

2008 Corporate Income Tax Facts and Figures

The rates shown are **nominal tax rates as at July 1, 2008**. Add federal and provincial/territorial rates to get a combined rate. Rate and amount changes set out in the notes should generally be prorated for taxation years that straddle the effective dates.

	Canadian-Controlled Private Corporations (CCPCs)			Other Corporations	
	Active Business Income (ABI)		Investment Income	Manufacturing & Processing	Other
	Rate	Income Limit			
Federal	11.00%	\$400,000	34.67%	19.50%	19.50%
Provincial					
British Columbia	3.50	400,000	11.00	11.00	11.00
Alberta	3.00	460,000	10.00	10.00	10.00
Saskatchewan	4.50	500,000	12.00	10.00	12.00
Manitoba	2.00	400,000	13.00	13.00	13.00
Ontario	5.50	500,000	14.00	12.00	14.00
Québec	8.00	400,000	11.40	11.40	11.40
New Brunswick	5.00	400,000	13.00	13.00	13.00
Nova Scotia	5.00	400,000	16.00	16.00	16.00
Prince Edward Island	3.20	400,000	16.00	16.00	16.00
Newfoundland and Labrador	5.00	400,000	14.00	5.00	14.00
Yukon	4.00	400,000	15.00	2.50	15.00
Northwest Territories	4.00	400,000	11.50	11.50	11.50
Nunavut	4.00	400,000	12.00	12.00	12.00

Notes (changes before 2005 are not included):

Federal

- ◆ The rate on active business income (ABI) up to the small business income (SBI) threshold is subject to a clawback if prior year's taxable capital for the Large Corporations Tax exceeds \$10 million. The SBI threshold was increased from \$300,000 to \$400,000 effective Jan. 1, 2007.
- ◆ The rate on ABI up to the SBI threshold was reduced from 13.12% to 11.0% effective Jan. 1, 2008.
- ◆ 26 2/3% of investment income is eligible for refund at the rate of \$1 for every \$3 of dividends paid.
- ◆ Effective Jan. 1, 2008, the corporate surtax was eliminated for all businesses and the general federal tax rate on business income was reduced from 22.12% to 19.5% effective Jan. 1, 2008, and will be further reduced to 19.0% effective Jan. 1, 2009, to 18.0% effective Jan. 1, 2010, to 16.5% effective Jan. 1, 2011 and to 15.0% effective Jan. 1, 2012.

British Columbia

- ◆ The SBI threshold was increased from \$300,000 to \$400,000 effective Jan. 1, 2005.
- ◆ Rate on other income was reduced from 13.5% to 12.0% effective Jul. 1, 2005 and to 11.0% effective Jul. 1, 2008.
- ◆ Rate on ABI up to the SBI threshold was reduced from 4.5% to 3.5% effective Jul. 1, 2008.

Alberta

- ◆ Rate on other income was reduced from 11.5% to 10.0% effective Apr. 1, 2006.
- ◆ The SBI threshold increased from \$400,000 to \$430,000 effective Apr. 1, 2007 and to \$460,000 effective Apr. 1, 2008. The threshold will further increase to \$500,000 effective Apr. 1, 2009.

Saskatchewan

- ◆ Rate on ABI up to the SBI threshold was reduced from 5.5% to 5.0% effective Jan. 1, 2005 and to 4.5% effective Jan. 1, 2007.
- ◆ Rate on all other income decreased from 17.0% to 14.0% effective Jul. 1, 2006, to 13.0% effective Jul. 1, 2007 and to 12.0% effective Jul. 1, 2008.

- ◆ The SBI threshold was increased from \$300,000 to \$400,000 effective Jul. 1, 2006, to \$450,000 effective Jul. 1, 2007 and to \$500,000 effective Jul. 1, 2008.

Manitoba

- ◆ Rate on ABI up to SBI threshold was reduced from 5.0% to 4.5% effective Jan. 1, 2006, to 3.0% effective Jan. 1, 2007 and to 2.0% effective Jan. 1, 2008. The rate will be further reduced to 1.0% effective Jan. 1, 2009.
- ◆ The SBI threshold was increased from \$360,000 to \$400,000 effective Jan. 1, 2005.
- ◆ Rate on all other income was reduced from 15.5% to 15.0% effective Jan. 1, 2005, to 14.5% effective Jan. 1, 2006, to 14.0% effective Jan. 1, 2007 and to 13.0% effective Jul. 1, 2008. The rate will be further reduced to 12.0% effective Jul. 1, 2009 and to 11.0% at a date to be determined, subject to budget balancing requirements.

