



# Ross, Pope & Company LLP

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## Canadian-controlled private corporation tax rates for 2011

<b>FEDERAL</b>	General M & P Income %	Active Business Income (to \$500,000) %	Active Business Income (in excess of \$500,000) %	Investment Income %
General rate	38.0	38.0	38.0	38.0
Less: Federal abatement	(10.0)	(10.0)	(10.0)	(10.0)
	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>
Refundable tax on investment income				6.7
	<b>28.0</b>	<b>28.0</b>	<b>28.0</b>	<b>34.7</b>
Tax rate deductions	(11.5)	(17.0)	(11.5)	-
	<b>16.5</b>	<b>11.0</b>	<b>16.5</b>	<b>34.7 (1)</b>
<b>PROVINCIAL</b>				
Ontario (2)	12.0	4.5	12.0	12.0
<b>COMBINED TAX RATE</b>	<b>28.5</b>	<b>15.5</b>	<b>28.5</b>	<b>46.7</b>

(1) This tax paid on investment income such as capital gains, rents, royalties and interest income is potentially refundable at a rate of 26.67% of investment income.

Dividend revenue received from a non-connected corporation is subject to a tax of 33.33% which is also potentially refundable.

Dividend refunds to the corporation from the above are refundable at a rate of 33.33% for every dollar of taxable dividends paid by the company.

(2) The basic Ontario tax rate decreased from 14% to 12%. The Ontario tax rate for active business income under \$500,000 decreased from 5.5% to 4.5%. These changes came into effect on January 1, 2011. As of July 1, 2011, the rate for General M & P, Active Business Income in excess of \$500,000 and Investment Income decreased to 11.5%. Provincial corporate tax rates are pro-rated based on the fiscal year of the corporation.