

Ontario Corporation Tax Calculation (2020 and later tax years)

| Corporation's name | Business number | <table style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: center; border-bottom: 1px solid black;">Tax year-end</th> </tr> <tr> <td style="text-align: center; border-bottom: 1px solid black;">Year</td> <td style="text-align: center; border-bottom: 1px solid black;">Month</td> <td style="text-align: center; border-bottom: 1px solid black;">Day</td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> </table> | Tax year-end | | | Year | Month | Day | | | |
|--------------------|-----------------|--|--------------|--|--|------|-------|-----|--|--|--|
| 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 | _____ % | 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 | |
| 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): $\frac{\text{Taxable income for Ontario } \text{Note 3}}{\text{Taxable income for all provinces } \text{Note 4}}$ = | _____ = | 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 _____ | × | $\frac{\text{Number of days in the tax year before January 1, 2020}}{\text{Number of days in the tax year}}$ | × | 8% = | _____ | 2M |
| Amount 2L _____ | × | $\frac{\text{Number of days in the tax year after December 31, 2019}}{\text{Number of days in the tax year}}$ | × | 8.3% = | _____ | 2N |
| 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 × $\frac{\text{Number of days in the tax year before January 1, 2020}}{\text{Number of days in the tax year}}$ × 8% = 4D

Amount 4C × $\frac{\text{Number of days in the tax year after December 31, 2019}}{\text{Number of days in the tax year}}$ × 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.