

## 2019 CORPORATE INCOME TAX RATES

(current to February 1, 2019)

The rates shown are nominal tax rates as at February 1, 2019. 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	12.00	12.00	12.00
Saskatchewan	2.00	600,000	12.00	10.00	12.00
Manitoba	0.00	500,000	12.00	12.00	12.00
Ontario	3.50	500,000	11.50	10.00	11.50
Québec	**4.00/6.00	500,000	11.60	11.60	11.60
New Brunswick	2.50	500,000	14.00	14.00	14.00
Nova Scotia	3.00	500,000	16.00	16.00	16.00
Prince Edward Island	3.50	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	4.00	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 (2018 and later years):

#### Federal

- The rate on active business income (ABI) up to the business limit decreased from 10.5% to 10.0% effective Jan. 1, 2018, and to 9% effective Jan. 1, 2019.
- The business limit is phased out for Canadian-controlled private corporations (CCPCs) that have taxable capital employed in Canada of more than \$10 million and is eliminated when taxable capital reaches \$15 million.
- Effective for taxation years that begin after 2018, the business limit will be reduced by \$5 for every \$1 of investment income above \$50,000 earned in the previous taxation year. The small business deduction (SBD) will be eliminated when investment income earned in a given taxation year reaches \$150,000. Ontario will not implement the investment income restriction to the SBD.
- 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%.

#### British Columbia

- Rate on other income increased from 11.0% to 12.0% effective Jan. 1, 2018.

#### Saskatchewan

- Rate on other income increased from 11.5% to 12.0% effective Jan. 1, 2018, and the rate on M&P income increased from 9.5% to 10.0% effective Jan. 1, 2018.
- The business limit increased from \$500,000 to \$600,000 effective Jan. 1, 2018.

#### Manitoba

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

#### Ontario

- Rate on ABI up to the business limit decreased from 4.5% to 3.5% effective Jan. 1, 2018.

#### Québec

- The small business rate for small and medium-sized businesses (SMBs) was reduced from 8.0% to 7.0% effective Mar. 28, 2018, to 6.0% effective Jan. 1, 2019, and will be reduced to 5.0% on Jan. 1, 2020, and to 4.0% on Jan. 1, 2021.

- Until the change in general SBD rates is fully phased-in to 4.0% for all businesses qualifying for a SBD, an enhanced rate of SBD will apply to businesses in the manufacturing or the primary (MOP) industries.
- The additional rate reduction for SMBs in the MOP sectors was reduced from 4.0% to 3.0% effective Mar. 28, 2018, to 2.0% effective Jan. 1, 2019, and will be reduced to 1.0% on Jan. 1, 2020, and 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 2.0% 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, a transitional mechanism is provided so that 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.
- The general rate on ABI decreased from 11.9% to 11.8% effective Jan. 1, 2017, to 11.7% effective Jan. 1, 2018, and to 11.6% effective Jan. 1, 2019. It will decrease to 11.5% effective Jan. 1, 2020.

#### New Brunswick

- Rate on ABI up to the business limit decreased from 3.0% to 2.5% effective Apr. 1, 2018.

#### Prince Edward Island

- The government announced a reduction of the rate on ABI up to the business limit from 4.5% to 4.0% effective Jan. 1, 2018, and to 3.5% effective Jan. 1, 2019.

#### Yukon

- Rate for ABI from M&P activities up to the business limit is 1.5%. Rate that applies to income from M&P activities above the business limit is 2.5%.

The information in this publication is current as of February 1, 2019.

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