

**Ontario Corporation Tax Calculation
(2018 and later tax years)**

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

- Use this schedule if the corporation had a permanent establishment, under 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 *	_____	A
Ontario basic rate of tax for the year	11.5%	B
Ontario basic income tax (amount A multiplied by amount B **)	_____	C

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or amount 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.

** 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 of the T2 return.

Part 2 – Ontario small business deduction (OSBD)

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

Amount from line 400 of the T2 return	_____	1
Amount from line 405 of the T2 return	_____	2
Amount from line 427 of the T2 return	_____	3
Enter the least of amounts 1, 2 or 3	_____ ▶	D

Ontario domestic factor (ODF):	$\frac{\text{Taxable income for Ontario}^*}{\text{Taxable income for all provinces}^{**}}$	=	_____	E
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Amount D multiplied by amount E	_____	4
Ontario taxable income (amount A from Part 1)	_____	5
Ontario small business income (lesser of amount 4 or amount 5)	_____ ▶	F

Ontario small business deduction rate for the year

$\frac{\text{Number of days in the tax year before January 1, 2018}}{\text{Number of days in the tax year}}$	_____	×	7%	=	_____	G1
$\frac{\text{Number of days in the tax year after December 31, 2017}}{\text{Number of days in the tax year}}$	_____	×	8%	=	_____	G2

OSBD rate for the year (rate G1 plus rate G2)	_____ ▶	G
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Ontario small business deduction (amount F multiplied by rate G)	_____	H
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Enter amount H on line 402 of Schedule 5.

* Enter amount A from Part 1.

** Includes the offshore areas for Nova Scotia and Newfoundland and Labrador.

Part 3 – 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 5) I

Enter amount I at amount K in Part 4 of this schedule or at amount B 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 D from Part 3 of Schedule 17 J

Ontario adjusted small business income (amount I) K

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

Amount L **multiplied** by amount G M

Ontario domestic factor (amount E) N

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

Enter amount O on line 410 of Schedule 5.