Raymond Chabot Grant Thornton

CORPORATE TAXATION

2025

TABLE C1 – BUSINESS INCOME ELIGIBLE FOR SBD[1]

2025	%	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	2.50	11.50
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

2025	%	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. 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, 2025 (average rate of 1.5% for the year 2025).

5 Combined rate increased from 10% to 11% on the first $500,000 of income that qualifies for the SBD as of July 1, 2025 (average rate of 10.5% for the year 2025) and rate increased from 16% to 17% from this date on the next $100,000 of qualifying income (average rate of 16.5% for the year 2025), 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%.

Last update: January 6, 2025

TABLE C3 – INVESTMENT INCOME[1]

2025	%	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]

2025	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%

** This table does not take into account the Federal Economic Statement of December 16, 2024, which provides for the expansion of the enhanced credit of 35% to eligible Canadian public corporations, the increase in the ceiling of expenses eligible for this credit to 4.5 million and the increase in the reduction thresholds for this credit to $15 million and $75 million (reduction threshold based on gross income for public corporations, between $15 million and $75 million). These measures would apply to taxation years beginning after December 15, 2024. According to the 2024 Economic Statement, capital expenditures incurred on or after December 16, 2024, would also be considered eligible SR&ED expenditures and would qualify for a partially refundable tax credit (at 40%). These measures were not the subject of a Notice of Ways and Means Motion before the prorogation of Parliament on January 6, 2025, and their implementation must be confirmed.

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 (2025)

Description of Property	Rate[1]	Class
Buildings, including component parts	4%	1
Purpose-built residential rental constructed between April 16, 2024 and December 31, 2030[2]	10%	
Buildings used 90% + for manufacturing and processing (separate class)[3]	10%	
Buildings acquired on or after March 19, 2007 and used 90% + for non-residential purposes (separate class)[3]	6%	
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	20%	8
Automobiles, panel trucks, trucks, tractors, trailers[4]	30%	10
Passenger vehicles, the cost of which is equal to or exceeds prescribed amounts ($37,000 + tax – see **Section V**)[4]	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[5]	13
Taxis, automobiles acquired for short-term leasing and coin-operated video games[4]	40%	16
Trucks and tractors designed for hauling freight[4]	40%[6]	16
Parking areas or similar surface construction	8%	17
Electric charging stations	75%[7]	43.1 / 43.2[8]
Data network infrastructure equipment	100%[9]	46
Computer equipment, system software and related equipment	100%[10]	50
Manufacturing or processing equipment acquired after 2015 and before 2026	75%[7]	53
Other zero emission vehicles or automotive equipment[11]	75%[7]	56

** This table does not take into account the Federal Economic Statement of December 16, 2024, which provides, for goods acquired from 2025, an immediate expensing of goods in class 53 (machinery and manufacturing equipment), 43.1 (clean energy production equipment) and 54, 55, 56 (zero-emission vehicles) and as well as an accelerated CCA in the first year equal to 150% of the CCA calculated according to the usual rate, for other goods. These measures were not the subject of a Notice of Ways and Means Motion before the prorogation of Parliament on January 6, 2025, and their implementation must be confirmed.

---

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 after November 20, 2018 and available for use before 2028.

2 Requires a new building situated in Canada that contains at least four residential units (with private kitchen facilities, bath and living area) or at least ten private rooms or suites, available for use before 2036. The housing units must not be provided to the travelling or vacationing public and must be rented or offered for rent for continuous periods of at least 28 consecutive days. Projects to convert an existing non-residential building into a residential building are eligible, 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 Eligible zero-emission vehicles classified under classes 54 (ceiling $61,000 + tax) or 55, according to their characteristics, are 75% deductible in the first year if they are available for use before 2026 (rate reduced to 55% in 2026 and 2027).

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 2026 (rate reduced to 55% for property available for use in 2026 and 2027).

8 Eligible property acquired before 2025 is included in Class 43.2 even if becomes available for use after that date. After 2024, all such property will be included in Class 43.1.

9 For property available for use after April 15, 2024, and before 2027 (30% before April 16, 2024, and after 2027).

10 For property available for use after April 15, 2024, and before 2027 (55% before April 16, 2024, and after 2027).

11 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.