

Table 3

## Fiscal Implications of the First Stage

A. Total Direct Revenue and Expenditure Impacts of the Personal and Corporate Tax Measures	1988-89	1989-90	1990-91	1991-92	Total
	←(millions of dollars)→				
<b>Revenue impacts</b>					
Personal income tax					
Conversion of exemptions to credits and marginal tax rate reductions	-2,185	-5,910	-4,600	-4,905	-17,600
Base-broadening and other measures	480	2,070	2,255	2,495	7,300
Net personal income tax reductions	-1,705	-3,840	-2,345	-2,410	-10,300
Corporate income tax					
Tax rate reductions	-635	-1,545	-1,645	-1,665	-5,490
Base-broadening measures	1,165	2,170	2,810	3,190	9,335
Net corporate income tax increases	530	625	1,165	1,525	3,845
Total net revenue reductions	-1,175	-3,215	-1,180	-885	-6,455
<b>Expenditure impacts</b>					
Increased payments under Established Program Financing and Equalization	340	360	385	395	1,480
<b>B. Related Revenue Measures</b>					
Changes to the federal sales tax (FST) and the refundable sales tax credit					
Shift in federal sales tax to wholesale level for selected items and change in the treatment of marketing companies	295	310	315	330	1,250
10-per-cent tax on specified telecommunication and cable services	870	945	1,000	1,055	3,870
Tax at general rate on paint and wallpaper	60	60	65	65	250
Increase in refundable sales tax credit by \$20 per adult and \$10 per child	-120	-150	-155	-160	-585
Net increase in FST revenues	1,105	1,165	1,225	1,290	4,785
Tax liability management					
Acceleration of source deductions and quarterly instalments of personal income tax		1,100			1,100
Acceleration of sales and excise tax payments	1,600				1,600
Total revenue increases resulting from tax liability management	1,600	1,100			2,700
Total net revenue increases	+2,705	+2,265	+1,225	+1,290	+7,485
<b>Deficit implications of stage one of tax reform</b>					
	-1,190	1,310	340	-10	+450

Source: *Tax Reform 1987, Economic and Fiscal Outlook*, p.30 (the last column has been added to the original table).