

## Ontario Corporation Tax Calculation (2012 and later tax years)

**Protected A**  
when completed

Corporation's name	Business number	Tax year-end		
		Year	Month	Day

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

### Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2011	_____	× 12.0%	=	_____ %	A1
Number of days in the tax year	_____				
Number of days in the tax year after June 30, 2011	_____	× 11.5%	=	_____ %	A2
Number of days in the tax year	_____				

  

**Ontario basic rate of tax for the year (rate A1 plus A2)**

\_\_\_\_\_ \_\_\_\_\_ % A3

## Part 2 – Calculation of Ontario basic income tax

Ontario taxable income \* .....                      B

**Ontario basic income tax:** amount B multiplied by Ontario basic rate of tax for the year (rate A3 from Part 1) .....                      C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 on page 8 of the T2 return.

\* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

**Part 3 – Ontario small business deduction (OSBD)**

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return) ..... 1

Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return) ..... 2

Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return) ..... 3

Enter the least of amounts 1, 2, and 3 .....                      D

Ontario domestic factor:  $\frac{\text{Ontario taxable income}^*}{\text{Taxable income earned in all provinces and territories}^{**}} = \dots\dots\dots$  E

Amount D  $\times$  factor E ..... a

Ontario taxable income  
(amount B from Part 2) ..... b

Ontario small business income (lesser of amount a and amount b) ..... F

$\frac{\text{Number of days in the tax year before July 1, 2011}}{\text{Number of days in the tax year}} \times 7.5\% = \dots\dots\dots\%$  G1

$\frac{\text{Number of days in the tax year after June 30, 2011}}{\text{Number of days in the tax year}} \times 7.0\% = \dots\dots\dots\%$  G2

OSBD rate for the year (rate G1 plus G2) .....                      % G3

**Ontario small business deduction:** amount F multiplied by OSBD rate for the year (rate G3) .....                      H

Enter amount H on line 402 of Schedule 5.

\* Enter amount B from Part 2.

\*\* Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

**Part 4 – Ontario adjusted small business income**

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

**Ontario adjusted small business income** (lesser of amount D and amount b from Part 3) .....                      I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

**Part 5 – Calculation of credit union tax reduction**

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17 ..... J

**Deduct:**

Ontario adjusted small business income (amount I from Part 4) ..... K

Subtotal (amount J **minus** amount K) (if negative, enter "0") ..... L

OSBD rate for the year (rate G3 from Part 3) ..... %

Amount L **multiplied** by the OSBD rate for the year ..... M

Ontario domestic factor (factor E from Part 3) ..... N

**Ontario credit union tax reduction** (amount M **multiplied** by factor N) ..... O

Enter amount O on line 410 of Schedule 5.