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CORPORATE TAXATION

2026



TABLE C1 – BUSINESS INCOME ELIGIBLE FOR SBD¹

2026	%	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	2.00 ³	11.00
Northwest Territories	2.00	11.00
Nova Scotia ⁴	1.50	10.50 ⁵
Nunavut	3.00	12.00
Ontario	2.70 ⁶	11.70
Prince Edward Island	1.00	10.00 ⁷
Quebec	3.20 ⁸	12.20
Saskatchewan	1.00	10.00 ⁹
Yukon: without MPP / with MPP	0.00	9.00

TABLE C2 – BUSINESS INCOME NOT ELIGIBLE FOR SBD

2026	%	Combined %
Federal	15.00 ¹⁰	
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	15.00	30.00
Quebec	11.50	26.50
Saskatchewan ¹¹ : 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 provinces and territories, except in Saskatchewan (\$600,000), in Nova Scotia (\$700,000) and in Prince Edward Island (\$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. 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). 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 will increase gradually as of 2032.

³ Since January 1st, 2026 (2.5% before that date). Reduced rate of 1.5% as of 2027, then to 1% as of 2028.

⁴ 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.

⁵ On the first \$500,000 of income that qualifies for the SBD. Combined rate of 16.5% on the next \$200,000 of qualifying income because of the gap between the federal-provincial ceilings.

⁶ Reduced rate from 3.2% to 2.2% as of July 1, 2026 (average rate of 2.7% for 2026). Average combined rate of 11.7% for 2026.

⁷ On the first \$500,000 of income that qualifies for the SBD. Combined rate of 16% on the next \$100,000 of qualifying income because of the gap between the federal-provincial ceilings.

⁸ Rate of 2.2% for a taxation year starting after April 29, 2026 (combined rate of 11.2%).

⁹ On the first \$500,000 of income that qualifies for the SBD. Combined rate of 16% on the next \$100,000 of qualifying income, because of the gap between the federal-provincial ceilings.

¹⁰ Rate of 7.5% on zero-emission technology manufacturing income. The rate will increase gradually as of 2032. A personal services business is subject to a tax rate of 33%.

¹¹ A corporation that commercializes their qualifying intellectual property in Saskatchewan can benefit from a reduced provincial corporate tax rate of 6% for 10 years. Program effective until June 30, 2027. For details, see [Saskatchewan Commercial Innovation Incentive \(SCII\)](#).

TABLE C3 – INVESTMENT INCOME¹

2026	%	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	15.00	53.67	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 CREDITS¹

2026	Eligible Persons	Credit Rate	Refund Rate ²
Federal	CCPCs and eligible Canadian public corporations ³	35% of the first \$6M ⁴ in eligible expenditures	100% for current expenses
		15% of excess	40% for capital expenditure ⁵
	Other corporations	15%	0%
	Individuals	15%	40%
Quebec⁷	Canadian-controlled corporations	30% of the first \$1M in eligible expenditures ⁸	100%
		20% of excess ⁹	
	Other corporations and individuals	20%	100%
Ontario¹⁰	Corporations (Ontario R&D Tax Credit)	3.5%	0%
	Corporations (Ontario Innovation Tax Credit)	8% of the first \$3M ¹¹ 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 Applicable to taxation years beginning after December 15, 2024 for eligible Canadian public corporations.

⁴ Applicable to taxation years beginning after December 15, 2024 (\$3M before this date). The ceiling is progressively eliminated for CCPCs when the taxable capital used in Canada is between \$15M and \$75M (between \$10M and \$50M for taxation years beginning before December 16, 2024). The ceiling is progressively eliminated for eligible Canadian public corporations (and for CCPCs that elect to use this method) when the average gross revenue for the previous three taxation years is between \$15M and \$75M (and will be shared between the members of a group that prepares consolidated financial statements).

⁵ Applicable to new property acquired after December 15, 2024 (capital expenditures not eligible for the credit before December 16, 2024). This excludes land, buildings, leasehold interests and a right to use a building.

⁶ 0% if taxable income is greater than \$500,000 or when the taxable capital used in Canada exceeds \$75M (or other conditions). 0% for a corporation other than a CCPC.

