



## Tax, Retirement & Estate Planning Services

# Corporate tax rate card for 2026

### Combined federal and provincial tax rates

Jurisdiction	Canadian-controlled private corporation					The SBL is reduced by the greater of the following 2 calculations:	
	Active business income (ABI)			Investment income (other than Canadian dividends)			
	Small business limit (SBL)	Income eligible for full SBL	Income eligible for partial SBL	General tax rate			
<b>Federal (only)</b>	\$500,000	9.00%	-	15.00%	38.67%		
<b>British Columbia</b>	\$500,000	11.00%	-	27.00%	50.67%		
<b>Alberta</b>	\$500,000	11.00%	-	23.00%	46.67%		
<b>Saskatchewan<sup>1</sup></b>	\$600,000	10.00%	16.00%	27.00%	50.67%		
<b>Manitoba</b>	\$500,000	9.00%	-	27.00%	50.67%		
<b>Ontario<sup>2</sup></b>	\$500,000	12.20%	18.20%	26.50%	50.17%		
<b>Quebec<sup>3</sup></b>	\$500,000	12.20%	20.50%	26.50%	50.17%		
<b>New Brunswick<sup>4</sup></b>	\$500,000	11.50%	17.50%	29.00%	52.67%		
<b>Prince Edward Island<sup>5</sup></b>	\$600,000	10.00%	16.00%	30.00%	53.67%		
<b>Nova Scotia<sup>6</sup></b>	\$700,000	10.50%	16.50%	29.00%	52.67%		
<b>Newfoundland &amp; Labrador</b>	\$500,000	11.50%	-	30.00%	53.67%		
<b>Yukon</b>	\$500,000	9.00%	-	27.00%	50.67%		
<b>Northwest Territories</b>	\$500,000	11.00%	-	26.50%	50.17%		
<b>Nunavut</b>	\$500,000	12.00%	-	27.00%	50.67%		
<b>Taxable capital employed</b>	\$10,000,000		\$50,000,000				
	SBL is reduced by \$1 for every \$80 of taxable capital above \$10,000,000 and is fully eliminated when taxable capital reaches \$50,000,000.						
<b>Adjusted aggregate investment income (AAII)</b>	\$50,000		\$150,000				
	SBL is reduced by \$5 for every \$1 of AAII above \$50,000 and is fully eliminated when AAII reaches \$150,000.						

### Notes:

**1 Saskatchewan** The provincial SBL is \$600,000. Therefore, Saskatchewan's combined income tax rate on ABI between the federal and provincial SBL is 16% (i.e., 15% federally and 1% provincially). The provincial SBL is reduced by \$1 per \$66.67 of taxable capital above \$10,000,000 and \$6 per \$1 of AAII above \$50,000.

**2 Ontario** Ontario doesn't reduce the provincial SBL for AAII. Therefore, Ontario's combined income tax rate on ABI when the federal SBL is reduced by AAII is 18.20% (i.e., 15% federally and 3.20% provincially).

**3 Quebec** Quebec decreases the provincial small business deduction if employee paid hours are less than 5,500 resulting in no deduction if employee paid hours are 5,000 or less. Therefore, Quebec's combined income tax rate on ABI up to the SBL is 20.50% (9% federally and 11.5% provincially) when employee paid hours are 5,000 or less.

**4 New Brunswick** New Brunswick doesn't reduce the provincial SBL for AAII. Therefore, New Brunswick's combined income tax rate on ABI when the federal SBL is reduced by AAII is 17.50% (i.e., 15% federally and 2.50% provincially).

**5 PEI** The provincial SBL is \$600,000. Therefore, PEI's combined income tax rate on ABI between the federal and provincial SBL is 16% (i.e., 15% federally and 1% provincially). The provincial SBL is reduced by \$1 per \$66.67 of taxable capital above \$10,000,000 and \$6 per \$1 of AAII above \$50,000.

**6 Nova Scotia** The provincial SBL is \$700,000. Therefore, Nova Scotia's combined income tax rate on ABI between the federal and provincial SBL is 16.50% (i.e., 15% federally and 1.50% provincially). The provincial SBL is reduced by \$1 per \$57.14 of taxable capital above \$10,000,000 and \$7 per \$1 of AAII above \$50,000.

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The above rates exclude manufacturing and processing income tax rates, which may differ from the general tax rates displayed for some provinces. Small business limit and tax rate changes must be pro-rated for the number of days in the taxation year. Investment income includes interest, capital gains, and foreign dividends. The rates may not be applicable to income earned by credit unions, mutual fund corporations, mortgage investment corporations, most deposit insurance corporations, and investment corporations as the income qualifies for special tax treatment. Some provinces also levy a capital tax which hasn't been addressed. These rates are based on federal and provincial budget proposals and news released as of January 2026.

## Corporate integration

The tables below show various corporate integration results as percentages of pre-tax income. A 15% non-resident withholding tax is assumed to apply on foreign dividends. Results in brackets represent negative values. To convert your province or territory's numbers to dollar values, multiply each percentage in its respective row by a dollar value (e.g. \$10,000). The individual shareholder is assumed to be in the top marginal tax bracket for their respective province or territory of residence.

### Tax deferral (prepayment)

When a business owner earns income above their lifestyle needs, generally there is a tax deferral advantage to earning this income inside a corporation rather than personally. The positive results show the percentage of personal tax deferred on the pre-tax amount of income from each source. A negative result indicates a pre-payment of tax, since the corporate tax is higher than the personal tax on that income source.

