

# 2023–2024 Federal, provincial and territorial corporate income tax rates

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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 <i>Income Tax Act</i>	CCPC			General corporation		
		Active business income eligible for small business deduction (SBD)	Active business income <sup>2</sup>	Investment income <sup>3</sup>	Active business income	Investment income <sup>3</sup>	Manufacturing and processing (M&P) income
		%	%	%	%	%	%
Basic federal tax rate	<a href="#">Subsection 123(1)</a>	38.00	38.00	38.00 –	38.00	38.00	38.00
Federal abatement	<a href="#">Subsection 124(1)</a>	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)	(10.00)
<b>Federal tax rate</b>		<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>
General rate for M&P deduction	<a href="#">Section 125.1(1)</a>	–	–	–	–	–	(13.00)
General rate reduction	<a href="#">Subsection 123.4(1)</a>	–	(13.00)	–	(13.00)	(13.00)	–
SBD	<a href="#">Subsection 125(1.1)</a>	(19.00)	–	–	–	–	–
Refundable tax	<a href="#">Section 123.3</a>	–	–	10.67	–	–	–
<b>Net tax rate</b>		<b>9.0</b>	<b>15.0</b>	<b>38.67</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>

Province/ territory <sup>4</sup>	CCPC				General corporation		
	SBD thresholds <sup>5</sup> 2022 and 2023	Active business income eligible for SBD	Active business income <sup>2</sup>	Investment income <sup>3</sup>	Active business income	Investment income <sup>3</sup>	M&P income
	C\$	%	%	%	%	%	%
<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 and Labrador</a>	500,000	3.00	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>	500,000	2.50	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>	500,000	1.00	16.00	16.00	16.00	16.00	16.00
<a href="#">Quebec</a>	500,000	3.20	11.50	11.50	11.50	11.50	11.50
<a href="#">Saskatchewan</a>	600,000	0.00/1.00 <sup>7</sup>	12.00	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>

<sup>1</sup> See also RSM Tax Alert '[Tax planning 2023 year-end considerations for businesses and individuals](#)' for details on the provinces' and territories' proposed tax changes.

<sup>2</sup> 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 2023 and 2024" column.

<sup>3</sup> The rates apply to investment income other than capital gains and dividends received from Canadian corporations. Capital gains are taxed at an effective rate of 50%. Dividends received by private corporations from Canadian corporations are subject to a special refundable tax of [38.33%](#).

<sup>4</sup> Provincial and territorial tax information is linked in this table for further details.

<sup>5</sup> The small business income threshold is shared by associated CCPCs.

<sup>6</sup> 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.

<sup>7</sup> The Saskatchewan government [announced](#) that it will extend the small business tax rate reduction at 0% retroactive to July 1, 2022 and increase to 1% starting July 1, 2023. The small business tax rate will return to a rate of 2% beginning July 1, 2024. If the rate changes during the tax year, a taxpayer must base the calculation on the number of days in the year that each rate is in effect.

<sup>8</sup> 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%.

<sup>9</sup> Yukon provides an M&P tax credit of [9.5%](#) 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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