

Corporation tax rates

Federal rates

The basic rate of Part I (Part 1) tax is 38% of your taxable income, 28% after federal tax abatement.

After the general tax reduction, the net tax rate is 15%.

For Canadian-controlled private corporations claiming the small business deduction, the net tax rate is 9%.

Provincial or territorial rates

Generally, provinces and territories have two rates of income tax – a lower rate and a higher rate.

Lower rate

The lower rate applies to the income eligible for the federal small business deduction. One component of the small business deduction is the business limit. Some provinces or territories choose to use the federal business limit. Others establish their own business limit.

Higher rate

The higher rate applies to all other income.

Provincial and territorial tax rates (except Quebec and Alberta)

The following table shows the income tax rates and business limits for provinces and territories (except Quebec and Alberta, which do not have corporation tax collection agreements with the CRA (Canada Revenue Agency)). If the rate changes during the tax year, you have to base your calculation on the number of days in the year that each rate is in effect. For more information, go to Dual tax rates.

Provincial and territorial lower and higher tax rates, and business limits, not including Quebec and Alberta

Province or territory	Lower rate	Higher rate	Business limit
<u>Newfoundland and Labrador</u>	2.5% ¹	15%	\$500,000
<u>Nova Scotia</u>	2.5%	14%	\$500,000
<u>New Brunswick</u>	2.5%	14%	\$500,000
<u>Prince Edward Island</u>	1%	16%	\$500,000

Ontario	3.2%	11.5%	\$500,000
Manitoba	nil	12%	\$500,000
Saskatchewan	1%	12%	\$600,000
British Columbia	2%	12%	\$500,000
Nunavut	3%	12%	\$500,000
Northwest Territories	2%	11.5%	\$500,000
Yukon	0%	12%	\$500,000

1 Reduced from 3%, effective January 1, 2024.

Forms and publications

- [Guide T4012, T2 Corporation – Income Tax Guide](#)
- [Guide T7B-CORP, Corporation Instalment Guide](#)

Date modified:
2024-06-05