

January 26, 2010

The Honourable Rosann Wowchuk
Minister of Finance
Room 103 Legislative Buildings
450 Broadway
Winnipeg, Manitoba R3C 0V8

Dear Minister Wowchuk:

We are very pleased to once again have the opportunity to provide Manitoba Finance with our comments on taxation matters in anticipation of the 2010 Manitoba Budget. The comments have been prepared by our Taxation Committee, chaired by Mr. Craig Roskos, FCA, with input from a number of tax practitioners within our business community.

The members of the Taxation Committee would like to thank representatives of Manitoba Finance - Barry Draward, Steve Watson and Richard Groen - for taking the time to meet with us in December to discuss some of our comments and concerns. We truly appreciate the opportunity for open and informative personal dialogue between our organizations to exchange ideas and discuss issues. Ultimately, our aims are the same – we both want Manitoba to be a prosperous and healthy place to live, work and invest.

TAX COMPETITIVENESS

We are pleased to note that Manitoba continues to take steps to reduce the tax burden on Manitoba taxpayers. We believe that the Manitoba government shares our belief that tax competitiveness continues to be one of its most important challenges. As we noted in *MB Check-Up 2009*, Manitoba has experienced stability and consistent growth over the last decade – it is one of only three provinces that has generated 16 consecutive years of employment growth. We believe this consistent level of growth is due in part to the government's efforts to improve tax competitiveness.

We have previously encouraged the Manitoba government to participate with business, perhaps through a Business Tax Review Panel, in the development of tax policies which will further stimulate economic growth in the province. We understand that the Manitoba Business Council is conducting an independent review of Manitoba's overall tax system and we encourage you and your staff to carefully review their recommendations. We understand that this independent review process will not have access to all of the Manitoba Finance resources, data and information that might be necessary for a comprehensive review, but we believe it will generate some innovative suggestions that deserve careful consideration.

Manitoba's economy is one of the most diverse in Western Canada. We have been able to capitalize on that fact during the recent economic slowdown which, to date, appears to have had a more negative impact on the economies of our neighbouring provinces. We encourage Manitoba to continue to capitalize on its relative strength and further improve our overall tax competitiveness and attractiveness as a place to live, work and invest in comparison to our neighbours.

Manitoba will reap the most benefit from a carefully crafted tax policy that capitalizes on its advantages – our central geographical location, relatively low labour costs and cost of living, access to relatively green, inexpensive electricity and a stable diverse economy - by providing appropriate tax credits and adjusting user/consumption taxes to promote a Manitoba-grown tax base. Our tax policy should be directed toward



building a tax base that includes enterprises that need access to transportation, reliable labour at reasonable wage rates and reasonably priced hydroelectric energy. Our long term goal must be to move Manitoba to a position that is more competitive with the low tax rate provinces for both corporate and personal taxpayers.

Retail vs. Harmonized Sales Tax

One of the most important current tax issues facing Manitoba, one which we have discussed previously, is the harmonization of the Retail Sales Tax with the Goods and Services Tax. Given the recent announcements that Ontario and British Columbia have made concerning adoption of a Harmonized Sales Tax system, Manitoba may no longer be able to simply conclude that it cannot afford to adopt a HST system. With nearly every other Canadian province adopting a HST system, Manitoba businesses will simply be at a further tax disadvantage in relation to their competitors.

We have raised our concerns with the cascading nature of Manitoba's current retail sales tax regime previously. Cascading tax systems, which cause businesses to build in sales tax costs to the final cost of products and services, result in consumers paying tax on tax. Input tax credit systems (such as GST) result in the ultimate consumer paying tax on only the value-added portion of the goods or services. A system which results in the imposition of tax on tax is inherently unfair, while a system which taxes only the value-added portion of goods and services is intuitively understandable.

We are aware that RST is a major source of revenue for the province and that if the RST was replaced with an HST covering a broader range of goods and services, there would still be a significant shortfall from existing RST revenue. However, we understand that the Federal government has offered to provide funding to offset at least some of the lost RST revenue. We are aware that the current level of Federal funding that has been offered does not meet the projected immediate tax revenue shortfall, however, over the longer term, Manitoba has an opportunity to simplify its own taxation system, collection and audit processes while also simplifying reporting for Manitoba taxpayers.

