



# Corporate Taxation in Canada

## FAQ

### > When is the corporate tax return (T2) due?

File your return **no later than six months** after the end of each tax year. The tax year of a corporation is its fiscal period.

### > What happens if I do not the T2 file on time?

If you file your return late, a penalty applies. The penalty is **5% of the unpaid tax that is due on the filing deadline, plus 1% of this unpaid tax for each complete month that the return is late**, up to a maximum of 12 months.

### > Where do I mail the T2 return?

BC Corporations may send their returns to:  
Surrey Tax Centre  
9755 King George Boulevard  
Surrey BC V3T 5E1

### > Do I have to pay instalments?

Generally, corporations have to pay their taxes in **monthly** instalment payments or **quarterly** instalment payments. An instalment payment is a partial payment of the total amount of tax payable for the year.

There are special situations when you do not have to pay tax instalments. Please refer to <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/crprtns/pymnts/nstlmnts/ntrqrd-eng.html> for more information.

### > When are corporate tax instalments due?

Instalment payments are due on the last day of every complete month of your tax year, or of every complete quarter if you are an eligible small CCPC.

The first payment is due one month or one quarter less a day from the starting day of your tax year.

The rest of the payments are due on the same day of each month or each quarter that follows.

### > When is the balance of corporate tax due?

Generally, all corporation taxes (except Part III and Part XII.6) charged under the Act are due **two months** after the end of the tax year.

However, for Parts I, VI, VI.1, and XIII.1 tax, the balance of tax is due **three months** after the end of the tax year **if the following conditions are met:**

1. The corporation is a Canadian-controlled private corporation (CCPC) throughout the tax year;
2. The corporation claimed the **small business deduction** for the current or previous tax year;
3. The corporation's taxable income for the previous tax year does not exceed its business limit for that tax year (if the corporation is not associated with any other corporation during the tax year);
4. The total of the taxable incomes of all the associated corporations for their last tax year ending in the previous calendar year does not exceed the total of their business limits for those tax years (if the corporation is associated with any other corporation during the tax year).