Ontario

- ◆ The SBI threshold increased from \$400,000 to \$500,000 effective Jan. 1, 2007. Lower rate on ABI is subject to clawback based on taxable income over the SBI threshold at 4.25% (decreased from 4.667% effective Jan. 1, 2007).

Québec

- ◆ Prior to Feb. 21, 2007, rate of 16.25% applied for non-business income. After Feb. 20, 2007, the rate on passive income was reduced to 9.9%. The rate increased to 11.4% effective Jan. 1, 2008 and will further increase to 11.9% effective Jan. 1, 2009.
- ◆ The rate on active business income was increased from 8.9% to 9.9% effective Jan. 1, 2006 and to 11.4% effective Jan. 1, 2008. This rate will further increase to 11.9% effective Jan. 1, 2009.
- ◆ Beginning Jan. 1, 2006, a small business rate of 8.5% is provided. The rate was reduced to 8.0% effective Mar. 24, 2006. The rate applies on ABI up to an SBI threshold of \$400,000. This small business rate is subject to a clawback if taxable capital exceeds \$10 million.

New Brunswick

- ◆ Rate on ABI up to the SBI threshold was reduced from 2.5% to 2.0% effective Jul. 1, 2005 and to 1.5% effective Jul. 1, 2006. The rate was increased to 5.0% effective Jan. 1, 2007.
- ◆ The SBI threshold was increased from \$425,000 to \$450,000 effective Jul. 1, 2005 and to \$475,000 effective Jul. 1, 2006. The threshold was reduced to \$400,000 effective Jan. 1, 2007.

Nova Scotia

- ◆ The SBI threshold was increased from \$300,000 to \$350,000 effective Apr. 1, 2005 and to \$400,000 effective Apr. 1, 2006.

Prince Edward Island

- ◆ Rate on ABI up to the SBI threshold was reduced from 7.5% to 6.5% effective Apr. 1, 2005, to 5.4% effective Apr. 1, 2006, to 4.3% effective Apr. 1, 2007 and to 3.2% effective Apr. 1, 2008. The rate will be further reduced to 2.1% effective Apr. 1, 2009 and to 1.0% effective Apr. 1, 2010.
- ◆ Rate on M&P income was increased from 7.5% to 16.0% effective Apr. 1, 2005.
- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes).

Newfoundland and Labrador

- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes).

Yukon

- ◆ Rate for ABI from M&P activities is 2.5%.
- ◆ Rate on ABI up to the SBI threshold was reduced from 6.0% to 4.0% effective Jan. 1, 2005.
- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes).

Northwest Territories

- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes).
- ◆ Rate on other income was reduced from 14.0% to 11.5% effective Jul. 1, 2006.

Nunavut

- ◆ The SBI threshold follows the federal SBI threshold increase (see federal notes).

2008 Payroll Tax

The following jurisdictions levy a payroll tax on remuneration for individuals employed in that jurisdiction. Tax rates for 2008 are listed below. Tax is payable by the employer (except for the N.W.T./Nunavut, where the employee pays the tax).

Jurisdiction	Payroll Tax Rates (%)	Notes:
Man. ⁽¹⁾	0 - 4.3	1. Payroll of \$0 to \$1.25 million, no tax; from \$1.25 million to \$2.5 million, 4.3% of payroll over \$1.25 million; over \$2.5 million, 2.15% of total payroll.
Ont. ⁽²⁾	0.98 - 1.95	2. Rate of tax is 0.98% for payrolls under \$200,000 and 1.95% for payrolls over \$400,000 (graduated rates apply for payrolls between the thresholds). First \$400,000 of taxable payroll of an eligible employer (not associated) and of an associated group of eligible employers is exempt.
Qué. ⁽³⁾	2.7 - 4.26	3. Low rate applies for payrolls of less than \$1 million and is phased out for payrolls between \$1 million and \$5 million. Certain exemptions may apply.
Nfld. ⁽⁴⁾	2.0	4. Tax is only charged on payrolls over \$1 million. A rate of 1.75% applies to taxable remuneration paid in relation to a renewable resource industry.
N.W.T. ⁽⁵⁾	2.0	5. Tax paid by employees as a payroll deduction.
Nunavut ⁽⁵⁾	2.0	

