CORPORATE TAXATION

2024

TABLE C1 – BUSINESS INCOME ELIGIBLE FOR SBD[1]

2024	%	Combined %
Federal	9.00[2]	
Provincial		
Alberta	2.00	11.00
British Columbia	2.00	11.00
Manitoba	0.00	9.00
New Brunswick	2.50	11.50
Newfoundland and Labrador	3.00	12.00
Northwest Territories	2.00	11.00
Nova Scotia[3]	2.50	11.50
Nunavut	3.00	12.00
Ontario	3.20	12.20
Prince Edward Island	1.00	10.00
Quebec	3.20	12.20
Saskatchewan	1.50[4]	10.50[5]
Yukon: without MPP / with MPP	0.00	9.00

TABLE C2 – BUSINESS INCOME NOT ELIGIBLE FOR SBD

2024	%	Combined %
Federal	15.00[6]	
Provincial		
Alberta	8.00	23.00
British Columbia	12.00	27.00
Manitoba	12.00	27.00
New Brunswick	14.00	29.00
Newfoundland and Labrador	15.00	30.00
Northwest Territories	11.50	26.50
Nova Scotia	14.00	29.00
Nunavut	12.00	27.00
Ontario: without MPP / with MPP	11.50 / 10.00	26.50 / 25.00
Prince Edward Island	16.00	31.00
Quebec	11.50	26.50
Saskatchewan: without MPP / with MPP	12.00 / 10.00	27.00 / 25.00
Yukon: without MPP / with MPP	12.00 / 2.50	27.00 / 17.50

1 $500,000 eligible for the SBD for federal purposes and all provinces and territories, except in Saskatchewan ($600,000). In all jurisdictions, the SBD is progressively reduced when paid-up/taxable capital of all associated corporations is greater than $10M and is eliminated when it reaches $50M ($15M for taxation years beginning before April 7, 2022). The SBD is also reduced when the adjusted aggregate investment income of all associated corporations is greater than $50,000 and becomes nil when it reaches $150,000 (not applicable in Ontario and New Brunswick). For greater clarity, both reductions apply in parallel so that the SBD is reduced by the greater of the two amounts.

2 Rate of 4.5% on zero-emission technology manufacturing income. The rate is increased gradually as of 2032.

3 Subject to certain conditions, a new small business can benefit from a corporate tax rate reduction in its first three taxation years. Refer to the Nova Scotia corporate tax reduction for new small businesses page for details.

4 Rate increased from 1% to 2% as of July 1, 2024 (average rate of 1.5% for the 2024 year).

5 Combined average rate of 10.5% on the first $500,000 of income that qualifies for the SBD in 2024 and rate of 16.5% on the next $100,000 of qualifying income, because of the gap between the federal-provincial ceilings.

6 Rate of 7.5% on zero-emission technology manufacturing income. The rate is increased gradually as of 2032. A personal services business is subject to a tax rate of 33%.

TABLE C3 – INVESTMENT INCOME[1]

2023	%	Combined %	RDTOH[2] %
Federal	38.67[3]		
Provincial			
Alberta	8.00	46.67	30.67
British Columbia	12.00	50.67	30.67
Manitoba	12.00	50.67	30.67
New Brunswick	14.00	52.67	30.67
Newfoundland and Labrador	15.00	53.67	30.67
Northwest Territories	11.50	50.17	30.67
Nova Scotia	14.00	52.67	30.67
Nunavut	12.00	50.67	30.67
Ontario	11.50	50.17	30.67
Prince Edward Island	16.00	54.67	30.67
Quebec	11.50	50.17	30.67
Saskatchewan	12.00	50.67	30.67
Yukon	12.00	50.67	30.67

[1] Investment income includes interest, taxable capital gains and other property income, but not deductible dividends.

[2] Investment income of CCPCs gives rise to refundable dividend tax on hand (RDTOH) of 30.67%. This income tax is refundable at the rate of 38.33% when taxable dividends are paid. The RDTOH is allocated between two separate accounts (eligible and non-eligible) refundable based on the nature of the dividend paid by the corporation.

[3] 15% rate for non-CCPCs.

TABLE C4 – SR&ED TAX CREDITS[1]

2023	Eligible Persons	Credit Rate	Refund Rate[2]
Federal	CCPC	35% of the first $3M[3] in eligible expenditures	100%
		15% of excess	40% for eligible corporations[4]
	Other corporations	15%	0%
	Individuals	15%	40%
Quebec[5]	Canadian-controlled corporations	▪ 30% of the first $3M in eligible expenditures[6] ▪ 14% of excess	100%
	Other corporations and individuals	14%	100%
Ontario[7]	Corporations (Ontario R&D Tax Credit)	3.5%	0%
	Corporations (Ontario Innovation Tax Credit)	8% of the first $3M[8] in eligible expenditures	100%
New Brunswick	Corporations	15%	100%

1 Ceilings are based on the preceding year and applicable to the group of associated corporations. Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Saskatchewan and Yukon also have SR&ED credits

2 Unused credits may be carried back three years or forward 20 years.

3 The ceiling is progressively eliminated when taxable capital used in Canada is between $10M and $50M.

4 0% if taxable income is greater than $500,000 or when the taxable capital used in Canada exceeds $50M (or other conditions).