A simpler, less expensive system based on a harmonized rate applied to a broader range of goods and services (and which is supplemented from Federal funds in the short term or from less complicated new or revised sources in the longer term) could provide an adequate revenue stream at a lower administrative cost to both the Manitoba government and its taxpayers. A HST system would also improve tax simplicity by allowing the government to phase out existing tax credit programs currently aimed at providing relief from retail sales tax that is paid on capital asset acquisitions.

We understand that at the current time, Manitoba has decided not to adopt a HST system and we believe that this decision will create further disadvantage to Manitoba businesses and taxpayers, particularly if the majority of the country has adopted a HST. There are times when a fundamental shift in tax policy can be a catalyst to future unforeseen benefits and this may be one of those times. We encourage Manitoba to monitor the experience of Ontario and British Columbia as they adopt HST as well as the impacts on Manitoba's competitiveness.

Should Manitoba decide in the future to introduce HST, it will be necessary to carefully consider its impact on certain business sectors, for example, the financial services industry, which is a major sector of the Manitoba economy. We would be pleased to work with or provide assistance to the Manitoba government as it is reviewing and assessing the advantages and disadvantages of a future HST system for various sectors of the Manitoba business community and individual Manitobans.

Corporate Taxation

Table A illustrates the general and small business corporate tax rates for the four western provinces and Ontario. We note that Manitoba continues to have the lowest small business corporate rate from Ontario west,



but Manitoba's general corporate tax rate is 1.5% and 2% greater than British Columbia and Alberta respectively.

We are pleased to note that Manitoba remains on target to eliminate Corporation Capital Tax entirely by the end of 2010.

However, we continue to believe that the Health and Post-Secondary Education Tax or "payroll tax" remains a disincentive to business investment. Although British Columbia collects health premiums from both employers and employees, such an approach creates less disincentive to business growth. From the point of view of an entrepreneur, a tax on income is more acceptable than a tax on capital assets or labour. From a public policy point of view, the payroll tax discourages job creation. Such a tax simply provides a greater disincentive to business investment than a tax on business profits.

Faced with a choice between a tax on business success (tax on profit) and a tax on business inputs (capital or payroll tax), we believe that business prefers a tax on success. Decisions on geographical allocation of business resources include analyses of the total tax cost of doing business in Manitoba – they do not simply consider an attractive corporate income tax rate but also take into account the fact that Manitoba taxes business inputs in the form of labour. We understand that Manitoba is very reliant on the revenue that is generated by the payroll tax and would need to replace that revenue from another source. However, we suggest that Manitoba should review its "total business tax package" and determine whether there is a better tax structure available to attract business and stimulate business expansion.

Consideration could be given to whether there is a means of providing payroll tax exemptions, rebates or refundable tax credits for jobs that have been approved under existing job creation programs (for example, "high demand" or apprenticeship training opportunities). While we understand that there is some administrative cost related to such a proposal, we suggest that given that the positions would have already been approved within the authority of an existing job creation program, the administrative burden on Manitoba Finance should be minimal. Another alternative might be to implement a transparent system of rebates on payroll tax to businesses based on the percentage of their workforce that is employed in Manitoba.

Either or both of these measures, coupled with a review of the level of corporate tax (which must remain competitive, but need not necessarily be the lowest in the country) may allow Manitoba to reduce its reliance on the payroll tax. We are not necessarily advocating higher corporate income taxes in place of payroll taxes and we would do so only after careful analysis. However, we do suggest that a critical review of the entire business tax structure might reveal that a slightly higher tax on income would actually create the conditions to support more business expansion than the current system which appears to penalize business risk-taking and job creation.

Personal Taxation

Ordinary income

Table B illustrates top marginal personal tax rates for 2009, 2008 and 2007 in Canada and highlights Manitoba's ranking on a national basis. Table C illustrates the amount of personal tax paid by a Manitoban earning \$80,000 in comparison to the rest of Canada. Both tables illustrate that, in terms of competitiveness, Manitoba personal tax levels continue to remain in either the upper range or near the "middle of the pack" nationally and continue to lag behind those of our main competition in Western Canada. In fact, the relative ranking for the amount of tax paid by Manitoban earning \$80,000 has worsened over the past three years, moving from 6th highest in 2007 to 4th highest in 2009.

