Other Federal Corporate Tax Rates for 2024

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

The rates shown in the table are in effect for a 12-month taxation year ended December 31, 2024. All rates that change must be pro-rated for taxation years that straddle the effective date, except as noted.

<table>
<tr><th></th><th>Rate</th><th>Corporations affected</th><th>Description</th><th>Special rules</th></tr>
<tr><td>Income not earned in a province or territory</td><td>25%</td><td>All corporations</td><td>Income tax for 2024 is calculated as follows:
Basic federal rate 38%
Less: General rate reduction -13%
General federal rate 25%
Therefore, the federal rate is 25%, instead of 15%.</td><td>Corporate income not earned in a province or territory is neither:
• eligible for the provincial abatement; nor
• subject to provincial or territorial tax (exceptions apply).</td></tr>
<tr><td>Branch tax</td><td>25%</td><td>Non-resident corporations, except:
• transportation, communications and iron-ore mining companies; and
• insurers (other than in special circumstances).</td><td>Applies to after-tax profits that are not invested in qualifying property in Canada.</td><td>The 25% rate may be reduced by the relevant tax treaty (generally to the withholding tax rate on dividends, which is usually 5%, 10% or 15%). Some treaties prohibit the imposition of branch tax or provide that the tax is payable only on earnings exceeding a threshold.</td></tr>
<tr><td>Part III.1 Tax on Excess Eligible Dividend Designations</td><td>20% or 30%</td><td>Canadian-resident corporations</td><td>Applies if:
• a CCPC has designated as eligible dividends during the year an amount that exceeds the corporation's general rate income pool (GRIP) at the end of the year; or
• a non-CCPC pays an eligible dividend when it has a positive balance in its low rate income pool (LRIP).</td><td>A corporation subject to Part III.1 tax at the 20% rate (i.e., the excess designation was inadvertent) can elect, with shareholder concurrence, to treat all or part of the excess designation as a separate non-eligible dividend, in which case Part III.1 tax will not apply to the amount that is the subject of the election.</td></tr>
<tr><td>Refundable Part IV tax</td><td>38⅓%</td><td>Private corporations and certain public corporations</td><td>Payable on taxable dividends received from certain taxable Canadian corporations and some dividends from certain foreign affiliates.</td><td rowspan="2">Refundable to the corporation through the refundable dividend tax on hand (RDTOH) mechanism, at a rate of 38⅓% of taxable dividends paid.[1]</td></tr>
<tr><td>Refundable tax on investment income</td><td>10⅔%</td><td>Canadian-Controlled Private Corporations (CCPCs)
Substantive CCPCs[2]</td><td>Increases the total federal rate that applies to investment income of a CCPC or substantive CCPC[2] to 38.67%. Generally, 30⅔% of the corporation's aggregate investment income is added to its non-eligible RDTOH.[1]</td></tr>
<tr><td>Part VI Financial Institutions Capital Tax</td><td>1.25%</td><td>Banks
Trust and loan corporations
Life insurance companies</td><td>Applies if taxable capital employed in Canada is over the $1 billion capital deduction for the year. The capital deduction is shared by related corporations.</td><td>Reduced by the corporation's federal income tax liability and the Canada Recovery Dividend (see below) required to be paid for that year. Any unused federal income tax liability can be applied to reduce Financial Institutions Capital Tax for the previous three years and the next seven.</td></tr>
<tr><td>Part VI.2 Canada Recovery Dividend</td><td>15%</td><td rowspan="2">Banks
Life insurance companies
Financial institutions related to the bank or life insurance company</td><td>One-time tax that applied on the average of taxable income for taxation years ending in 2020 and 2021 over $1 billion. The exemption is shared by related corporations. The tax liability is imposed in the 2022 taxation year, but is payable in equal amounts over five years (i.e., included in the 2022 through 2026 federal tax filings).</td><td>A proration rule applied to the taxable income for short taxation years ending in 2020 and 2021.</td></tr>
<tr><td>Additional tax on banks and life insurers</td><td>1.5%</td><td>For taxation years ending after April 7, 2022, applies on taxable income over $100 million. The exemption is shared by related corporations.</td><td>For a taxation year that includes April 7, 2022, the additional tax is pro-rated based on the number of days in the taxation year after April 7, 2022.</td></tr>
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Notes:

1. Eligible dividends paid by a CCPC, or, for taxation years ending after April 6, 2022, a substantive CCPC, will produce a refund (at the 38⅓% rate) only to the extent of its "eligible RDTOH account," that will include Part IV tax paid on eligible dividends from non-connected corporations and on taxable dividends from connected corporations to the extent the dividend generated a refund from the connected corporation's eligible RDTOH account.

   The refundable portion of the corporation's other investment income, and the portion of Part IV tax on dividends from connected corporations that is not included in the eligible RDTOH account, is added to its "non-eligible RDTOH account," which is refunded to the extent of 38⅓% of non-eligible dividends paid by the corporation (if this calculated amount exceeds the non-eligible RDTOH account, the excess can then recover any remaining eligible RDTOH account balance).

2. For taxation years ending generally after April 6, 2022, a private corporation resident in Canada that is not a CCPC and that is controlled, directly or indirectly in any manner whatever, by one or more Canadian resident individuals (or would, if each share of a corporation that is owned by a Canadian resident individual were owned by a particular individual, be controlled by the particular individual) is considered a “substantive CCPC” and is treated similarly to a CCPC for purposes of its investment income taxation (an anti-avoidance rule can also apply to deem a Canadian resident non-CCPC to be a substantive CCPC in certain situations).