

Ontario Corporation Tax Calculation
(2020 and later tax years)

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

- Use this schedule if your 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.
- Legislative references are to the federal Income Tax Act and Income Tax Regulations.
- This schedule is a worksheet only and is not required to be filed with your T2 Corporation Income Tax Return.

Part 1 – Ontario basic income tax

Ontario taxable income Note 1	_____	1A
Ontario basic rate of tax for the year	11.5 %	1B
Ontario basic income tax (amount 1A multiplied by amount 1B) Note 2	_____	1C

Note 1 If your corporation had a permanent establishment only in Ontario, enter the amount from line 360, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Note 2 If your corporation had a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount 1C on line 270 of Schedule 5, Tax Calculation Supplementary – Corporations. Otherwise, enter it on line 760 of the T2 return.

Part 2 – Ontario small business deduction (OSBD)

Complete this part if your corporation claimed the federal small business deduction under subsection 125(1).

Line 400 of the T2 return	_____	2A
Line 405 of the T2 return	_____	2B
Line 410 of the T2 return	_____	2C
Line 415 of the T2 return	_____	2D
Amount 2C × Amount 2D	_____	2E
	11,250	
Line 515 of the T2 return	_____	2F
Subtotal (amount 2C minus amount 2E minus amount 2F)	_____	2G
Amount 2A, 2B or 2G whichever is the least	_____	2H
Ontario domestic factor (ODF): Taxable income for Ontario Note 3	_____	
Taxable income for all provinces Note 4	_____	2I
Amount 2H multiplied by amount 2I	_____	2J
Ontario taxable income (amount 1A)	_____	2K
Ontario small business income (amount 2J or 2K, whichever is less)	_____	2L

Ontario small business deduction for the year

Amount 2L	×	Number of days in the tax year before January 1, 2020	×	8%	=	2M
		Number of days in the tax year				
Amount 2L	×	Number of days in the tax year after December 31, 2019	×	8.3%	=	2N
		Number of days in the tax year				
Ontario small business deduction for the year (amount 2M plus amount 2N)						2O

Enter amount 2O on line 402 of Schedule 5.

Note 3 Enter amount 1A.

Note 4 Includes the territories and the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 3 – Ontario adjusted small business income

Complete this part if your 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 (amount 1A or 2H, whichever is the least) **3A**

Enter amount 3A at amount 4B in Part 4 of this schedule or at amount 2E in Part 2 of Schedule 502, Ontario Tax Credit for Manufacturing and Processing, whichever applies.

Part 4 – 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 3C of Schedule 17 **4A**

Ontario adjusted small business income (amount 3A) **4B**

Subtotal (amount 4A **minus** amount 4B, if negative, enter "0") **▶** **4C**

Amount 4C $\times \frac{\text{Number of days in the tax year before January 1, 2020}}{\text{Number of days in the tax year}} \times 8\% =$ **4D**

Amount 4C $\times \frac{\text{Number of days in the tax year after December 31, 2019}}{\text{Number of days in the tax year}} \times 8.3\% =$ **4E**



Total (amount 4D **plus** amount 4E) **▶** **4F**

Ontario domestic factor (amount 2I) **4G**

Ontario credit union tax reduction (amount 4F **multiplied** by amount 4G) **4H**

Enter amount 4H on line 410 of Schedule 5.