Jurisdiction	Full SBL income	Partial SBL income	General income	Interest	Capital gains	Eligible dividends	Foreign dividends
<b>British Columbia</b>	42.50%	-	26.50%	2.83%	1.42%	(1.79%)	2.83%
<b>Alberta</b>	37.00%	-	25.00%	1.33%	0.67%	(4.02%)	1.33%
<b>Saskatchewan</b>	37.50%	31.50%	20.50%	(3.17%)	(1.59%)	(8.69%)	(3.17%)
<b>Manitoba</b>	41.40%	-	23.40%	(0.27%)	(0.14%)	(0.55%)	(0.27%)
<b>Ontario</b>	41.33%	35.33%	27.03%	3.36%	1.68%	1.01%	3.36%
<b>Quebec</b>	41.11%	32.81%	26.81%	3.14%	1.57%	1.78%	3.14%
<b>New Brunswick</b>	41.00%	35.00%	23.50%	(0.17%)	(0.09%)	(5.93%)	(0.17%)
<b>Prince Edward Island</b>	42.00%	36.00%	22.00%	(1.67%)	(0.84%)	(1.79%)	(1.67%)
<b>Nova Scotia</b>	43.50%	37.50%	25.00%	1.33%	0.67%	3.25%	1.33%
<b>Newfoundland &amp; Labrador</b>	43.30%	-	24.80%	1.13%	0.57%	7.87%	1.13%
<b>Yukon</b>	39.00%	-	21.00%	(2.67%)	(1.34%)	(9.40%)	(2.67%)
<b>Northwest Territories</b>	36.05%	-	20.55%	(3.12%)	(1.56%)	(10.00%)	(3.12%)
<b>Nunavut</b>	32.50%	-	17.50%	(6.17%)	(3.09%)	(5.25%)	(6.17%)

### Tax savings (cost)

When a business owner earns income that's needed to fund their lifestyle, there is generally a tax cost to receiving that income as a taxable dividend (after corporate tax) versus earning that income personally. A positive result shows a tax savings after receiving a taxable dividend as opposed to earning that income personally. A 0% result shows no tax difference between the two.

Jurisdiction	Full SBL income	Partial SBL income	General income	Interest	Capital gains	Eligible dividends	Foreign dividends
<b>British Columbia</b>	(1.01%)	-	(0.30%)	(5.61%)	(2.81%)	0.00%	(11.69%)
<b>Alberta</b>	(0.65%)	-	(1.82%)	(3.54%)	(1.77%)	0.00%	(10.40%)
<b>Saskatchewan</b>	0.29%	5.20%	(1.26%)	(5.57%)	(2.79%)	0.00%	(12.55%)
<b>Manitoba</b>	(1.07%)	-	(4.27%)	(6.94%)	(3.47%)	0.00%	(13.28%)
<b>Ontario</b>	(0.59%)	2.32%	(2.01%)	(4.40%)	(2.20%)	0.00%	(10.62%)
<b>Quebec</b>	(1.65%)	(5.91%)	(2.80%)	(5.40%)	(2.70%)	0.00%	(11.50%)
<b>New Brunswick</b>	(0.44%)	6.75%	0.49%	(6.69%)	(3.35%)	0.00%	(12.35%)
<b>Prince Edward Island</b>	(1.13%)	3.94%	(3.58%)	(8.87%)	(4.44%)	0.00%	(14.10%)
<b>Nova Scotia</b>	(1.24%)	1.81%	(4.52%)	(7.62%)	(3.81%)	0.00%	(12.94%)
<b>Newfoundland &amp; Labrador</b>	(0.03%)	-	(7.54%)	(6.85%)	(3.43%)	0.00%	(11.97%)
<b>Yukon</b>	(1.08%)	-	(0.27%)	(7.24%)	(3.62%)	0.00%	(13.89%)
<b>Northwest Territories</b>	3.28%	-	(0.40%)	(2.09%)	(1.05%)	0.00%	(9.61%)
<b>Nunavut</b>	(0.75%)	-	(6.69%)	(5.73%)	(2.87%)	0.00%	(13.13%)

### Retention advantage (disadvantage)

A business owner may decide to invest excess earnings in an investment portfolio over a multi-year time horizon. Generally, there is a tax deferral advantage to earning this investment income inside a corporation rather than personally. A positive result shows that there would be a higher after-tax amount of income if it's generated in the corporation, rather than personally. A negative result shows that the after-tax amount of income inside the corporation would be lower than if it was earned personally.

Jurisdiction	Interest	Capital gains	Eligible dividends	Foreign dividends
<b>British Columbia</b>	8.44%	4.22%	(1.79%)	14.52%
<b>Alberta</b>	4.87%	2.43%	(4.02%)	11.73%
<b>Saskatchewan</b>	2.40%	1.20%	(8.69%)	9.38%
<b>Manitoba</b>	6.67%	3.33%	(0.55%)	13.01%
<b>Ontario</b>	7.76%	3.88%	1.01%	13.98%
<b>Quebec</b>	8.53%	4.27%	1.78%	14.63%
<b>New Brunswick</b>	6.52%	3.26%	(5.93%)	12.18%
<b>Prince Edward Island</b>	7.20%	3.60%	(1.79%)	12.43%
<b>Nova Scotia</b>	8.95%	4.47%	3.25%	14.27%
<b>Newfoundland &amp; Labrador</b>	7.98%	3.99%	7.87%	13.10%
<b>Yukon</b>	4.57%	2.28%	(9.40%)	11.22%
<b>Northwest Territories</b>	(1.03%)	(0.51%)	(10.00%)	6.49%
<b>Nunavut</b>	(0.44%)	(0.22%)	(5.25%)	6.96%

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