Corporate Tax Rates

Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation—2026 and 2027[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	15.0	15.0	15.0
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.

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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Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation—2026 and 2027[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	30.0	30.0	30.0
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.

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 “Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC”.

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Combined Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation—2026 and 2027[1]

Notes, continued

(2) 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.

Bank and life insurer groups are also subject to an additional 1.5% federal income tax on taxable income earned in excess of 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 rates that apply to capital gains are one-half of the rates shown in the tables.

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.

(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%.

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