⁷ The refundable tax credit for SR&ED, innovation and pre-commercialization (CRIC) replaced the various Quebec measures previously applicable to SR&ED for taxation years beginning after March 25, 2025. An excluded expenditures threshold of \$50,000 per year applies to this credit. Prior to this date, an excluded expenditures threshold varying from \$50,000 to \$225,000 applied annually, based on the claimant company's total asset value for the preceding taxation year.

⁸ The \$1M ceiling is reduced by the excluded expenditures threshold, regardless of the corporation's assets for a taxation year beginning after March 25, 2025 (an enhanced rate of 30% applies to the first \$3M of eligible expenditures before this date and the rate is gradually reduced from 30% to 14% when the group's global assets are between \$50M and \$75M).

⁹ 14% for a taxation year beginning before March 26, 2025.

¹⁰ Other credit offered in Ontario: the Ontario Business Research Institute Tax Credit.

¹¹ The limit is progressively eliminated when taxable income is between \$500,000 and \$800,000 or the taxable capital used in Canada is between \$25M and \$50M.

TABLE C5 – CAPITAL COST ALLOWANCE RATES (2026)

Description of Property	Rate ¹	Class
Buildings, including component parts	4%	1
Buildings built for rental housing purposes between April 16, 2024 and December 31, 2030 ²	10%	
Buildings used 90% + for manufacturing and processing (separate class) ³	100% ⁴	
Buildings used 90% + for non-residential purposes (separate class) ³	6%	
Fences, greenhouses ⁵ , 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	20%	8
Automobiles, panel trucks, trucks, tractors, trailers (except for class 10.1) ⁶	30%	10
Passenger vehicles, the cost of which is equal to or exceeds prescribed amounts (\$39,000 + tax – see Section V) ⁶	30%	10.1
Application software, small tools, cutlery, linen, uniforms, moulds, medical instruments costing less than \$500 and rented videotapes	100%	12
Leasehold improvements	Lease term ⁷	13
Taxis, automobiles acquired for short-term leasing and coin-operated video games ⁶	40%	16
Trucks and tractors designed for hauling freight ⁶	40% ⁸	16
Parking areas or similar surface construction	8%	17
Electric charging stations	100% ⁹	43.1
Data network infrastructure equipment	100% ¹⁰	46
Computer equipment, system software and related equipment	100% ¹¹	50
Manufacturing or processing equipment	100% ⁹	43 ¹²
Other zero emission vehicles or automotive equipment ¹³	100% ⁹	56

¹ Rates are declining balance unless otherwise indicated. Property acquired during the year generally qualifies for half of the capital cost allowance. However, this measure is suspended for property acquired and available for use before 2028. Furthermore, property acquired after 2024 and that becomes available for use before 2030 generally qualifies for an enhanced deduction in the first year of 150% of the deduction normally granted, at the rate applicable to the class (without half rate). This rate does not apply to property that is fully deductible in the first year.

² New building located in Canada that contains at least four residential units or at least ten private rooms or suites, available for use before 2036. The housing units must not be made available to travellers or vacationers and must be rented or offered for rent for continuous periods of at least 28 consecutive days. The conversion of a non-residential building into a residential building or an addition to a residential building are eligible if the conditions are met, but renovations to existing residential buildings are not.

³ 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).

⁴ For buildings acquired on or after November 4, 2025 and that will become ready for use before 2030 (rate of 10% before this date, reduced rate of 75% in 2030 and 2031 and rate of 55% in 2032 and 2033).

⁵ Eligible greenhouses acquired after November 4, 2025, included in classes 6 or 8, according to their characteristics, are 100% deductible in the first year if they are available for use before 2030 (rate reduced to 75% in 2030 and 2031 and to 55% in 2032 and 2033).

⁶ Eligible zero-emission vehicles classified under classes 54 (ceiling \$61,000 + tax) or 55, according to their characteristics, are 100% deductible in the first year if they are available for use before 2030 (rate reduced to 75% in 2030 and 2031 and to 55% in 2032 and 2033).

⁷ 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.

⁸ 60% rate in Quebec for new vehicles.

⁹ For property acquired and available for use before 2030 (reduced rate of 75% in 2030 and 2031 and 55% in 2032 and 2033).

¹⁰ For property acquired and available for use before 2027 (30% after 2026).

¹¹ For property acquired and available for use before 2027 (55% after 2026).

¹² Class 43 for property acquired after 2025 and class 53 if acquired after 2015 and before 2025.

¹³ Includes automotive equipment, 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.