



Corporate Tax Rates

Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017¹

	M&P Income	Active Business Income	Investment Income ²
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 ³	(13.0)	0.0	0.0
Rate reduction ⁴	0.0	(13.0)	(13.0)
	15.0	15.0	15.0
Provincial rates			
British Columbia	11.0%	11.0%	11.0%
Alberta	12.0	12.0	12.0
Saskatchewan ⁵	10.0	12.0	12.0
Manitoba	12.0	12.0	12.0
Ontario	10.0	11.5	11.5
Quebec ⁶	11.9/11.8	11.9/11.8	11.9/11.8
New Brunswick ⁷	12.0/14.0	12.0/14.0	12.0/14.0
Nova Scotia	16.0	16.0	16.0
Prince Edward Island	16.0	16.0	16.0
Newfoundland and Labrador ⁸	15.0	15.0	15.0
Territorial rates			
Yukon ⁹	2.5	15.0	15.0
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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Current as of June 30, 2016

Corporate Tax Rates 1

Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017¹

	M&P Income	Active Business Income	Investment Income ²
Provincial rates			
British Columbia	26.0%	26.0%	26.0%
Alberta	27.0	27.0	27.0
Saskatchewan ⁵	25.0	27.0	27.0
Manitoba	27.0	27.0	27.0
Ontario	25.0	26.5	26.5
Quebec ⁶	26.9/26.8	26.9/26.8	26.9/26.8
New Brunswick ⁷	27.0/29.0	27.0/29.0	27.0/29.0
Nova Scotia	31.0	31.0	31.0
Prince Edward Island	31.0	31.0	31.0
Newfoundland and Labrador ⁸	30.0	30.0	30.0
Territorial rates			
Yukon ⁹	17.5	30.0	30.0
Northwest Territories	26.5	26.5	26.5
Nunavut	27.0	27.0	27.0

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Current as of June 30, 2016

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Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017¹

Notes

- (1) The federal and provincial tax rates shown in the tables apply to income earned by corporations other than Canadian-controlled private corporations (CCPCs). 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.

For tax rates applicable to CCPCs, see the tables "Federal and Provincial/Territorial Tax Rates for Income Earned by a CCPC Effective January 1, 2016 and 2017" and "Combined Federal and Provincial/Territorial Tax Rates for Income Earned by CCPC Effective January 1, 2016 and 2017".
- (2) The federal and provincial tax rates shown in the tables apply to investment income earned by general corporations 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 deductible in computing regular Part I tax, but may be subject to Part IV tax, calculated at a rate of 38¹/₂% (increased from 33¹/₂% beginning January 1, 2016).
- (3) 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. General corporations that earn income from M&P activities are subject to the same rates as those that apply to CCPCs.

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Federal and Provincial/Territorial Tax Rates for Income Earned by a General Corporation Effective January 1, 2016 and 2017¹

- (4) 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. The general rate reduction does not apply to the portion of the taxable income of a corporation earned from a "personal services business".
- (5) Saskatchewan provides a tax rebate that generally reduces the general corporation income tax rate on income earned from the rental of newly constructed qualifying multi-unit residential projects by 10%. The rebate is generally available for a period of 10 consecutive years for rental housing that is registered under a building permit dated on or after March 21, 2012 and before January 1, 2015, and available for rent before the end of 2017.
- (6) Quebec's 2015 budget proposed to gradually reduce the general corporate income tax rate for active business, investment, and M&P income from 11.9% to 11.5% beginning in 2017. The rate will decrease to 11.8% in 2017, 11.7% in 2018, 11.6% in 2019 and 11.5% in 2020. The rate reductions will be effective January 1 of each year from 2017 to 2020.
- (7) New Brunswick's 2016 budget increased the general corporate income tax rate to 14% (from 12%) effective April 1, 2016.
- (8) Newfoundland and Labrador's 2016 budget increased the general corporate income tax rate to 15% (from 14%), retroactive to January 1, 2016. The budget also eliminated the manufacturing and processing profits tax credit, effective January 1, 2016.
- (9) Yukon 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 year in the Yukon to 2.5%.

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