A taxpayer with income of \$80,000 pays \$1,200 more in combined income tax in Manitoba than in Saskatchewan, \$3,000 more than in Ontario and Alberta, and \$4,300 more than in British Columbia. This

income level is common for young professionals in business, health care, high tech or biotech fields which does not augur well for “brain drain”. The stable Manitoba economy may be encouraging these young professionals to “stay home” currently, but in the long term, the likelihood is that higher wages, lower taxes and more career opportunities in other provinces will be an inevitable lure.

We acknowledge that Manitoba offers a tuition tax credit to recent graduates who are living in the province and that Manitoba offers many lifestyle advantages. However, a competitive personal tax structure provides a further persuasive argument in support of a decision for young professionals in the business, health care, high tech and biotech sectors to establish their careers here.

Dividend Income

Tables D and E illustrate the combined top marginal rate on dividend income across the country and the total tax cost of small business/dividend income in Western Canada and Ontario. Manitoba’s marginal rate on non-eligible dividend income continues to be the highest in the country and ranges from 5.5 to 10.8 percentage points higher than the other Western Canadian provinces and Ontario. The Manitoba tax rate on dividend income is at a level that creates a disincentive for a corporation to distribute funds to its Manitoba shareholders in the form of dividends. Under the current system, Manitoba shareholders are better off to simply allow wealth to accumulate within a corporation. In some instances that wealth may be reinvested in the business, but in many cases, it simply becomes a passive asset which neither creates jobs nor generates additional economic activity. Reducing the tax rate on dividend income below 33^{1/3}% would make it more attractive to distribute accumulated surplus corporate wealth as dividends to Manitoba shareholders. The accumulated wealth which is currently sitting as a passive asset would be released back into the Manitoba economy to spin off further growth and trigger the payment of Manitoba tax by Manitobans.

Manitoba should foster a business-friendly economic environment which would encourage businesses of all sizes to locate here, pay their corporate taxes here and distribute their accumulated corporate wealth to Manitoba shareholders at competitive tax rates.

Overall, Manitoba continues to have comparatively high personal and corporate tax rates on investment income, a disadvantage which is only partially offset by the reductions that have been implemented in the tax rates on small business corporations noted above.

Overall Tax Structure

As we commented last year, Manitoba relies on Federal equalization payments for almost 20% of its revenue while the other Western provinces, generally speaking, access resource-based revenue in place of equalization payments. Therefore, it is not surprising that Manitoba’s reliance on corporate tax revenue is the lowest of the four provinces at 3%. Part of that lower corporate tax revenue can be attributed to our comparatively lower small business corporate tax rates, but the more likely cause is that the corporate tax base in Manitoba is simply much smaller. Our dependence on Federal equalization payments fosters reliance on a revenue stream that does not generate the same level of economic and tax revenue spin offs as business investment. Tax policies which encourage business growth would allow Manitoba to begin to replace equalization payments with greater business taxation revenue – and of course those businesses generate additional economic and tax revenue spin offs.

We believe that a comprehensive review of Manitoba’s tax system could result in the development of a simpler tax structure with lower compliance and administration costs that would foster healthy, self-sustaining long term economic growth in the province.

Debt Reduction/Deficit Spending

We continue to believe that Manitoba's attractiveness to businesses, families and individuals depends on an ongoing disciplined approach to debt reduction. Therefore, we encourage a continued commitment to balanced budgets and a realistic and systematic plan to pay down the provincial debt. We realize that an economic slowdown makes achieving balanced budgets more difficult. We suggest, though, that so far, Manitoba has proven to be better positioned to weather the current economic downturn and may actually have gained relative economic strength. We can continue to do so by exercising ongoing reasonable fiscal prudence.

Tax competitiveness, debt reduction and a focus on maintaining balanced budgets must continue to be top priorities for this government. Manitoba offers a good quality of life that is dependent on a fair and competitive provincial tax system that supports a strong stable tax base and healthy economy.

We have outlined additional issues of a more technical nature below.

