

the amount of revenue derived by provinces and territories from such sources.

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.

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.

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.

Gasoline and diesel fuel oil taxes. Except for Alberta, each province and each territory imposes a tax on the purchase of gasoline and diesel fuel by motorists and truckers and other fuel intended to generate motive power. A number of activities such as farming, fishing, mining or logging are either exempt from motive fuel taxation or are taxed at a preferred rate.

Tax on mining operations. With the exception of Prince Edward Island and Alberta all provinces levy some form of tax on profits of mining operations. The tax rates vary considerably depending on the product being mined, and on the size and nature of the profits being taxed.

In addition to taxes on profits of mining operations all provinces have provisions which enable them to receive royalties from the extraction of minerals including oil and gas.

Motor vehicle licences and fees. Each province levies a fee on the compulsory registration of a motor vehicle whereupon the vehicle is issued with licence plates. The fees vary from province to province and, in the case of passenger cars, may be assessed on the weight of the vehicle, the wheel base, the number of cylinders of the engine or at a flat rate for specified regions within a province or territory. The fees for commercial motor vehicles and trailers are based on the gross or curb weight for which the vehicle is registered, that is, the weight of the vehicle empty plus the load it is permitted to carry. Every operator or driver of a motor vehicle is required to register periodically and pay a fee for a driver's licence.

Land transfer taxes. Ontario levies a tax based on the price at which ownership of land is transferred and a tax on the increase in value on the sale of designated land (all real property except Canadian resource property). Quebec levies a tax on the value of immovable property transferred to non-residents for purposes other than development. Municipalities may levy duties on immovable property transferred. In Alberta, a fee is charged proportional to the registered value of land. British Columbia and Saskatchewan do not have a land transfer tax but have an equivalent in land title fee which is based on land value.

22.6 Local government finances

Details for revenue and expenditure are given in Tables 22.23 and 22.24. Preliminary data are given for 1981 and estimates for 1982.

22.6.1 Local taxes

For purposes of financial statistics local government is comprised of three principal categories — municipalities, local school authorities and special purpose authorities. Consequently, local taxes are levied by either one of these entities or by all of them depending upon the taxing powers granted to each of them by their respective provincial legislatures. For more than a century, the main source of revenue of local governments has been related to real properties within their jurisdictions. Various taxes have been gradually implemented to supplement the real property tax from which, however, they still derive the bulk of their revenue.

Local property tax. Municipalities throughout Canada levy taxes on real properties situated within their boundaries. Generally speaking, they set the rates and collect the proceeds of their own levy and levies made on behalf of other local governments in their area, such as local school authorities. However, in most of Quebec outside the Montréal area and in the unorganized parts of Ontario, school boards levy and collect their own real property taxes directly.

The real property tax rate is generally expressed in mills (rate per \$1,000 of the base) or as a rate per