Other Federal Corporate Tax Rates for 2011

(Prepared from information available as of June 8, 2011)

	Rate	Corporations affected	Description	Special rules
Income not earned in a province or territory	26.5%[1]	All corporations	Income tax for 2011 is calculated as follows: Basic federal rate 38% Less: General rate reduction -11.5% General federal rate 26.5% Therefore, the federal rate is 26.5%, instead of 16.5%.	Corporate income not earned in a province or territory is neither: • eligible for the provincial abatement; nor • subject to provincial or territorial tax (exceptions apply).
Branch tax	25%	Non-resident corporations, except: • transportation, communications and iron-ore mining companies; and • insurers (other than in special circumstances).	Applies to after-tax profits that are not invested in qualifying property in Canada.	The 25% rate may be reduced by the relevant tax treaty (generally to the withholding tax rate on dividends, which is usually 5%, 10% or 15%). Some treaties prohibit the imposition of branch tax or provide that the tax is payable only on earnings exceeding a threshold.
Part III.1 Tax on Excess Eligible Dividend Designations	20% or 30%	Canadian-resident corporations	Applies if: • a CCPC has designated as eligible dividends during the year an amount that exceeds the corporation's general rate income pool (GRIP) at the end of the year; or • a non-CCPC pays an eligible dividend when it has a positive balance in its low rate income pool (LRIP).	A corporation subject to Part III.1 tax at the 20% rate (i.e., the excess designation was inadvertent) can elect, with shareholder concurrence, to treat all or part of the excess designation as a separate non-eligible dividend, in which case Part III.1 tax will not apply to the amount that is the subject of the election.
Refundable Part IV tax	33⅓%	Private corporations and certain public corporations	Payable on taxable dividends received from certain taxable Canadian corporations.	Refundable to the corporation when it pays dividends, through the refundable dividend tax on hand (RDTOH) mechanism, at a rate of $1 for every $3 of taxable dividends paid.
Refundable Investment Tax	6⅔%	Canadian-Controlled Private Corporations (CCPCs)	Increases the total federal rate that applies to investment income of a CCPC to 34.67% (before 2008, 35.79% after federal surtax). Generally, 26⅔% of a CCPC's aggregate investment income is added to its RDTOH.	
Large Corporations Tax (LCT)	Nil	All corporations	Before 2006, imposed on taxable capital employed in Canada over $50 million. (The $50 million threshold was shared among related corporations; associated corporations in the case of CCPCs.)	A notional LCT, calculated as if the LCT rate and capital tax threshold were 0.225% and $10 million, respectively, is relevant for certain purposes (e.g., a CCPC's small business limit). Before 2008, the portion of the federal surtax liability that was the corporation's Canadian surtax liability reduced any LCT liability for the year or the previous three years (and, before 2006, the next seven years).
Part VI Financial Institutions Capital Tax	1.25%	Banks Trust and loan corporations Life insurance companies	Applies to banks, trust and loan corporations and life insurance companies with capital employed in Canada over $1 billion (before July 1, 2006, 1.25% rate for capital over $300 million; 1% between $200 million and $300 million; and nil below $200 million). The thresholds are shared among related corporations.	Reduced by the corporation's federal income tax liability (before 2008, net of any federal surtax claimed against the LCT liability). Any unused federal income tax liability can be applied to reduce Financial Institutions Capital Tax for the previous three years and the next seven. Unused income taxes that can be carried back from taxation years ending after June 30, 2006, to taxation years that end before that date, are calculated using capital tax rates and thresholds that applied before July 1, 2006 (i.e., 1.25% for capital over $300 million; 1% between $200 million and $300 million; nil below $200 million).

Notes:

1. Recent and planned changes to the federal rate for income not earned in a province or territory are shown in the following table:

	Changes effective after December 31, 2006		
	From	**To**	**Effective**
Income not earned in a province or territory	32.12%	29.5%	January 1, 2008
	29.5%	29%	January 1, 2009
	29%	28%	January 1, 2010
	28%	26.5%	January 1, 2011
	26.5%	25%	January 1, 2012