

# 2025–2026 Federal and provincial/territorial corporate income tax rates

Last updated on: **September 2025**

In Canada, both the federal government and the provincial/territorial governments levy corporate income taxes. The tables below summarize the federal and provincial/territorial tax rates applied to income earned by Canadian-controlled private corporations (CCPCs) and general corporations. Add the federal and provincial/territorial tax rates for a combined federal and provincial rate.<sup>1</sup> For non-resident corporations, the general corporation rates in the table apply to business income attributable to a permanent establishment in Canada.

| Federal                        | Reference to the Income Tax Act | CCPC                                                               |                        |                   | General corporation    |                                |                                           |
|--------------------------------|---------------------------------|--------------------------------------------------------------------|------------------------|-------------------|------------------------|--------------------------------|-------------------------------------------|
|                                |                                 | Active business income eligible for small business deduction (SBD) | Active business income | Investment income | Active business income | Investment income <sup>3</sup> | Manufacturing and processing (M&P) income |
|                                |                                 | %                                                                  | %                      | %                 | %                      | %                              | %                                         |
| Basic federal tax rate         | Subsection 123(1)               | 38.00                                                              | 38.00                  | 38.00             | 38.00                  | 38.00                          | 38.00                                     |
| Federal abatement              | Subsection 124(1)               | (10.00)                                                            | (10.00)                | (10.00)           | (10.00)                | (10.00)                        | (10.00)                                   |
| <b>Federal tax rate</b>        |                                 | <b>28.00</b>                                                       | <b>28.00</b>           | <b>28.00</b>      | <b>28.00</b>           | <b>28.00</b>                   | <b>28.00</b>                              |
| General rate for M&P deduction | Section 125.1(1)                | –                                                                  | –                      | –                 | –                      | –                              | (13.00)                                   |
| General rate reduction         | Subsection 123.4(1)             | –                                                                  | (13.00)                | –                 | (13.00)                | (13.00)                        | –                                         |
| SBD                            | Subsection 125(1.1)             | (19.00)                                                            | –                      | –                 | –                      | –                              | –                                         |
| Refundable tax                 | Section 123.3                   |                                                                    |                        | 10.67             |                        |                                |                                           |
| <b>Net tax rate</b>            |                                 | <b>9.00</b>                                                        | <b>15.00</b>           | <b>38.67</b>      | <b>15.00</b>           | <b>15.00</b>                   | <b>15.00</b>                              |