MOTIVE FUEL TAX

We noted last year that Manitoba should focus on improving our competitiveness and attracting investment in its natural resources, including the oil & gas and mining industries. Although Manitoba is not as resource-rich as some of its neighbours, this is an area where there is growth potential and Manitoba could encourage growth by taking relatively small steps to enhance the competitiveness of Manitoba taxes that affect the industry.

For example, as we noted previously, Manitoba does not offer relief on an 11.5¢ per litre tax rate levied on clear diesel that is used in off-road activities in the oil and gas industry. While all provinces in Canada charge a similar fuel tax, many of them have either completely exempted or introduced significant rebates where the fuel is used in off-road applications in recognition that fuel consumed in this manner does not contribute to road wear-and-tear. While Manitoba currently offers a complete exemption on motive fuel tax on fuel used in prescribed off-road activities in the mineral industry, no similar relief is available to the petroleum industry in spite of their parallel activities.

ASSESSMENT POLICIES

We remain concerned that there is no legislated or published administrative policy that statute-bars provincial taxes such as retail sales tax or payroll tax. We understand Manitoba Finance's assertion that the approach provides more flexibility, however, we believe that it creates uncertainty and may create a perception that some business taxpayers may be treated differently than others. Notwithstanding your assurance that provincial tax audits for the previous six years are very rare and that in fact most audits are limited to no more than four years, we continue to believe that the policy should be enshrined in the legislation to provide more certainty to Manitoba businesses.

INVESTMENT TAX CREDITS

We are pleased to note that Manitoba has announced that it will provide refundable tax credits for certain Scientific Research & Experimental Development (SRED) expenditures. The high tech and biotech sectors will benefit from this new provision. However, many other Manitoba businesses whose SRED expenditures do not qualify for refundable tax credits will still choose to renounce their entitlement to ITCs. If they do not expect to be profitable in the foreseeable future, they may not realize a benefit. At the same time, this entitlement grinds down their Federal claim which may be refundable even though the business is not yet in a tax paying position.

Assuming that Manitoba does not expand refundable ITCs beyond the scope that has been announced, it is possible that some Manitoba businesses that are either carrying non-refundable ITCs currently or may be entitled to future such ITCs may also be subject to 0% tax rates. If the ITCs are not refundable, and the business tax rate is 0%, the business may never realize the benefit of the ITCs. Accordingly, for businesses subject to 0% tax rates, Manitoba should consider making ITCs fully refundable, regardless of the sector in which the business operates. If the initial introduction of such a policy would create a large negative impact on Manitoba's tax revenue, consideration might be given to phasing in the refunds of the ITCs over a 3 to 5 year time period.

We are pleased to note that the issue related to the enforcement of SRED claim renunciation deadlines by Canada Revenue Agency has now been resolved. We acknowledge and appreciate the efforts of staff at Manitoba Finance to facilitate the resolution of this issue which will restore the opportunities that were previously available for qualifying Manitoba businesses to optimize the benefits that the tax credit is intended to provide.

In summary, we encourage further movement towards a fully refundable ITC for SRED for all sectors. However, the policy and administrative changes that have recently been made will improve cash flow in support of investment in innovation in Manitoba, which, in turn, will increase Manitoba's productivity and encourage capital and employment growth.

PERSONAL INCOME TAX COMPLEXITY

We also have long-standing concerns related to the structure of the personal tax system that we believe should be addressed.

Complexity in the tax system has created concern over a lack of transparency and comparability among provinces. This complexity arises, in part, because Manitoba's personal tax brackets, exemptions and credits are not linked to their Federal counterparts. We continue to advocate that the Manitoba government should adopt the four Federal brackets, with a rate not higher than the current highest provincial rate being applied to the fourth bracket and a decreased rate being applied to the third bracket. Taxpayers in the new fourth bracket would not be any worse off, while taxpayers in the third bracket would benefit from a further decrease in tax.

In addition, the differences between Manitoba and Federal personal tax credits continue to grow. Each time the Federal government introduces a targeted tax credit that is not adopted by Manitoba, tax complexity grows and clarity is lost. We recognize that Manitoba and Federal tax policy may be driven by different agendas, making this a difficult issue to resolve, but it has significant long term impacts on complexity in the tax system. As complexity increases, the overall cost of compliance and administration increases for both taxpayers and Manitoba Finance.

