

ACTIVE BUSINESS INCOME

What is an Active Business?

- A business carried on by a corporation **other than** Specified Investment Business (SIB) or a Personal Service Business (PSB)
 - Please see out notes on SIB and PSB

Active Business Income Defined

- Business Income earned as a result of carrying on active business
 - this excludes property income (i.e. rent, royalty, interest, dividends) and capital gains from the definition of “active business income”

Implications

- The small business deduction is available only on Active Business Income earned in Canada