

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income from active business carried on in Canada from Schedule 7 **400** A
 Taxable income from line 360 on page 3, **minus** 100/28 of the amount on line 632* on page 7, **minus** 4 times the amount on line 636** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax **405** B
 Business limit (see notes 1 and 2 below) **410** C

Notes:

- For CCPCs that are not associated, enter \$500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year **divided** by 365, and enter the result on line 410.
- For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C _____ x **415***** _____ D = _____ E
 11,250
 Reduced business limit (amount C **minus** amount E) (if negative, enter "0") **425** F
 Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below) **427** G
 Amount F **minus** amount G **427** H

Small business deduction

Least of A, B, C or H _____	x	No. of days on or after January 1, 2016 and before January 1, 2018 365		x	17.5 %	=	_____
		Number of days in the tax year	245				
Least of A, B, C or H _____	x	No. of days on or after January 1, 2018 and before January 1, 2019 365		x	18.0 %	=	_____
		Number of days in the tax year	120				
Least of A, B, C or H _____	x	No. of days on or after January 1, 2019 365		x	19.0 %	=	_____
		Number of days in the tax year	365				

Total of amounts 1 and 2 (enter amount I on line J on page 7) **430** I

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

Large corporations

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (Total taxable capital employed in Canada for the **prior year** minus \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (Total taxable capital employed in Canada for the **current year** minus \$10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

Specified corporate income and assignment under subsection 125(3.2)

Applicable to tax years that begin after March 21, 2016

Except that, if the tax year of your corporation started before and ends on or after March 22, 2016 and in the tax year of a CCPC, you can make an assignment of business limit to that other CCPC if its tax year started after March 21, 2016.

J Business number of the corporation receiving the assigned amount	K Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column J ³	L Business limit assigned to corporation identified in column J ⁴
490 RC	500	505
Total 510		Total 515

Notes

- This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to (I) persons (other than the private corporation) with which the corporation deals at arm's length, or (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
- The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula A – B, where A is the amount of income referred to in column K in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i) (A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 425.