

# Canadian-Controlled Private Corporation (CCPC) Income Tax Rates

(for December 31, 2017 year end) (%)

	Active business income of CCPCs up to \$500,000 <sup>1</sup>		Investment income <sup>4</sup>	
<b>Federal rate</b> (before deductions)		<b>28</b>		<b>28</b>
Small business deduction <sup>2, 3</sup>		(17.5)		n/a
Refundable investment tax		n/a		10.67
<b>Federal rate</b>		<b>10.5</b> ↓		<b>38.67</b> ↓
	Provincial/ Territorial	<b>Combined</b>	Provincial/ Territorial	<b>Combined</b>
<b>Alberta</b> <sup>5</sup>	2	<b>12.5</b>	12	<b>50.67</b>
<b>British Columbia</b> <sup>6</sup>	2.12	<b>12.62</b>	11	<b>49.67</b>
<b>Manitoba</b> <sup>7</sup>	Nil* or 12*	<b>10.5* or 22.5*</b>	12	<b>50.67</b>
<b>New Brunswick</b> <sup>8</sup>	3.12	<b>13.62</b>	14	<b>52.67</b>
<b>Newfoundland and Labrador</b> <sup>9</sup>	3 H	<b>13.5</b>	15 H	<b>53.67</b>
<b>Northwest Territories</b>	4	<b>14.5</b>	11.5	<b>50.17</b>
<b>Nova Scotia</b> <sup>10</sup>	3 H	<b>13.5</b>	16	<b>54.67</b>
<b>Nunavut</b>	4	<b>14.5</b>	12	<b>50.67</b>
<b>Ontario</b> <sup>11, 12</sup>	4.5 H	<b>15</b>	11.5 H	<b>50.17</b>
<b>Prince Edward Island</b> <sup>13</sup>	4.5 H	<b>15</b>	16 H	<b>54.67</b>
<b>Quebec</b> <sup>14</sup>	M&P <sup>15</sup>	4 H		n/a
	Regular	8 H	11.8 H	<b>50.47</b>
<b>Saskatchewan</b>	2	<b>12.5</b>	11.75	<b>50.41**</b>
<b>Yukon</b> <sup>16</sup>	M&P	1.5		n/a
	Non-M&P	2.5	13.49	<b>52.15**</b>

H = Tax holidays are available to certain corporations in the provinces indicated.

\* The lower rate applies to active business income of CCPCs up to \$450,000 in Manitoba. The higher rate applies to active business income of CCPCs from \$450,000 to \$500,000.

\*\* Although 38.67% (federal) plus:

- 11.75% (Saskatchewan) equals 50.42%, the exact rate is 50.4146%; and
- 13.49% (Yukon) equals 52.16%, the exact rate is 52.1543%.

## Notes:

- See the table, **General and M&P Corporate Income Tax Rates**, for the rates that apply to CCPCs on active business income above \$500,000. The \$500,000 federal small business threshold also applies in all provinces and territories, except Manitoba.
- See footnote 2 to the table, **Federal Corporate Tax Rates**, for a description of the federal small business deduction clawback and threshold. The clawback also applies for the purposes of all provincial/territorial small business deductions, except that:
  - in Ontario it did not apply for taxation years ending before May 2, 2014 (pro-rated for taxation years straddling May 1, 2014); and
  - for Quebec, the \$10 million threshold is based on paid-up capital (on an associated basis).
- For recent changes to the federal small business deduction, see footnote 2 to the table, **Federal Corporate Tax Rates**.
- Rates on investment income are 23.67% higher than the general rates for 2017 (see the table, **General and M&P Corporate Income Tax Rates**), because:
  - CCPC investment income does not benefit from the 13% federal general rate reduction; and
  - the rates on investment income include a 10 $\frac{2}{3}$ % tax that is refundable when the CCPC pays taxable dividends.
 See also "Refundable Investment Tax" in the table, **Other Federal Corporate Tax Rates for 2017**, and footnote 2 to that table for recent changes to the refundable investment tax.
- Recent Alberta changes are shown in the following table:

Alberta changes effective after December 31, 2012			
	From	To	Effective
CCPC rate	3%	2%	January 1, 2017

- Recent British Columbia changes are shown in the following table:

British Columbia changes effective after December 31, 2012			
	From	To	Effective
CCPC rate	2.5%	2%*	April 1, 2017

\* Because of British Columbia's May 9, 2017 election results, it is uncertain if this proposed decrease to 2% will proceed.

