

Federal Corporate Tax Rates — 2012–2018 (%)

(Prepared from information available as of June 12, 2018)

The rates shown are in effect for 12-month taxation years ended December 31. All rates that change must be pro-rated for taxation years that straddle the effective date.

		2012 – 2015	2016 – 2017	2018	
General and manufacturing & processing (M&P) income	Basic rate	38			
	Less: provincial abatement	10			
	General federal rate (before deductions)	28			
	Less: general rate reduction or M&P deduction ¹	13			
	General federal and M&P rate	15			
Canadian-controlled private corporations (CCPCs)	Threshold	Small business deduction threshold ²	\$500,000		
	Active business income up to threshold	General federal rate (before deductions) ¹	28		
		Less: small business deduction ²	17	17.5	18
		CCPC small business rate	11	10.5	10
	Investment income	General federal rate (before deductions) ¹	28		
		Additional refundable tax ³	6.67	10.67	
CCPC investment income rate		34.67	38.67		

Notes:

- The general rate reduction and M&P deduction do not apply to: income benefiting from the small business deduction; investment income of CCPCs; and income of certain corporations (e.g., mutual fund corporations, mortgage investment corporations and investment corporations). In addition, income from a personal services business is:
 - not eligible for the general rate reduction; and
 - subject to a federal corporate tax rate of 33% (up from 28%) for taxation years ending after December 31, 2015 (pro-rated for taxation years straddling this date).
- The small business deduction applies to active business income earned in Canada of associated CCPCs, up to \$500,000. As a result of a clawback, the small business deduction is reduced if taxable capital employed in Canada, on an associated basis, exceeded \$10 million in the preceding year.

For taxation years beginning after 2018, the small business deduction limit of a CCPC for a year that (together with associated CCPCs) earns more than \$50,000 of passive investment income in the previous year, is reduced by \$5 for every \$1 of that investment income over \$50,000 (it is eliminated at \$150,000 of investment income). The CCPC's small business deduction will be reduced by the greater of this new reduction and the existing clawback (see above) that applies when associated taxable capital employed in Canada exceeds \$10 million.

Recent and planned changes to the small business deduction are shown in the following table:

	Changes effective after December 31, 2013		
	From	To	Effective
Small business deduction	17%	17.5%	January 1, 2016*
	17.5%	18%	January 1, 2018
	18%	19%	January 1, 2019

* The small business deduction was previously scheduled to increase from 17.5% to 18% on January 1, 2017, to 18.5% on January 1, 2018, and to 19% on January 1, 2019.

- See "Refundable Investment Tax" in the table, **Other Federal Corporate Tax Rates for 2018**, and footnote 2 to that table for recent changes to the refundable investment tax.