

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

Provincial Taxes

All of Canada's ten provinces impose a wide variety of taxes to raise the revenue necessary for provincial purposes. All provinces at present levy a tax on the income of individuals and corporations resident within their boundaries or deriving income from activities or operations carried out therein. Only the Provinces of Ontario and Quebec impose special taxes on corporations in addition to income tax. All the provinces except Alberta impose a tax on property passing at death; these are referred to as succession duties. These provinces also impose a tax on gifts.

The Federal Government makes "equalization payments" to some provinces in recognition of the fact that the potential tax yield in those provinces, measured on a *per capita* basis, is lower than the national *per capita* tax yield. For some provinces these payments constitute a very important source of revenue.

Some of the more important provincial levies are reviewed briefly below:

Individual Income Tax

All provinces levy a tax on the income of individuals who reside within their boundaries or who earn business income therein. An individual who is resident in a particular province on the last day of the year, and has no income for the year from a business with a permanent establishment outside the province, is taxable by the province on his world income for the year. Income earned from employment in a province by a non-resident of Canada is taxable by the province. Income earned by an individual not resident in a particular province from carrying on a business through a permanent establishment in that province is taxable by the said province.

In nine of the ten provinces, the provincial taxes are computed as a percentage of federal tax. "Federal tax" on which the provinces impose their tax is after the dividend tax credit but before any foreign tax credit or the special 3 percent reduction for 1972. In Quebec, provincial income tax is levied at graduated rates that progress from 10 per cent on the first \$2,000 of taxable income to a maximum of 28 per cent on the excess over \$60,000. The determination of taxable income for Quebec tax is based on exemptions and deductions that, with the exception of deductions for dependent children under 18, are similar to those for federal tax. Quebec taxpayers who have married status for tax purposes do not pay the provincial tax unless their income exceeds \$4,000; all other Quebec taxpayers do not pay the tax unless their income exceeds \$2,000.