5 An excluded expenditures threshold varying from $50,000 to $225,000 applies annually, based on total asset value in the previous year for the claiming corporation only. Other credits offered in Quebec: tax credit for university research or research carried out by a public research centre or a research consortium, tax credit for private partnership pre-competitive research and tax credit for fees and dues paid to a research consortium.

6 The $3M ceiling is reduced by the excluded expenditures threshold. Rate gradually decreases from 30% to 14% when the world assets of the group are between $50M and $75M.

7 Other credit offered in Ontario: the Ontario Business Research Institute Tax Credit.

8 The ceiling is progressively eliminated when taxable income is between $500,000 and $800,000 or taxable capital used in Canada is between $25M and $50M.

TABLE C5 – CAPITAL COST ALLOWANCE RATES (2023)

Description of Property	Rate[1]	Class
Buildings, including component parts	4%	1
Buildings used 90% + for manufacturing and processing (separate class)	10%[2]	
Buildings acquired on or after March 19, 2007 and used 90% + for non-residential purposes (separate class)	6%[2]	
Fences, greenhouses, wood buildings (farming and fishing)	10%	6
Assets not included in any other class such as accessories, equipment, furniture, photocopiers, telephones, tools costing more than $500 and outdoor advertising panels[3]	20%	8
Automobiles, panel trucks, trucks, tractors, trailers[3, 4]	30%	10
Passenger vehicles, the cost of which is equal to or exceeds prescribed amounts ($36,000 + tax – see **Section V**)[4, 5]	30%	10.1
Application software, small tools, cutlery, linen, uniforms, moulds, medical instruments costing less than $500 and rented videotapes[3]	100%	12
Leasehold improvements[3]	Lease term[5]	13
Taxis, automobiles acquired for short-term leasing and coin-operated video games[3, 4]	40%	16
Trucks and tractors designed for hauling freight[3, 4]	40%[6]	16
Parking areas or similar surface construction	8%	17
Electric charging stations	100%[7]	43.1 / 43.2
Data network infrastructure equipment[3]	30%	46
Computer equipment, system software and related equipment[3]	55%[8]	50
Manufacturing or processing equipment acquired after 2015 and before 2026	100%[7]	53
Other zero emission vehicles or automotive equipment[9]	100%	56

1 Rates are declining balance unless otherwise indicated. Property acquired after November 20, 2018 generally qualifies for an enhanced deduction in the first year of 150% of the deduction normally granted, at the rate applicable to the class. This measure does not apply to property that is fully deductible in the first year.

2 Includes additions and modifications made to a building included in a separate class even though the building was acquired before March 19, 2007 (date this measure came into effect).

3 100% for property acquired after April 18, 2021 by a CCPC that is available for use before 2024, up to an annual ceiling of $1.5 million to be shared among associated corporations. The $1.5M ceiling is not reduced by the cost of property that already qualifies for the 100% CCA in the first year, that is class 43.1, 43.2, 53, 54, 55, 56 property and some class 12 property (as well as eligible intellectual property and computer equipment in class 50 in Quebec). For individuals and partnerships composed of individuals and/or CCPCs, these rules apply for property acquired after 2021.

4 Eligible zero-emission vehicles are 100% deductible in the first year (for acquisitions prior to March 2, 2020, the vehicle had to be new). Eligible property must be classified under classes 54 (ceiling $61,000 + tax) or 55, according to its characteristics.

5 Straight-line capital cost allowance over the lease term (including the first renewal period), for a minimum of 5 years and a maximum of 40 years.

6 60% rate in Quebec for new vehicles.

7 For property available for use before 2024 (rate reduced to 75% for property available for use in 2024 and 2025 and to 55% in 2026 and 2027). Additional deduction in Quebec equal to 30% of the capital cost allowance claimed in the previous year for new property.

8 In Quebec, 100% rate for property available for use before 2024 plus an additional 30% deduction for capital cost allowance claimed in the previous year for new property.

9 Includes automotive equipment acquired after March 1, 2020, other than an automotive vehicle designed or adapted to be used on highways and streets (class 54 and 55 property) that is fully electric or powered by hydrogen or a combination of the two.