



**ONTARIO CORPORATION TAX CALCULATION
(2009 and later tax years)**

Name of corporation	Business Number	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">Tax year-end</td> <td style="text-align: center;">Year</td> <td style="text-align: center;">Month</td> <td style="text-align: center;">Day</td> </tr> <tr> <td style="border-bottom: 1px solid black; width: 10px;"></td> <td style="border-bottom: 1px solid black; width: 10px;"></td> <td style="border-bottom: 1px solid black; width: 10px;"></td> <td style="border-bottom: 1px solid black; width: 10px;"></td> </tr> </table>	Tax year-end	Year	Month	Day				
Tax year-end	Year	Month	Day							

- 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.
- References to subsections and paragraphs are from the federal *Income Tax Act*.
- 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 income tax

Ontario taxable income *	A
Ontario basic income tax: amount A multiplied by 14%	B

If the corporation has a permanent establishment in more than one jurisdiction, 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 B 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 2 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	3
$\frac{\text{line 4 on page 4 of the T2 return}}{500,000} =$	C
Enter the least of amounts 1, 2, and 3	D
Ontario domestic factor: $\frac{\text{Ontario taxable income}^*}{\text{taxable income earned in all provinces and territories}^{**}}$	E
Ontario small business income (amount C multiplied by amount D)	F
OSBD rate for the year	8.5%
Ontario small business deduction (amount E multiplied by OSBD rate for the year)	F

Enter amount F on line 402 of Schedule 5.

* Enter amount A from Part 1.

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

Part 3 – 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*.

Adjusted taxable income *	_____	G
Adjusted taxable income of all associated corporations (amount from line 500 of Schedule 501)	_____	H
Aggregate adjusted taxable income (amount G plus amount H)	=====	▶ _____ I
Deduct:		
Ontario business limit		\$500,000
Subtotal (amount I minus Ontario business limit) (if negative, enter "0" on this line and on line M)	=====	J
Small business surtax rate for the year	4.25%	
Multiply: Amount J × small business surtax rate for the year =		_____ K
Amount K × $\frac{\text{Ontario small business income (amount E in Part 2)}}{500,000}$ =		_____ L
Ontario surtax re Ontario small business deduction: lesser of amount L and OSBD (amount F in Part 2)		===== M

Enter amount M 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 4 – 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.

Amount C in Part 2	_____	N
Surtax payable (amount M in Part 3)	_____	O
Ontario domestic factor (amount D in Part 2) × 8.5%	= _____	
Ontario adjusted small business income (amount N minus amount O) (if negative, enter "0")	=====	P

Enter amount P on line R in Part 5 or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 5 – 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 in Part 3 of Schedule 17	_____	Q
Deduct:		
Ontario adjusted small business income (amount P in Part 4)	_____	R
Subtotal (amount Q minus amount R) (if negative, enter "0")	=====	S
OSBD rate for the year	===== 8.5%	
Amount S multiplied by the OSBD rate for the year	=====	T
Ontario domestic factor (amount D in Part 2)	=====	U
Ontario credit union tax reduction (amount T multiplied by amount U)	=====	V

Enter amount V on line 410 of Schedule 5.