



**ONTARIO CORPORATION TAX CALCULATION
(2010 and later tax years)**

Name of corporation	Business number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="border-bottom: 1px solid black; width: 10%; text-align: center;">Year</td> <td style="border-bottom: 1px solid black; width: 10%; text-align: center;">Tax year-end Month</td> <td style="border-bottom: 1px solid black; width: 10%; text-align: center;">Day</td> </tr> </table>	Year	Tax year-end Month	Day
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- 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 and does not have to be filed with your *T2 Corporation Income Tax Return*.

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

<u>Number of days in the tax year before July 1, 2010</u>		× 14.0%	=	_____ %	A1
Number of days in the tax year					
<u>Number of days in the tax year after June 30, 2010, and before July 1, 2011</u>		× 12.0%	=	_____ %	A2
Number of days in the tax year					
<u>Number of days in the tax year after June 30, 2011, and before July 1, 2012</u>		× 11.5%	=	_____ %	A3
Number of days in the tax year					
<u>Number of days in the tax year after June 30, 2012, and before July 1, 2013</u>		× 11.0%	=	_____ %	A4
Number of days in the tax year					
<u>Number of days in the tax year after June 30, 2013</u>		× 10.0%	=	_____ %	A5
Number of days in the tax year					
Ontario basic rate of tax for the year (total of rates A1 to A5) _____ ▶					_____ % A6

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 A6 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, Ontario special additional tax on life insurance corporations or Ontario capital tax 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 4 – Calculation of surtax re Ontario small business deduction

Complete this part if the corporation is claiming the OSBD and its adjusted taxable income, **plus** the adjusted taxable income of each corporation with which the corporation was associated during its tax year, is greater than \$500,000. If the corporation is a member of an associated group, complete Schedule 501, *Ontario Adjusted Taxable Income of Associated Corporations to Determine Surtax re Ontario Small Business Deduction*.

Note: For days in the tax year after June 30, 2010, the small business surtax rate is 0%. You do not have to complete this part if the corporation's tax year begins after June 30, 2010.

Adjusted taxable income * I
 Adjusted taxable income of all associated corporations (amount from line 500 of Schedule 501) J
 Aggregate adjusted taxable income (amount I **plus** amount J) **▶** K

Deduct:
 Ontario business limit \$500,000
 Subtotal (amount K **minus** Ontario business limit) (if negative, enter "0" on this line and on line P) L

Small business surtax rate for the year:

$$\frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}} \times 4.25\% = \text{.....} \% \text{ M}$$

Amount L **multiplied by** % on line M = N

$$\text{Amount N} \times \frac{\text{Ontario small business income (amount F from Part 3)}}{500,000} = \text{.....} \text{ O}$$

Surtax re Ontario small business deduction: lesser of amount O and OSBD (amount H from Part 3) P

Enter amount P on line 272 of Schedule 5.

* Adjusted taxable income is equal to the corporation's taxable income or taxable income earned in Canada for the year **plus** the amount of the corporation's adjusted Crown royalties for the year **minus** the amount of the corporation's notional resource allowance for the year (from Schedule 504, *Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties*).

If the tax year of the corporation is less than 51 weeks, **multiply** the adjusted taxable income of the corporation for the year by 365 and **divide** by the number of days in the tax year.

Part 5 – 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.

Lesser of amount D and amount b from Part 3 Q

$$\frac{\text{Surtax payable (amount P from Part 4)}}{\text{Ontario domestic factor (amount E from Part 3)} \times \text{OSBD rate (rate G6 from Part 3)} \text{} \%} = \text{.....} \text{ R}$$

Note: Enter "0" on line R for tax years beginning after June 30, 2010.

Ontario adjusted small business income (amount Q **minus** amount R) (if negative, enter "0") S

Enter amount S on line U in Part 6 or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 6 – 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 _____ T

Deduct:

Ontario adjusted small business income (amount S from Part 5) _____ U

Subtotal (amount T **minus** amount U) (if negative, enter "0") V

OSBD rate for the year (rate G6 from Part 3) %

Amount V **multiplied** by the OSBD rate for the year W

Ontario domestic factor (amount E from Part 3) X

Ontario credit union tax reduction (amount W **multiplied** by amount X) Y

Enter amount Y on line 410 of Schedule 5.