



JACQUES F. LIWANPO
CHARTERED ACCOUNTANT
CERTIFIED FINANCIAL PLANNER



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Tax advice Articles

March 2009

2009 Corporation Tax Rates

Federal Rates:

The basic rate of Part I tax is 38% of your taxable income, 28% after federal tax abatement. For Canadian-controlled private corporations claiming the small business deduction, the net tax rate before surtax* is:

- 12% before January 1, 2008
- 11% effective January 1, 2008**

For the other corporations, the net tax rate before surtax* will decrease as follows:

- 21% before January 1, 2008
- 19.5% effective January 1, 2008
- 19% effective January 1, 2009**
- 18% effective January 1, 2010
- 16.5% effective January 1, 2011
- 15% effective January 1, 2012

*The corporate surtax is zero, effective January 1, 2008.

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 either:
the income eligible for the federal small business deduction; or
the income based on limits established by the particular province or territory.

Higher rate

The higher rate applies to all other taxable income.

Provincial and territorial tax rates (except Quebec and Alberta)

The following table shows the income tax rates for provinces and territories (except [Quebec](#) and [Alberta](#), which do not have corporation tax collection agreements with the CRA).

These rates are in effect on January 1, 2009, and some might change during 2009.



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Province or territory	Lower rate	Higher rate
Newfoundland and Labrador	5%	14%
Nova Scotia	5%	16%
Prince Edward Island	3.2%	16%
New Brunswick	5%	13%
Ontario	5.5%	14%
Manitoba	1%	13%
Saskatchewan	4.5%	12%
British Columbia	2.5%	11%
Yukon	4%	15%
Northwest Territories	4%	11.5%
Nunavut	4%	12%