

2006 CORPORATE INCOME TAX RATES

COMBINED FEDERAL & ONTARIO

Active Business Income (Not M & P)	2006	2005
<u>CCPC's:*</u>		
- First \$300,000	18.62%	18.62%
- \$300,000 - \$400,000	27.62%	27.62%
- \$400,000 to \$1,128,520	40.79%	40.79%
- Over \$1,128,520	36.12%	36.12%
<u>Other Corporations:</u>	36.12%	36.12%
<u>M & P Income</u>		
<u>CCPC's:*</u>		
- first \$300,000	18.62%	18.62%
- \$300,000 - \$400,000	27.62%	27.62%
- \$400,000 to \$1,128,520	37.69%	37.69%
- Over \$1,128,520	34.12%	34.12%
<u>Other Corporations:</u>	34.12%	34.12%
Other Income		
CCPC's - (26 2/3% refundable)	49.79%	49.79%
Other corporations	36.12%	36.12%

* A CCPC's \$300,000 business limit will be reduced by 4¢ for every \$1 by which the company's taxable capital (including associated companies) for Large Corporations Tax purposes exceeds \$10 million. Therefore, the amount on which the low rate of income tax applies may be less than \$300,000 and will be totally eliminated once taxable capital of the associated group exceeds \$15 million.

FEDERAL

Basic rate	38%
Provincial abatement	10%
Small Business Deduction (SBD)	16%
Business Profits Reduction - Over \$300,000 (eff 1/1/05)	7%
Corporate surtax	4%
Refundable Part IV tax	33.33%
Refundable portion of Part I tax	26.67%
Dividend refund rate	33.33%

ONTARIO

	<u>Basic Rate***</u>	<u>Small Business Income Rates*</u>	<u>Small Business Amount</u>	<u>Surtax Rates**</u>	<u>Surtax Range</u>
Prior to May 5, 1998	15 ½%	9 ½%	\$ 200,000	4%	\$ 200,000 - \$ 500,000
May 5, 1998	15 ½%	9%	200,000	4.33%	200,000 - 500,000
January 1, 1999	15 ½%	8 ½%	200,000	4.67%	200,000 - 500,000
January 1, 2000	15 ½%	8%	200,000	5.0%	200,000 - 500,000
May 2, 2000	14 ½%	7%	200,000	5.0%	200,000 - 500,000
January 1, 2001	14%	6 ½%	240,000	5.0%	240,000 - 600,000
October 1, 2001	12½%	6%	280,000	4.33%	280,000 - 700,000
January 1, 2003	12½%	5 ½%	320,000	4.67%	320,000 - 800,000
January 1, 2004 Onwards	14%	5 ½%	400,000	4.67%	400,000 - 1,128,520

* Applies to income noted under Small Business Amount.

** Charged on business income in the Surtax Range. Prorated where the taxation year straddles the adjustment dates.

*** The basic rate is reduced by the following % for income eligible for M&P deduction.

2001 & prior	-	2%
2002 & 2003	-	1 ½%
2004 onwards	-	2%

QUEBEC

CCPC'S:

Active Business Income

- First \$400,000
- Over \$400,000

2006

8.5%

9.9%

2005

8.9%

8.9%

Other Income

16.25%

16.25%

Other Corporations

- Active business income
- Other income

9.9%

16.25%

8.9%

16.25%

Rates updated January 2006