

The maximum rates of taxes imposed on corporation profits by central governments of leading industrial countries compared with Canadian rates are as follows:

	Maximum tax rate on profits distrib- uted as dividends, paid and withheld by corporation	Maximum tax rates imposed on undis- tributed corporate profits
United States .....	52	52
United Kingdom .....	51.25	51.25
Japan .....	50.90	45.44
Canada .....	50	50
Germany .....	42.58	51
Italy .....	20	20

(Source: First National City Bank, New York, Monthly Letter, January 1961, p.7)

53. If Canada with its smaller volume of production is to compete on even terms, the Canadian tax rate, it is submitted, should, instead of being higher or the same, be fixed at a level considerably lower than that in effect in these large industrialized countries.

54. If we contrast Canadian tax rates with those of smaller industrial countries we find the comparison to be as follows:

	Maximum tax rate on profits distrib- uted as dividends, paid and withheld by corporation	Maximum tax rates imposed on undis- tributed corporate profits
Canada .....	50	50
Belgium .....	45.31	40
Sweden .....	40	40
Australia .....	40	40
Switzerland .....	35.60	8
Norway .....	30	34

(Source: First National City Bank, New York, Monthly Letter January 1961, p.7)

Senator LEONARD: Mr. McRae, when you say "all these countries" do you mean in both lists, the ones in paragraph 52 and the ones in paragraph 54?

Mr. McRAE: Mr. Flynn, would you care to answer that?

Mr. FLYNN: Yes, those mentioned in both lists.

55. It will be seen that these other countries comparable in size to Canada have lower corporation tax rates. If such countries find it necessary or in their interest to have these lower tax rates, it is a reasonable conclusion that the Canadian economy too would benefit from reduced corporation tax rates.

56. All these countries except Sweden, Australia and Norway provide some relief to the double taxation of corporate profits by giving tax credits to individual shareholders in respect to corporation taxes.

Senator CROLL: At this moment, Mr. McRae, and I only ask this because I do not know, is that true of the United States?

Mr. FLYNN: A very low one, Senator Croll, about 4 per cent in the United States.