

Provincial income tax holidays

	Eligible Entities	Length of Holiday	Amounts not Taxed
Québec ¹	New corporation dedicated to the commercialization of intellectual property	Up to 10 years	Income attributable to an eligible commercialization business
Nova Scotia ²	Eligible small corporations	First three years	Annual active business income up to the amount of the small business income threshold
Prince Edward Island ³	Bioscience corporations	Up to 10 years	Annual provincial corporate income taxes will be rebated
Newfoundland ⁴	New or existing corporations that qualify as EDGE corporations	First 10 or 15 years, depending on location and year of designation, with taxes being phased in over the next five years	Income attributable to a new business or to the significant expansion of an existing business

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Notes

- (1) An eligible corporation is one that is incorporated after March 19, 2009 and before April 1, 2014. The eligible corporation must obtain a certificate from the ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE) for that eligible business and must begin to carry on an eligible commercialization business within 12 months of its incorporation.

The corporation can claim the tax holiday on the income from such business for a period of 10 years starting the day of its incorporation. If the corporation's taxation year includes the last day of its exemption period, the tax holiday must be prorated.

- (2) Eligible small corporations in Nova Scotia must have their head office in the province. Other conditions that must be met include: not associated with any other corporation, qualify for the federal small business deduction and pay at least 25% of their salaries and wages to employees resident in the province. Corporations must apply for this designation annually.
- (3) Eligible companies in Prince Edward Island are those that have more than 10 employees and a \$750,000 annual payroll. Companies must apply and be approved in order to be eligible to receive a tax holiday providing rebates for up to 10 years of provincial corporate income taxes.
- (4) A corporation in Newfoundland that wishes to be designated as an EDGE corporation (Economic Diversification and Growth Enterprise) must demonstrate that it has the potential to invest capital of at least \$300,000 or incur incremental sales of at least \$500,000 annually, and create and maintain at least 10 permanent jobs in the province.

EDGE corporations are also exempt from payroll taxes and are eligible to receive a rebate of 50% of any federal income tax paid, and a rebate of 100% of any provincial income tax and municipal taxes during their eligibility period.

Current as of December 31, 2011

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