7. Recent Manitoba changes are shown in the following table:

	Manitoba changes effective after December 31, 2012		
	From	To	Effective
Threshold up to which CCPC rate applies	\$400,000	\$425,000	January 1, 2014
	\$425,000	\$450,000	January 1, 2016

8. Recent and planned New Brunswick changes are shown in the following table:

	New Brunswick changes effective after December 31, 2012		
	From	To	Effective
CCPC rate	4.5%	4%	January 1, 2015
	4%	3.5%	April 1, 2016
	3.5%	3%	April 1, 2017
	3%	2.5%*	By 2018

\* New Brunswick's 2017 budget confirms the province's commitment to decrease the CCPC rate to 2.5% by 2018.

9. Recent Newfoundland and Labrador changes are shown in the following table:

	Newfoundland and Labrador changes effective after December 31, 2012		
	From	To	Effective
CCPC rate	4%	3%	July 1, 2014

10. Recent Nova Scotia changes are shown in the following table:

	Nova Scotia changes effective after December 31, 2012		
	From	To	Effective
CCPC rate	4%	3.5%	January 1, 2013
	3.5%	3%	January 1, 2014
Threshold up to which CCPC rate applies	\$400,000	\$350,000	January 1, 2014
	\$350,000	\$500,000	January 1, 2017

11. Corporations subject to Ontario income tax may also be liable for corporate minimum tax (CMT) based on adjusted book income. The minimum tax is payable only to the extent that it exceeds the regular Ontario income tax liability. For the rate and thresholds, see the table, **General and M&P Corporate Income Tax Rates** (footnote 7).

12. The federal small business deduction clawback (see footnote 2 to the table, **Federal Corporate Tax Rates**) was extended to Ontario, for taxation years ending after May 1, 2014 (pro-rated for taxation years straddling this date).

13. Recent Prince Edward Island changes are shown in the following table:

	Prince Edward Island changes effective after December 31, 2012		
	From	To	Effective
CCPC rate	1%	4.5%	April 1, 2013

14. Recent changes to Quebec's CCPC rates that apply for taxation years beginning after December 31, 2016:

- require a CCPC to meet additional criteria (i.e., number of hours paid, percentage of activities in the M&P and primary sector) to be eligible for the province's regular CCPC rate;
- increase the regular CCPC rate in certain cases;
- extend the M&P CCPC rate to CCPCs in the primary sector (i.e., agriculture, forestry, fishing and hunting, mining, quarrying, and oil and gas extraction); and
- determine the percentage of activities attributable to M&P and primary activities based only on labour costs (assets are no longer a factor).

15. Recent Quebec changes are shown in the following table:

	Quebec changes effective after December 31, 2012		
	From	To	Effective
CCPC rate (M&P)	8%	6%*	June 5, 2014
	6%*	4%*, **	April 1, 2015

\* For taxation years beginning before January 1, 2017, the rates apply to all active business income up to \$500,000 if 50% or more of the CCPC's activities are attributable to M&P (based on M&P assets and labour). If this percentage is under 50% and over 25%, the rates will increase proportionately (straight line) to 8% (i.e., the rate is 8% when the M&P percentage is 25% or less).

\*\* For taxation years beginning after December 31, 2016, the 4% rate applies to all active business income up to \$500,000 if 50% or more of the CCPC's activities are attributable to M&P and the primary sector (based on M&P and primary sector labour). If this percentage is under 50% and over 25%, the rates will increase proportionately (straight line) to 8%, or the general rate, depending on the circumstances (i.e., the rate is 8%, or the general rate, when the M&P and primary sector percentage is 25% or less).

16. Recent and planned Yukon changes are shown in the following table:

	<b>Yukon changes effective after December 31, 2012</b>		
	<b>From</b>	<b>To</b>	<b>Effective</b>
<b>CCPC rate (M&amp;P)</b>	2.5%	1.5%	July 1, 2014
<b>CCPC rate (non-M&amp;P)</b>	4%	3%	July 1, 2014
	3%	2%	July 1, 2017