

## Federal Corporate Tax Rates — 2020–2024 (%)

(Prepared from information available as of June 7, 2024)

The rates shown are in effect for 12-month taxation years ended December 31. All rates that change must be pro-rated for taxation years that straddle the effective date.

		2020 – 2024	
<b>General and manufacturing &amp; processing (M&amp;P) income</b>	Basic rate	38	
	Less: provincial abatement	10	
	General federal rate (before deductions)	28	
	Less: general rate reduction or M&P deduction <sup>1</sup>	13	
	<b>General federal and M&amp;P rate</b>	<b>15<sup>3</sup></b>	
<b>Canadian-controlled private corporations (CCPCs)</b>	<b>Threshold</b>	Small business deduction threshold <sup>2</sup>	<b>\$500,000</b>
	<b>Active business income up to threshold</b>	General federal rate (before deductions) <sup>1</sup>	28
		Less: small business deduction <sup>2</sup>	19
		<b>CCPC small business rate</b>	<b>9<sup>3</sup></b>
	<b>Investment income</b>	General federal rate (before deductions) <sup>1</sup>	28
		Additional refundable tax	10.67
<b>CCPC investment income rate</b>		<b>38.67</b>	

### Notes:

- The general rate reduction and M&P deduction do not apply to:
  - income benefiting from the small business deduction;
  - investment income of CCPCs (and, for taxation years ending generally after April 6, 2022, substantive CCPCs; see footnote 2 to the table, **Other Federal Corporate Tax Rates for 2024**); and
  - income of certain corporations (e.g., mutual fund corporations, mortgage investment corporations and investment corporations).

In addition, income from a personal services business is:

  - not eligible for the general rate reduction; and
  - subject to a federal corporate tax rate of 33%.
- The small business deduction applies to active business income earned in Canada of associated CCPCs, up to \$500,000. The small business deduction threshold is reduced by the greater of:
  - for taxation years beginning:
    - before April 7, 2022, \$0.10 for every \$1 of a CCPC's previous year's taxable capital employed in Canada (on an associated basis) over \$10 million (so that it is eliminated at \$15 million of taxable capital); or
    - after April 6, 2022, \$0.0125 for every \$1 of a CCPC's previous year's taxable capital employed in Canada (on an associated basis) over \$10 million (so that it is eliminated at \$50 million of taxable capital); and
  - \$5 for every \$1 of a CCPC's previous year's passive investment income (on an associated basis) over \$50,000 (so that the threshold is eliminated at \$150,000 of investment income).
- Federal general and CCPC small business rates on eligible income from zero-emission technology M&P activities are temporarily reduced by 50% for taxation years beginning after 2021 and before 2032, and then gradually increasing back to 15% (general) and 9% (CCPC small business) for taxation years beginning after 2034. To qualify for the lower tax rates, at least 10% of the taxpayer's gross revenues from all active businesses carried on in Canada must be derived from eligible zero-emission technology M&P activities. For taxation years beginning after 2023, the lower tax rates also apply to income from certain nuclear M&P activities.