

important levies are briefly described here. Complete details may be found in *Principal taxes in Canada*, Statistics Canada Catalogue No. 68-201E.

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 those boundaries. Rates of provincial individual income tax are expressed as percentages of "basic federal tax", with the exception of Quebec which has its own system. The "basic federal tax" on which provinces apply their rates is the federal tax after the dividend tax credit but before any foreign tax credit and special federal tax reductions. Provincial rates in 1976 were as follows: Newfoundland, 42%; Prince Edward Island, 36%; Nova Scotia, 38.5%; New Brunswick, 40.6%; Ontario, 30.5%; Manitoba, 42.5%; Saskatchewan, 40%; Alberta, 26%; and British Columbia, 32.5%. Newfoundland and British Columbia had increased their rates from 40% and 30.5%, respectively on July 1, 1976. Their effective rates for the 1976 taxation year were 41% and 31.5%, respectively. For personal income tax the federal government acts as collection agent for the above agreeing provinces.

In Quebec, provincial individual income tax is not related to basic federal tax but is levied at graduated rates which take into account the federal income tax abatement of 24%. The rates are progressive, varying from 16% on taxable income between \$2,000 to \$9,000 to a maximum of 28% on income exceeding \$60,000. The determination of taxable income is based on exemptions and deductions similar to those for the federal tax. The government of Quebec does not participate in the tax collection agreements and therefore collects its own.

Ontario, Manitoba, Alberta and British Columbia have introduced tax credit schemes which are administered, at a small fee, through the tax collection machinery of Revenue Canada. This is to alleviate the burden of certain other taxes or of specified categories of taxpayers by means of an income tax credit or rebate. Manitoba and Saskatchewan have introduced a surtax on provincial income tax payable in excess of a certain amount.

Corporation income tax. All provinces levy a tax on the taxable income of corporations. In provinces other than Quebec and Ontario, the provincial corporation income tax is imposed on the same basis as that established for federal corporation income tax purposes, and is collected by the federal government under tax collection agreements. In Quebec and Ontario, the determination of corporation taxable income follows closely, but not exactly, the federal rules. Each collects its own levy. Corporate taxable income earned in a province is eligible for the 10% federal abatement to compensate corporations for provincial taxes payable. This 10% abatement does not apply to income earned in the Yukon and Northwest Territories since they do not impose their own corporate income tax.

The rate that applies in Newfoundland is 14%; Nova Scotia, 12%; New Brunswick and Prince Edward Island, 10%; Quebec and Saskatchewan, 12%; and Alberta, 11%. Three provinces introduced a preferential low tax rate for small business income. The dual corporate rates for these provinces are: Ontario, 12%/9%; Manitoba, 15%/13%; and British Columbia, 15%/12%.

Business taxes. Quebec, Ontario, Manitoba and British Columbia impose a tax on paid-up or utilized capital of corporations which have a permanent establishment within their boundaries at a rate of .02%. Certain types of companies such as banks, railway, express, trust and insurance companies are subject to special rules for computing taxable paid-up capital or special taxes, licences or fees applicable in such cases. Quebec has a place of business tax of \$50 for companies whose paid-up capital exceeds \$25,000 and \$25 when below that amount.

Gift tax. The gift tax is levied on the aggregate taxable value of gifts made by a donor resident in a province as well as on a gift of real property situated within a province made by a donor who is not a resident in the province. The rates range