

Small Business Corporate Income Tax Rate Reduction

Fact Sheet

The government has committed to reduce the small business corporate income tax rate by 50% over the four-year term. The 2011-2012 budget announced an initial step in its commitment by reducing the small business corporate income tax rate from 5% to 4.5%, effective Jan. 1, 2012.

This is a step to improving the tax competitiveness of New Brunswick small businesses. The government recognizes the vital role that New Brunswick small businesses have in providing jobs and growing the New Brunswick economy.

The small business corporate income tax rate currently applies to the first \$500,000 of active business income earned by Canadian-controlled private corporations. To receive the full benefit of the small business corporate income tax rate, corporations must have less than \$10 million in capital. The benefit of the small business corporate income tax rate is phased-out for firms with taxable capital between \$10 million and \$15 million.

Table 1 shows the small business corporate income tax rate and threshold from 2008 to 2012.

Table 1: Small Business Corporate Income Tax Rate and Threshold

	<u>2008</u>	<u>2009</u> (Jan. 1, 2009)	<u>2010</u>	<u>2011</u>	<u>2012</u> (Jan. 1, 2012)
Small Business Rate	5%	5%	5%	5%	4.5%
Small Business limit (active business income)	\$400K	\$500K	\$500K	\$500K	\$500K