CONCLUSION

In conclusion, we recognize and support your efforts to reduce the tax burden on Manitobans and to address some of the inequities in the taxation system. We suggest that Manitoba should give further careful consideration to adoption of HST in the near future, particularly given the adoption of HST, by mid 2010, by both Ontario and British Columbia. We believe that continuing improvements to Manitoba's tax competitiveness will attract the further business capital and personal investment necessary to build a larger tax base. We support a commitment to continued fiscal responsibility - including balanced budgets, debt reduction and enhanced tax competitiveness - to sustain the economic growth that secures Manitoba's



important social services and affordable, attractive lifestyle. In our opinion, Manitoba continues to be uniquely positioned to take advantage of its stable diverse economy to prosper during current economic conditions and gain in strength relative to our neighbouring provinces.

We have been pleased to provide our comments on these issues and we hope that you find them useful. We look forward to discussing these matters with you and will be contacting your appointments secretary to schedule a meeting in the near future.

Finally, since this document is provided pursuant to a public consultation process, we will provide it to others upon request. We also plan to make our comments available publicly as a follow up to the previously published *MB Check-Up 2009*.

Thank you once again for your consideration of these matters.

Yours very truly,

Ian R. Seymour, CA
President

Gary Hannaford, FCA
Chief Executive Officer

Table A
Corporate Tax Rates for 2009 and 2008 (%)

	2009 General Rate	2009 Small Business Rate from \$400,000	2008 General Rate	2008 Small Business Rate up to \$400,000
Ontario	33.0 ⁽¹⁾	16.5 ⁽¹⁾	33.5 ⁽¹⁾	16.5 ⁽¹⁾
Manitoba	31.5 ⁽²⁾	12.0 ⁽⁵⁾	33.0 ⁽²⁾	13.0 ⁽⁵⁾
Saskatchewan	31.0 ⁽³⁾	15.5 ⁽²⁾	32.0 ⁽³⁾	15.5 ⁽²⁾
British Columbia	30.0 ⁽⁴⁾	13.5 ⁽⁴⁾	31.0 ⁽⁴⁾	15.5 ⁽³⁾
Alberta	29.0 ⁽⁵⁾	14.0 ⁽³⁾	29.5 ⁽⁵⁾	14.0 ⁽⁴⁾

Table B
Individual Top Marginal Tax Rates for 2009, 2008 and 2007 (%)
Interest and Ordinary Income

	2009	2008	2007
Nova Scotia	48.25 ⁽¹⁾	48.25 ⁽¹⁾	48.25 ⁽¹⁾
Quebec	48.22 ⁽²⁾	48.22 ⁽²⁾	48.22 ⁽²⁾
Prince Edward Island	47.37 ⁽³⁾	47.37 ⁽³⁾	47.37 ⁽³⁾
Ontario	46.41 ⁽⁴⁾	46.41 ⁽⁵⁾	46.41 ⁽⁶⁾
Manitoba	46.40 ⁽⁵⁾	46.40 ⁽⁶⁾	46.40 ⁽⁷⁾
New Brunswick	46.00 ⁽⁶⁾	46.95 ⁽⁴⁾	46.95 ⁽⁵⁾
Newfoundland	44.50 ⁽⁷⁾	45.00 ⁽⁷⁾	46.95 ⁽⁴⁾
Saskatchewan	44.00 ⁽⁸⁾	44.00 ⁽⁸⁾	44.00 ⁽⁸⁾
British Columbia	43.70 ⁽⁹⁾	43.70 ⁽⁹⁾	43.70 ⁽⁹⁾
Northwest Territories	43.05 ⁽¹⁰⁾	43.05 ⁽¹⁰⁾	43.05 ⁽¹⁰⁾
Yukon	42.40 ⁽¹¹⁾	42.40 ⁽¹¹⁾	42.40 ⁽¹¹⁾
Nunavut	40.50 ⁽¹²⁾	40.50 ⁽¹²⁾	40.50 ⁽¹²⁾
Alberta	39.00 ⁽¹³⁾	39.00 ⁽¹³⁾	39.00 ⁽¹³⁾

