



# Corporate Tax Rates

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

	2018 (\$ 000)	2019 and beyond (\$ 000)
Federal <sup>2</sup>	\$ 500	\$ 500
British Columbia	500	500
Alberta	500	500
Saskatchewan <sup>3</sup>	600	600
Manitoba <sup>4</sup>	450	500
Ontario	500	500
Quebec <sup>5</sup>	500	500
New Brunswick	500	500
Nova Scotia	500	500
Prince Edward Island	500	500
Newfoundland and Labrador	500	500

Current as of March 31, 2018

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 March 31, 2018

Corporate Tax Rates 1

## 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 employed in Canada in the preceding taxation year is between \$10 million and \$15 million, and nil if the taxable capital is \$15 million or more. This clawback applies to all provinces.

The 2018 federal budget introduced another reduction to the small business limit for CCPCs (and associated corporations) that exceed a certain threshold of investment income. Generally effective for taxation years that begin after 2018, the federal small business threshold is also reduced on a straight-line basis when the associated group's adjusted aggregate investment income in the preceding taxation year is between \$50,000 and \$150,000, and nil if the adjusted aggregate investment income is \$150,000 or more. The reduction in a corporation's federal small business threshold will be the greater of the reductions under the taxable capital threshold and the investment income threshold.

- (3) Saskatchewan increased the province's small business income threshold to \$600,000 (from \$500,000) effective January 1, 2018.
- (4) Manitoba's 2018 budget proposed to increase the province's small business income threshold to \$500,000 (from \$450,000) effective January 1, 2019.
- (5) 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. Quebec's 2018 budget proposed to gradually reduce this additional deduction beginning on March 28, 2018, and eliminate it as of January 1, 2021.

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