

In Canada, both the federal government and the provincial / territorial governments levy corporate income taxes. The tables below summarizes 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 rateⁱ.

For nonresident corporations, the general corporation rates in the table apply to business income attributable to a permanent establishment in Canada.

		CCPC			General Corporation		
Federal	Reference to the <i>Income Tax Act</i>	Active Business Income eligible for Small Business Deduction (SBD)	Active Business Income ⁱⁱ	Investment Income ⁱⁱⁱ	Active Business Income	Investment Income ⁱⁱⁱ	Manufacturing and Processing (M&P) Income
		%	%	%	%	%	%
Basic federal tax rate	Subsection 123(1)	38	38	38	38	38	38
Federal abatement	Subsection 124(1)	(10)	(10)	(10)	(10)	(10)	(10)
Net tax rate		28	28	28	28	28	28
General rate for M&P deduction	Section 125.1(1)	–	–	–	–	–	(13)
General rate reduction	Subsection 123.4(1)	–	(13)	–	(13)	(13)	–
Small business deduction	Subsection 125(1.1)	(19)	–	–	–	–	–
Refundable tax	Section 123.3	–	–	10.7	–	–	–
Federal rate		9	15	38.7	15	15	15

		CCPC			General Corporation		
Provincial / Territorial ^{iv}	SBD Thresholds ^v 2020 and 2021	Active Business Income eligible for SBD	Active Business Income ⁱⁱ	Investment Income ⁱⁱⁱ	Active Business Income	Investment Income ⁱⁱⁱ	Manufacturing and Processing (M&P) Income
	CAD\$	%	%	%	%	%	%
Alberta ^{vi}	500,000	2	10 / 8	10/8	10/8	10/8	10/8
British Columbia	500,000	2	12	12	12	12	12
Manitoba	500,000	–	12	12	12	12	12
New Brunswick	500,000	2.5	14	14	14	14	14
Newfoundland and Labrador	500,000	3	15	15	15	15	15
Northwest Territories	500,000	4	11.5	11.5	11.5	11.5	11.5
Nova Scotia ^{vii}	500,000	3/2.5	16/14	16/14	16/14	16/14	16/14
Nunavut	500,000	3	12	12	12	12	12
Ontario	500,000	3.2	11.5	11.5	11.5	11.5	10 ^{vii}
Prince Edward Island	500,000	3/2 ^{xi}	16	16	16	16	16
Quebec	500,000	5/4 ^x	11.5	11.5	11.5	11.5	11.5
Saskatchewan	600,000	2	12	12	12	12	10 ^{xi}
Yukon	500,000	2/- ^{xii}	12	12	12	12	2.5 ^{xii}

NOTES:

- i. See also [2020–2021 provincial and territorial budgets commentary](#) for details on the provinces' and territories' proposed tax changes.
- ii. 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 2020 and 2021 column.
- iii. The rates apply to investment income other than capital gains and dividends received from Canadian corporations. The rates that apply to capital gains are one-half of the rates shown in the table. Dividends received by private corporations from Canadian corporations are subject to a special refundable tax of [38.33%](#).
- iv. Provincial and territorial tax information is linked in this table for further details.
- v. The small business income threshold is shared by associated CCPCs.
- vi. Under the 2020–2021 Alberta Economic Recovery Plan, the Government of Alberta reduced the general corporate tax rate from 10% to 8%, effective July 1, 2020.
- vii. Effective April 1, 2020, the lower Nova Scotia corporation income tax rate decreased from 3% to 2.5% and the higher rate decreased from 16% to 14%.
- viii. Ontario provides an [M&P tax credit](#) that effectively reduces the corporate tax rate on profits from M&P to 10%, as compared to 11.5% for general income.
- ix. Effective Jan. 1, 2021, the Prince Edward Island small business income tax rate will decrease from 3% to 2%.
- x. Effective Jan. 1, 2021, Quebec will further decrease the small business income tax rate from 5% to 4%. A corporation in the primary or manufacturing sector may be able to claim an additional rate deduction of up to 4% depending on the percentage of the corporation's activities attributable to M&P and the primary sector.
- xi. The [M&P profits tax reduction](#) can reduce the Saskatchewan corporation income tax rate by as much as 2% on Canadian M&P profits. Corporations must complete [T2 Schedule 404](#). This can essentially reduce the rate applicable to M&P profits from 12% to as low as 10%.
- xii. Effective Jan. 1, 2021, the Yukon small business income tax rate will decrease from 2% to 0% and the Yukon small business M&P income tax rate will decrease from 1.5% to 0%.
- xiii. Yukon provides an M&P tax credit that effectively reduces the corporate tax rate on profits from M&P to 2.5%, as compared to 12% for general income.