



2020 CORPORATE INCOME TAX RATES (current to November 30, 2020)

The rates shown are nominal tax rates as at November 30, 2020. Add federal and provincial/territorial rates to get a combined rate. Rate and amount changes are set out in the notes and should be prorated for taxation years that straddle the effective dates (except where noted).

	Canadian-Controlled Private Corporations (CCPCs)			Other Corporations	
	Active Business Income (ABI)		Investment Income	Manufacturing & Processing	Other
	Rate	Income Limit			
Federal	9.00%	\$500,000	38.67%	15.00%	15.00%
Provincial					
British Columbia	2.00	500,000	12.00	12.00	12.00
Alberta	2.00	500,000	8.00	8.00	8.00
Saskatchewan	0.00	600,000	12.00	10.00	12.00
Manitoba	0.00	500,000	12.00	12.00	12.00
Ontario	3.20	500,000	11.50	10.00	11.50
Québec	**4.00/5.00	500,000	11.50	11.50	11.50
New Brunswick	2.50	500,000	14.00	14.00	14.00
Nova Scotia	2.50	500,000	14.00	14.00	14.00
Prince Edward Island	3.00	500,000	16.00	16.00	16.00
Newfoundland & Labrador	3.00	500,000	15.00	15.00	15.00
Yukon	**1.50/2.00	500,000	12.00	2.50	12.00
Northwest Territories	4.00	500,000	11.50	11.50	11.50
Nunavut	3.00	500,000	12.00	12.00	12.00

** Refer to provincial note for application of rates; lower rate relates to manufacturing and processing (M&P).

Note of changes (2019 and later years):

Federal

- The rate on active business income (ABI) up to the business limit decreased from 10.0% to 9.0% effective Jan. 1, 2019.
- The business limit is phased out for Canadian-controlled private corporations (CCPCs) based on the greater of two components:
 - For corporations that have taxable capital employed in Canada of more than \$10 million, the business limit is reduced on a straight-line basis and is eliminated when taxable capital reaches \$15 million.
 - For corporations that earned more than \$50,000 of passive investment income in a year, the business limit is reduced by \$5 for every \$1 of investment income earned and is eliminated when investment income earned reaches \$150,000. Ontario and New Brunswick are not implementing the investment income restriction to the provincial business limit.
- 30.67% of investment income is eligible for a refund at the rate of 38.33% of dividends paid.
- The federal rate on personal services business income is 33.0%.

Alberta

- Rate on other income decreased from 12.0% to 11.0% effective July 1, 2019, to 10.0% effective Jan. 1, 2020, and to 8.0% effective July 1, 2020. This reduction was announced on June 29, 2020 but has not yet been passed into law.

Saskatchewan

- Rate on ABI up to the business limit decreased from 2.0% to 0.0% effective Oct. 1, 2020. This change was announced on Nov. 30, 2020 but has not yet been passed into law.

Manitoba

- The business limit rose to \$500,000 effective Jan. 1, 2019.

Ontario

- Rate on ABI up to the business limit decreased from 3.5% to 3.2% effective Jan. 1, 2020.

Québec

- The small business rate for small and medium-sized businesses (SMBs) was reduced from 7.0% to 6.0% effective Jan. 1, 2019, to 5.0% on Jan. 1, 2020, and will be reduced to 4.0% on Jan. 1, 2021.
- Until the change in the small business rate is fully phased-in to 4.0% for all businesses qualifying for a small business deduction (SBD), an enhanced small business rate applies to businesses in the manufacturing or the primary (MOP) industries.
- The additional rate reduction for SMBs in the MOP sectors was reduced from 3.0% to 2.0% effective Jan. 1, 2019, to 1.0% on Jan. 1, 2020, and will be eliminated on Jan. 1, 2021.

- The small business rate for qualifying MOP sector activities in SMBs is reduced to 4.0% for qualifying income earned and where 50% or more of SMB activities are related to MOP sector activities. For companies with qualifying activities between 25% and 50%, the maximum 1.0% reduction is reduced linearly based on a set formula.
- For taxation years beginning after 2016, corporations must be either in the MOP sectors, or meet the number of remunerated hours test to qualify for the SBD. To meet the remunerated hours test, the corporation must have paid its employees for at least 5,500 hours per year in its current or previous taxation year. Where the number of hours worked falls below this threshold, the SBD rate will be reduced linearly when the number of hours paid per year falls between 5,000 and 5,500 hours. Where the hours are less than 5,000, no SBD will be available.
- There is an ad hoc adjustment in response to the effects of COVID-19. To limit the impact of a temporary suspension of a corporation's activities on the SBD, where all or part of the period that begins on March 15, 2020 and ends on June 29, 2020 ("closing period") is included in a corporation's tax year, the number of remunerated hours will be deemed equal to the product obtained by multiplying the remunerated hours otherwise determined by the ratio of 365 to the number of days in the given year in excess of the number of days in the closing period in the given year.
- The general rate on ABI decreased from 11.7% to 11.6% effective Jan. 1, 2019 and to 11.5% effective Jan. 1, 2020.

Nova Scotia

- Rate on other income decreased from 16.0% to 14.0% effective April 1, 2020.
- Rate on ABI up to the business limit decreased from 3.0% to 2.5% effective April 1, 2020.

Prince Edward Island

- Rate on ABI up to the business limit decreased from 4.0% to 3.5% effective Jan. 1, 2019, to 3.0% effective Jan. 1, 2020, and will decrease to 2.0% effective Jan. 1, 2021.

Yukon

- Rate on ABI up to the business limit will decrease from 2.0% to 0.0% effective Jan. 1, 2021.
- Rate for ABI from M&P activities up to the business limit will decrease from 1.5% to 0.0% effective Jan. 1, 2021.

Northwest Territories

- Rate on ABI up to the business limit will decrease from 4.0% to 2.0% effective Jan 1, 2021.

Nunavut

- Rate on ABI up to the business limit decreased from 4.0% to 3.0% effective July 1, 2019.

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