The General Tariff applies to imports from countries not entitled to the British Preferential, General Preferential, or Most-Favoured-Nation treatment. Few countries are in this category and they are not significant in terms of trade coverage.

In all cases where the tariff applies there are provisions for drawbacks of duty on imports of materials used in the manufacture of products later exported. The purpose of these drawbacks of duty is to assist Canadian manufacturers to compete with foreign manufacturers of similar goods. There is a second class of drawbacks known as "home consumption" drawbacks. These apply to imported articles used in the production of specified classes of goods manufactured for home consumption.

The tariff schedules are too lengthy and complicated to be summarized here but the rates which apply on any particular product may be obtained from the Department of National Revenue which is responsible for administering the Customs Tariff.

20.6.2 Provincial taxes

All of Canada's 10 provinces levy a wide variety of taxes, fees, licences and other forms of impositions within their respective territory. Among such levies, a relatively small number account for about 75% of total provincial revenue from own sources. Only the more important levies are briefly described here. Complete details may be found in *Principal taxes and rates*, Statistics Canada Catalogue No. 68-201.

Personal income tax. All provincial governments levy a tax on the income of individuals who reside within their boundaries and on the income earned by non-residents from sources within their boundaries. Rates of provincial individual income taxes are expressed as percentages of "basic federal tax", with the exception of Quebec which has its own system. "Basic federal tax" on which provinces apply their rates is after the dividend tax credit but before any foreign tax credit and special federal tax reductions. There was little change in provincial rates from 1972 to 1973. Provincial rates at the end of 1974 were as follows: Newfoundland, 40%; Prince Edward Island, 36%; Nova Scotia, 38.5%; New Brunswick, 41.5%; Ontario, 30.5%; Manitoba, 42.5%; Saskatchewan, 40%; Alberta, 36%; and British Columbia, 30.5%. Income tax is collected by the federal government for all these provinces.

In Quebec, provincial individual income tax is not related to basic federal tax but is levied at graduated rates that progress from 10% on the first $2,000 of taxable income to a maximum of 28% on income exceeding $60,000. The determination of taxable income for Quebec tax is based on exemptions and deductions which, with the exception of deductions for dependent children under age 16, are similar to those for federal tax. Instead of the income tax exemption for children under 16 years of age, Quebec pays a supplementary family allowance benefit which increases from $30 a year for the first child to a maximum amount of $70 when the number of children exceeds five. Quebec taxpayers who have married status for tax purposes pay no provincial income tax unless their net income exceeds $5,200; for all other taxpayers, net income must not exceed $2,600 to be tax exempt. In addition, for married and single taxpayers whose income is between $5,200 and $5,785, and $2,600 and $2,850, respectively, the amount of tax payable cannot be more than 50% of the difference between their net income and the amount of their exemptions. The government of Quebec collects its own personal income tax.

Both Ontario and Manitoba have introduced tax credit schemes which are administered, at a small fee, through the tax collection machinery of the federal Department of National Revenue. These plans are designed to alleviate the burden of certain other taxes or of specified categories of taxpayers by means of an income tax credit or rebate. Ontario's scheme encompasses income tax for persons aged 65 and over, the general sales tax and the municipal property tax. The total amount of the income tax credit to which a taxpayer is entitled is related to his income. The maximum reduction that can be claimed was established at $500 in 1974. The Manitoba tax credit scheme includes a reduction in income tax supplementing the federal adjustment for increases in the cost of living, and a property tax credit which varies between $100 and $200 in respect of owner-occupied dwellings and rented premises.

Corporation income tax. All provinces levy a tax on the taxable income of corporations derived from activities carried out within their boundaries. In all provinces except Ontario and Quebec, the provincial tax imposed on taxable income in the province is determined on the same basis as for federal income tax. In Ontario and Quebec, the determination of taxable