

## Provincial corporate income tax rates for active business income\* – 2020



Includes all rate changes announced up to January 15, 2020

	Income eligible for small-business deduction (SBD) (%) (generally up to \$500,000 <sup>1</sup> )	Manufacturing and processing (M&P) income not eligible for federal SBD (%) (greater than \$500,000)	General income not eligible for SBD (%) (non-M&P income)
Newfoundland and Labrador	3.00	15.00	15.00
Prince Edward Island	3.00 <sup>2</sup>	16.00	16.00
Nova Scotia	3.00	16.00	16.00
New Brunswick	2.50	14.00	14.00
Quebec	5.00/4.00 <sup>3,4</sup>	11.50 <sup>5</sup>	11.50 <sup>5</sup>
Ontario	3.20 <sup>6</sup>	10.00	11.50
Manitoba	Nil <sup>1</sup>	12.00	12.00
Saskatchewan	2.00 (up to \$600k) <sup>1</sup>	10.00	12.00
Alberta <sup>7</sup>	2.00	10.00	10.00
British Columbia	2.00	12.00	12.00
Northwest Territories	4.00	11.50	11.50
Nunavut <sup>8</sup>	3.00	12.00	12.00
Yukon	1.50/2.00 <sup>9</sup>	2.50	12.00

\*Rates represent calendar-year rates unless indicated otherwise.



Notes:

1. Manitoba increased its small-business limit from \$450,000 to \$500,000 effective January 1, 2019. The small-business limit for the remaining provinces and territories is \$500,000, with the exception of Saskatchewan, which increased its small-business limit to \$600,000 effective January 1, 2018.
2. Prince Edward Island reduced its small-business rate from 3.50% to 3.00% effective January 1, 2020.
3. Effective for taxation years beginning on or after January 1, 2017, a Canadian-controlled private corporation (CCPC) must meet certain qualification criteria concerning the minimum number of hours paid or be a CCPC in either the primary (i.e., agriculture, forestry, fishing, hunting and certain resource-based sectors) or M&P sector to benefit from the small-business tax rate. The minimum number of hours paid criterion requires that an eligible corporation's employees work at least 5,500 hours annually, and the amount of the deduction is reduced linearly when the hours are between 5,500 and 5,000 hours. A maximum of 40 hours per week per employee is considered. Special conversion rules apply to take into consideration hours worked (but not necessarily paid in the form of wages) by actively engaged shareholders who hold, directly or indirectly, shares of the corporation that carry more than 50% of the voting rights.
4. CCPCs engaged in M&P activities in Quebec (and CCPCs in the primary sector effective for taxation years beginning on or after January 1, 2017) may be eligible for an additional reduction in the small business rate. The additional deduction rate reaches 4.00% where the proportion of activities in the primary or M&P sector is 50% or more and is reduced linearly where the proportion is between 50% and 25%. However, in its 2018–19 budget, Quebec announced it would ease the tax burden on small businesses in sectors other than the primary and M&P sectors by standardizing the small-business rate so that it is reduced to 4.00% by 2021. Effective March 28, 2018, Quebec reduced the small-business rate for these other sectors from 8.00% to 7.00%, resulting in an effective rate of 7.24% for the 2018 taxation year. Quebec is gradually reducing this rate to 4.00% as follows: January 1, 2019 – 6.00%; January 1, 2020 – 5.00%; and January 1, 2021 – 4.00%. Quebec is also phasing out the additional deduction for CCPCs in the primary and M&P sectors over the same time period to maintain an effective small-business rate of 4.00% for CCPCs in these sectors throughout this period.
5. Quebec has gradually reduced the general corporate income tax rate from 11.90% to 11.50% over four years, effective January 1 of each year beginning in 2017 and based on the following schedule: 2017 – 11.80%; 2018 – 11.70%; 2019 – 11.60%; and 2020 – 11.50%.
6. The Ontario small-business rate is reduced from 3.50% to 3.20% effective January 1, 2020.
7. Alberta is gradually reducing the province's general corporate income tax rate from 12.00% to 8.00% by 2022. The general corporate income tax rate was reduced to 11.00% effective July 1, 2019 and to 10.00% effective January 1, 2020 and will continue to decrease as follows: January 1, 2021 – to 9.00%; and January 1, 2022 – to 8.00%.
8. Nunavut reduced the territory's small business income tax rate from 4.00% to 3.00%, effective July 1, 2019.
9. The Yukon M&P rate is less than the small-business rate. The first rate applies to M&P income eligible for the SBD, while the second rate is for non-M&P income.