basis when the associated corporate group's taxable capital employed in Canada in the preceding taxation year is between \$10 million and \$50 million and nil if the taxable capital is \$50 million or more.

The federal small business income threshold is also reduced on a straight-line basis when the associated corporate group's adjusted aggregate investment income in the preceding taxation year is between \$50,000 and \$150,000, and is nil if the adjusted aggregate investment income is \$150,000 or more.

The reduction in a corporation's federal small business income threshold will be the greater of the reductions under the taxable capital threshold and the investment income threshold. The rules for the provincial/territorial small business income thresholds are generally harmonized with the federal rules, except for Ontario and New Brunswick which have not adopted the reduction under the investment income threshold.

- (2) 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.
- (3) Nova Scotia increased the province's small business income threshold to \$700,000 (from \$500,000) effective April 1, 2025.
- (4) Prince Edward Island increased the province's small business income threshold to \$600,000 (from \$500,000) effective July 1, 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.

© 2025 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Current as of September 30, 2025