an amount less than the expected full refund. The Tax Rebate Discounting Act, passed by Parliament in April 1978, states that the taxpayer must receive at least 85% of the expected full refund. The consumer and corporate affairs department enforces the act jointly with the RCMP and some provinces and co-ordinates enforcement activities.

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 and 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 Yukon where corporate income tax is not imposed.

The rate that applies in Nova Scotia is 12%; Prince Edward Island 10%; Quebec 12%; Alberta 11%; and Northwest Territories 10%. Six provinces introduced a preferential low tax rate for small business income. The dual corporate rates for these provinces are: Newfoundland 14%/12%; New Brunswick 12%/9%; Ontario 12%/9%; Manitoba 15%/13%; Saskatchewan 14%/12%; 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. The rate is $\frac{1}{5}$ of 1% in Quebec, Manitoba and British Columbia, and $\frac{3}{10}$ of 1% in Ontario. 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. In Quebec and Ontario a gift tax is levied and collected on the aggregate taxable value of gifts made in one year 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 in Ontario range from 15% on the first $25,000 to 50% on gifts in excess of $200,000, while in Quebec the rates range from 20% to 35% on the aggregate taxable value. There are exemptions for gifts made to a spouse or charitable organization, deductions for gifts made to other recipients up to an aggregate annual amount, and credits for the tax levied by other jurisdictions on property situated outside the province.

Succession duties. Succession duty is levied on property of the deceased situated in a province regardless of where the deceased was domiciled at the time of death as well as on the dutiable value of property passing to the beneficiary who is a resident in a province. The rate depends on the net value of the whole estate wherever situated, the amount of property passing to the beneficiary, and the relationship of the beneficiary to the deceased. As of January 1978 only two provinces were still levying and collecting succession duties: Quebec and Ontario.

Provincial sales tax. All provinces except Alberta tax at a retail level a wide range of consumer goods and services purchased in or brought into the province. The tax is payable on the selling price of tangible personal property, defined to include certain services, purchased for own consumption or use and not for resale. Each provincial act, however, specifies a number of goods that are exempt. Exemptions include items related mainly to necessities of life and to material used in the farming or fishing industries. Provincial tax rates were temporarily reduced in 1978 in accordance with the federal retail sales tax reduction plan as follows: Newfoundland 11% to 8%; Prince Edward Island, Nova Scotia and New Brunswick 8% to 5%; Ontario 7% to 4%; Manitoba 5% to 2%; and Saskatchewan 5% to 3%. British Columbia reduced its sales tax to 5%. Quebec, with an 8% rate, did not participate in the plan. Quebec abolished the sales tax on clothing, textiles, shoes and furniture, excluding appliances.