

# Taxes in Canada for business owner

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\* A reminder that there are different taxes that you will need to pay living in Canada, but specifically for business owners, this is something for you to be aware of.

## Corporation tax rates ( Income Tax)

### Federal rates

- The basic rate of Part I tax is 38% of your taxable income, 28% after federal tax abatement.
- After the general tax reduction, the net tax rate is 15%.
- For Canadian-controlled private corporations claiming the small business deduction, the net tax rate is 9%.

\* Corporations that were Canadian-controlled private corporations (CCPCs) throughout the tax year may be able to claim the small business deduction (SBD). The SBD reduces Part I tax that the corporation would otherwise have to pay.

All resident corporations (except tax-exempt Crown corporations, Hutterite colonies and registered charities) have to file a corporation income tax (T2) return every tax year even if there is no tax payable. This includes:

- non-profit organizations
- tax-exempt corporations
- inactive corporations

For more information, visit

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-income-tax-return/tax-implications-personal-services-business.html>

Most corporations can file their return electronically using the Internet. It is mandatory for certain corporations with annual gross revenues that exceed \$1 million.

For more information, visit

<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-businesses/corporation-on-internet-filing.html>

A non-resident corporation must file a return if, at any time in the year, one of the following situations applies:

- it carried on business in Canada
- it had a taxable capital gain
- it disposed of taxable Canadian property

This requirement applies even if the corporation claims that any profits or gains realized are exempt from Canadian income tax due to the provisions of a tax treaty.

For more information, visit

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/corporation-income-tax-return/who-file-a-corporation-income-tax-return.html>

Other taxes that you might pay

Types of taxes and contributions

- Income taxes on employment and other income that you receive
- Sales taxes such as the Goods and Services Tax (GST) or Harmonized Sales Tax (HST) and the provincial sales taxes (PST)
- Property taxes, usually charged by local governments on the value of land and buildings
- Customs duties or tariffs on certain imported and exported products
- Contributions by employers and employees to social security plans such as the Employment Insurance (EI) system, the Canada Pension Plan (CPP), the Québec Pension Plan (QPP) or the Québec Parental Insurance Plan
- Health services taxes charged in some provinces for access to the provincial health care system
- Other taxes such as motor vehicle licenses and natural resource taxes