Table C
Individual Single Taxpayer with Taxable Income of \$80,000 (\$)

	2009 Combined Taxes	2008 Combined Taxes	2007 Combined Taxes
Quebec	23,526 ⁽¹⁾	24,078 ⁽¹⁾	25,244 ⁽¹⁾
Nova Scotia	23,255 ⁽²⁾	23,693 ⁽²⁾	23,761 ⁽³⁾
Prince Edward Island	22,671 ⁽³⁾	23,147 ⁽⁴⁾	23,397 ⁽⁵⁾
Manitoba	22,523 ⁽⁴⁾	23,087 ⁽⁵⁾	23,348 ⁽⁶⁾
New Brunswick	22,367 ⁽⁵⁾	23,480 ⁽³⁾	23,654 ⁽⁴⁾
Newfoundland	21,539 ⁽⁶⁾	22,684 ⁽⁶⁾	24,047 ⁽²⁾
Saskatchewan	21,339 ⁽⁷⁾	21,871 ⁽⁷⁾	22,449 ⁽⁷⁾
Alberta	19,523 ⁽⁸⁾	20,061 ⁽⁹⁾	20,239 ⁽⁹⁾
Ontario	19,413 ⁽⁹⁾	20,062 ⁽⁸⁾	20,279 ⁽⁸⁾
Yukon	19,143 ⁽¹⁰⁾	19,145 ⁽¹⁰⁾	19,979 ⁽¹⁰⁾
Northwest Territories	18,562 ⁽¹¹⁾	19,145 ⁽¹¹⁾	19,331 ⁽¹²⁾
British Columbia	18,184 ⁽¹²⁾	18,736 ⁽¹²⁾	19,468 ⁽¹¹⁾
Nunavut	17,217 ⁽¹³⁾	17,771 ⁽¹³⁾	17,935 ⁽¹³⁾

Notes: Ranking from highest income tax cost to lowest is denoted by ⁽¹⁾ throughout tables.
Source of all tables is the ICAM Taxation Committee.

Table D

Federal and Provincial Income Tax - Top Marginal Rate on Dividend Income (%)

	2009		2008		2007	
	Non-eligible	Eligible	Non-eligible	Eligible	Non-eligible	Eligible
Manitoba	38.21 ⁽¹⁾	23.83 ⁽⁴⁾	37.40 ⁽¹⁾	23.83 ⁽⁶⁾	36.75 ⁽¹⁾	23.83 ⁽⁶⁾
Prince Edward Island	38.14 ⁽²⁾	24.44 ⁽³⁾	36.63 ⁽²⁾	24.44 ⁽⁴⁾	33.61 ⁽⁵⁾	24.44 ⁽⁵⁾
Quebec	36.35 ⁽³⁾	29.69 ⁽¹⁾	36.35 ⁽³⁾	29.69 ⁽¹⁾	36.35 ⁽²⁾	29.69 ⁽²⁾
New Brunswick	34.21 ⁽⁴⁾	21.80 ⁽⁸⁾	35.40 ⁽⁴⁾	23.18 ⁽⁷⁾	35.40 ⁽⁴⁾	23.18 ⁽⁷⁾
Nova Scotia	33.06 ⁽⁵⁾	28.35 ⁽²⁾	33.06 ⁽⁶⁾	28.35 ⁽²⁾	33.06 ⁽⁶⁾	28.35 ⁽³⁾
Newfoundland	32.71 ⁽⁶⁾	22.89 ⁽⁶⁾	33.33 ⁽⁵⁾	28.11 ⁽³⁾	35.59 ⁽³⁾	30.63 ⁽¹⁾
British Columbia	32.71 ⁽⁶⁾	19.92 ⁽¹⁰⁾	31.58 ⁽⁷⁾	18.47 ⁽¹⁰⁾	31.58 ⁽⁷⁾	18.47 ⁽¹⁰⁾
Ontario	31.34 ⁽⁸⁾	23.06 ⁽⁵⁾	31.34 ⁽⁸⁾	23.96 ⁽⁵⁾	31.34 ⁽⁸⁾	24.64 ⁽⁴⁾
Saskatchewan	30.83 ⁽⁹⁾	20.35 ⁽⁹⁾	30.83 ⁽⁹⁾	20.35 ⁽⁹⁾	30.83 ⁽⁹⁾	20.35 ⁽⁹⁾
Yukon	30.49 ⁽¹⁰⁾	17.23 ⁽¹²⁾	30.49 ⁽¹⁰⁾	17.23 ⁽¹²⁾	30.49 ⁽¹⁰⁾	17.23 ⁽¹³⁾
Northwest Territories	29.64 ⁽¹¹⁾	18.25 ⁽¹¹⁾	27.64 ⁽¹¹⁾	18.25 ⁽¹¹⁾	29.64 ⁽¹¹⁾	18.25 ⁽¹¹⁾
Nunavut	28.96 ⁽¹²⁾	22.23 ⁽⁷⁾	28.96 ⁽¹²⁾	22.23 ⁽⁸⁾	28.96 ⁽¹²⁾	22.23 ⁽⁸⁾
Alberta	27.71 ⁽¹³⁾	14.55 ⁽¹³⁾	26.46 ⁽¹³⁾	16.00 ⁽¹³⁾	25.21 ⁽¹³⁾	17.45 ⁽¹²⁾