| Provincial/<br>territorial <sup>4</sup>       | CCPC                                         |                                                                             |                                        |                                   | General corporation       |                                   |                                                 |
|-----------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------|-----------------------------------|---------------------------|-----------------------------------|-------------------------------------------------|
|                                               | SBD thresholds<br>2025 and 2026 <sup>5</sup> | Active business<br>income eligible for<br>small business<br>deduction (SBD) | Active business<br>income <sup>2</sup> | Investment<br>income <sup>3</sup> | Active business<br>income | Investment<br>income <sup>3</sup> | Manufacturing<br>and processing<br>(M&P) income |
|                                               | CAD\$                                        | %                                                                           | %                                      | %                                 | %                         | %                                 | %                                               |
| <a href="#">Alberta</a>                       | 500,000                                      | 2.00                                                                        | 8.00                                   | 8.00                              | 8.00                      | 8.00                              | 8.00                                            |
| <a href="#">British Columbia</a>              | 500,000                                      | 2.00                                                                        | 12.00                                  | 12.00                             | 12.00                     | 12.00                             | 12.00                                           |
| <a href="#">Manitoba</a>                      | 500,000                                      | 0.00                                                                        | 12.00                                  | 12.00                             | 12.00                     | 12.00                             | 12.00                                           |
| <a href="#">New Brunswick</a>                 | 500,000                                      | 2.50                                                                        | 14.00                                  | 14.00                             | 14.00                     | 14.00                             | 14.00                                           |
| <a href="#">Newfoundland<br/>and Labrador</a> | 500,000                                      | 2.50                                                                        | 15.00                                  | 15.00                             | 15.00                     | 15.00                             | 15.00                                           |
| <a href="#">Northwest Territories</a>         | 500,000                                      | 2.00                                                                        | 11.50                                  | 11.50                             | 11.50                     | 11.50                             | 11.50                                           |
| <a href="#">Nova Scotia</a>                   | 700,000 <sup>i</sup>                         | 1.50 <sup>ii</sup>                                                          | 14.00                                  | 14.00                             | 14.00                     | 14.00                             | 14.00                                           |
| <a href="#">Nunavut</a>                       | 500,000                                      | 3.00                                                                        | 12.00                                  | 12.00                             | 12.00                     | 12.00                             | 12.00                                           |
| <a href="#">Ontario</a>                       | 500,000                                      | 3.20                                                                        | 11.50                                  | 11.50                             | 11.50                     | 11.50                             | 10.00 <sup>6</sup>                              |
| <a href="#">Prince Edward Island</a>          | 600,000                                      | 1.00                                                                        | 15.00                                  | 15.00                             | 15.00                     | 15.00                             | 15.00                                           |
| <a href="#">Quebec</a>                        | 500,000                                      | 3.20                                                                        | 11.50                                  | 11.50                             | 11.50                     | 11.50                             | 11.50                                           |
| <a href="#">Saskatchewan</a>                  | 600,000 <sup>iii</sup>                       | 1.00 <sup>7</sup>                                                           | 12.00 <sup>iv</sup>                    | 12.00                             | 12.00                     | 12.00                             | 10.00 <sup>8</sup>                              |
| <a href="#">Yukon</a>                         | 500,000                                      | 0.00                                                                        | 12.00                                  | 12.00                             | 12.00                     | 12.00                             | 2.50 <sup>9</sup>                               |

i. Effective April 1, 2025, the small business corporate income tax threshold in Nova Scotia has been increased from \$500,000 to \$700,000.

ii. Effective April 1, 2025, the small business corporate income tax rate in Nova Scotia has been decreased from 2.50% to 1.50%.

iii. Effective July 1, 2025, the small business corporate income tax threshold in Prince Edward Island has been increased from \$500,000 to \$600,000.

iv. Effective July 1, 2025, the active business income tax rate in Prince Edward Island has been decreased from 16.00% to 15.00%.

1. See also RSM Tax Alert "Tax planning: 2025 year-end considerations for businesses and individuals" for details on the provinces' and territories' proposed tax changes.
2. The general corporate tax rate applies to active business income earned in excess of relevant small business income thresholds. For federal purposes, the threshold is \$500,000. For provincial/territorial purposes, see the "SBD Thresholds 2025 and 2026" column.
3. The rates apply to investment income other than capital gains and dividends received from Canadian corporations. Corporations are taxed on capital gains at an effective rate of 50%. Dividends received by private corporations from Canadian corporations are subject to a special refundable tax of [38.33%](#).
4. Provincial and territorial tax information is linked in this table for further details.
5. The small business income threshold is shared by associated CCPCs.
6. Ontario provides an [M&P tax credit](#) that effectively reduces the corporate tax rate on profits from M&P to 10.00%, as compared to 11.50% for general income.
7. The small business tax rate was then set to return to [2.00%](#) after June 30, 2025. However, Saskatchewan's 2025 Budget proposed the rate to remain at 1%.
8. The [M&P profits tax reduction](#) Can reduce the Saskatchewan corporation income tax rate by as much as 2.00% on Canadian M&P profits. Corporations must complete [T2 Schedule 404](#). This can essentially reduce the rate applicable to M&P profits from 12.00% to as low as 10.00%.
9. Yukon provides an M&P tax credit of [9.50%](#) that effectively reduces the corporate tax rate on profits from M&P to 2.50%, as compared to 12.00% for general income.

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