2008 Sales Tax

Jurisdiction ⁽¹⁾	Sales Tax Rates (%)	Combined Rates (%)	Notes:
Federal ⁽²⁾	5.0	see below	1. Alberta, Nunavut, the Yukon and the Northwest Territories do not impose a sales tax.
B.C.	7.0	12.0	2. Rate decreased from 6% to 5% effective Jan. 1, 2008.
Sask.	5.0	10.0	3. Québec and P.E.I. levy sales tax on taxable goods (and services where applicable) on the actual cost including GST. Consequently, the combined tax rate in Québec is 12.875% and 15.5% in P.E.I. All other provinces calculate PST independent of GST.
Man.	7.0	12.0	
Ont.	8.0	13.0	
Qué. ⁽³⁾	7.5	12.875	4. These provinces have harmonized their sales tax systems with the 5% GST to produce a combined federal/provincial rate of 13%.
N.B., N.S. & Nfld. ⁽⁴⁾	8.0	13.0	
P.E.I. ⁽³⁾	10.0	15.5	

2008 Capital Taxes

The following jurisdictions levy capital tax on corporate taxable capital employed by a corporation doing business through a permanent establishment in their jurisdiction. The following rates are as at July 1, 2008. Note that the rates and rules discussed can vary where the corporation is related or associated with other corporations.

Jurisdiction	General (%)	Financial Institutions (%)	Notes:
Federal - LCT	-- ⁽¹⁾	-- ⁽¹⁾	<p>1. Fed. - The Large Corporations Tax (LCT) was eliminated effective Jan. 1, 2006. The Financial Institutions Capital Tax (FIT) changed to a single rate of 1.25% on taxable capital over \$1 billion effective Jul. 1, 2006.</p> <p>2. B.C. - The existing corporation capital tax on financial institutions will be phased-out evenly over 3 years starting April 1, 2008 until it is eliminated effective Apr. 1, 2010. In its place, a minimum tax based on 1% of B.C. paid up capital (with a deduction provided for B.C. corporate income taxes paid) will apply to financial institutions that have a net paid up capital in excess of \$1 billion effective Apr. 1, 2010.</p> <p>3. Sask. - General capital tax for all corporations other than provincial Crown corporations is eliminated on Jul. 1, 2008. Previous rate was 1.5%. The special surcharge on resource trusts will be reduced on Jul. 1, 2008. The aggregate paid-up capital threshold for small financial institutions to increase to \$1.5 billion from \$1 billion effective for corporation fiscal years ending on or after Oct. 31, 2008.</p> <p>4. Man. - Rate is 0.2% on the first \$10 million of taxable capital (net of the deduction) plus 0.4% on the excess. A \$10 million deduction from capital applies. For taxable capital between \$20 and \$21 million, there is a notch provision that applies. Effective Jul. 1, 2008, this tax is eliminated for manufacturing and processing corporations. For other corporations, the tax will be eliminated by Dec. 31, 2010.</p> <p>5. Ont. - For M&P and resource corporations, the capital tax was eliminated on Jan. 1, 2007. For other corporations, the capital tax rate will remain at 0.225% until it falls to 0.15% on Jan. 1, 2010 and is eliminated by Jul. 1, 2010. A \$15 million deduction from taxable capital applies. The rates for financial institutions are to be reduced to 0.3% or 0.45%/0.36% on Jan. 1, 2010 and eliminated by Jul. 1, 2010.</p> <p>6. Qué. - The rate reduction will be phased-in until the general capital tax is eliminated in 2011. The deduction from paid-up capital is \$1 million, but is partially reduced where paid-up capital is between \$1 million and \$4 million. Qualifying manufacturing corporations had their capital tax eliminated for taxation years ending after Mar. 13, 2008.</p> <p>7. N.B. - No tax is payable on the first \$5 million of taxable capital. Capital tax is to be eliminated by Jan. 1, 2009.</p> <p>8. N.S. - No tax is payable on the first \$5 million of taxable capital. If taxable capital exceeds \$10 million, the rate is 0.2% with no exemption. The rate reduction to 0.2% from 0.225% is effective Jul. 1, 2008. This rate will be subject to a phased-in reduction until the tax is eliminated by Jul. 1, 2012. If taxable capital is between \$5 million and \$10 million, the rate is doubled and applied after netting the \$5 million exemption.</p>
Federal - FIT	--	1.25 ⁽¹⁾	
B.C.	--	2/3 to 2.0 ⁽²⁾	
Alta.	--	--	
Sask.	-- ⁽³⁾	0.7 or 3.25 ⁽³⁾	
Man.	0.2 or 0.4 ⁽⁴⁾	3.0	
Ont.	0.225 ⁽⁵⁾	0.45 or 0.675 and 0.54	
Qué.	0.36 ⁽⁶⁾	0.72	
N.B.	0.1 ⁽⁷⁾	3.0	
N.S.	0.2 or 0.4 ⁽⁸⁾	4.0	
P.E.I.	--	5.0	
Nfld.	--	4.0	