Table E

Illustration of Year 2009 net after tax proceeds for SBC (\$)

		Manitoba	Ontario	British Columbia	Saskatchewan	Alberta
Corporate:	Income earned	1,000	1,000	1,000	1,000	1,000
	Corporate tax	(120)	(165)	(135)	(155)	(140)
	Taxable dividend to owner	880	835	865	845	860
	Net profit retained	(880)	(835)	(865)	(845)	(860)
Personal:	Taxable dividend	880	835	865	845	860
	Personal tax thereon	(336)	262	(283)	(261)	(238)
	Net after tax cash	544 ⁽¹⁾	573 ⁽²⁾	582 ⁽³⁾	584 ⁽⁴⁾	622 ⁽⁵⁾
Total Tax Paid		456 ⁽¹⁾	427 ⁽²⁾	418 ⁽³⁾	416 ⁽⁴⁾	378 ⁽⁵⁾
Extra Tax Paid in Manitoba		-	29	38	40	78

Notes: Ranking from highest income tax cost to lowest is denoted by ⁽¹⁾ throughout tables.
 Source of all tables is the ICAM Taxation Committee.

Table F
Comparison of Provincial Revenue Sources
2009 - 10 Budget Estimates (in millions of \$)

	Manitoba		Saskatchewan		Alberta		British Columbia	
Personal income tax	2,343	21%	1,802	17%	8,559	27%	6,562	17%
Corporate income tax	347	3%	625	6%	2,447	8%	1,529	4%
Health/Educ. taxes*	1,014	9%	-	0%	1,532	5%	1,591	4%
Sales tax**	1,595	14%	1,156	11%	-	0%	5,087	13%
Resources	172	2%	3,369	32%	5,903	19%	3,630	9%
Other taxation	674	6%	876	8%	2,214	7%	5,307	14%
Canada Equalization	2,063	19%	-	0%	-	0%		0%
Canada Health transfer	903	8%	844	8%	2,037	6%	3,474	9%
Canada Social transfer	392	4%	335	3%	1,170	4%	1,436	4%
Canada Other	422	4%	279	3%	1,464	5%	1,460	4%
Other revenue***	1,110	10%	1,265	12%	6,335	20%	8,284	22%
	11,035	100%	10,551	100%	31,661	100%	38,360	100%

* Health/Educ. tax includes:

Alberta - education property tax (healthcare premiums eliminated January 2009)

British Columbia - medical services plan premiums, post secondary education fees, other health-care related fees

Manitoba - levy for health and education, education property tax (reported as a consolidation impact amount)

Saskatchewan - figures for health/education revenues not reported separately

** Sales tax includes:

British Columbia - social services tax

***Other revenue excludes:

Alberta - healthcare premiums eliminated January 2009

British Columbia - BC Hydro revenues

Saskatchewan - special dividend Crown Investments Corporation

Manitoba - revenue of consolidation impacts except Sinking Funds and Other earnings

All information based on Provincial budget documents for 2009-10

Chart F
Comparison of Provincial Revenue Sources
2009 - 10 Budget Estimates

