



# Corporate Tax Rates

## Small Business Income Thresholds for 2018 and Beyond<sup>1</sup>

	2018 and beyond (\$ 000)
Federal <sup>2</sup>	\$ 500
British Columbia	500
Alberta	500
Saskatchewan <sup>3</sup>	600
Manitoba	450
Ontario	500
Quebec <sup>4</sup>	500
New Brunswick	500
Nova Scotia	500
Prince Edward Island	500
Newfoundland and Labrador	500

Current as of December 31, 2017

All thresholds must be prorated for taxation years that straddle the effective date of the threshold 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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Current as of December 31, 2017

## Small Business Income Thresholds for 2018 and Beyond<sup>1</sup>

### 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 rate of tax (see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC"). All thresholds must be shared by associated corporations.
- (2) The federal small business threshold is reduced on a straight-line basis when the associated group's taxable capital (as computed by what was previously referred to as Large Corporations Tax) employed in Canada in the preceding year is between \$10 million and \$15 million. This clawback applies to all provinces.
- (3) Saskatchewan increased the province's small business income threshold to \$600,000 (from \$500,000) effective January 1, 2018.
- (4) Quebec's small business deduction is available to CCPCs with paid-up capital (on an associated basis) of less than \$10 million, and is phased out for CCPCs with paid-up capital between \$10 and \$15 million.

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 zero at 5,000 hours.

Small and medium-sized businesses in the primary (i.e., agriculture, forestry, fishing, hunting, mining, quarrying and, oil and gas extraction) and manufacturing sectors in Quebec may be able to claim an additional deduction if the proportion of primary and manufacturing sector activities of the corporation for the taxation year is 50% or more, regardless of the number of hours paid. The additional deduction is available at a lower rate if the proportion of such activities for a particular taxation year is between 25% and 50%. In the event the number of hours paid exceeds 5,500 hours and the proportion of activities is between 25% and 50%, the corporation in the primary and manufacturing sector will be eligible for the regular small business deduction and a portion of the additional deduction.

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