

VII. Royalties

Crown royalty is computed on a sliding scale formula in Canada. Royalty rates vary somewhat from province to province but the procedure of computing the royalty on actual well production is standard.

The following rates prevail:-

Alberta and British Columbia

<u>Total Monthly Production</u>	<u>Crown Royalty</u>
0- 600 bbls.	5 per cent of number of barrels produced.
600- 750 " 30 bbls. \neq	14 " " " " " " " " " " over 600
750- 950 " 51 bbls. \neq	17 " " " " " " " " " " 750.
950-1150 " 85 bbls. \neq	18 " " " " " " " " " " 950.
1150-1500 " 121 bbls. \neq	19 " " " " " " " " " " 1150.
1500-1800 " 121 $\frac{1}{2}$ " " " " " " " " " "	
1800-4050 " 225 bbls. \neq	20 " " " " " " " " " " 18
4050 and over	16-2/3 " " " " " " " " " "

The Royalty on natural gas in both of these provinces is 15 per cent of the selling price but not less than $\frac{3}{4}$ cents per thousand cubic feet. For sulphur and other hydrocarbons, the rate is 12 $\frac{1}{2}$ per cent.

Saskatchewan

<u>Total Monthly Production</u>	<u>Crown Royalty</u>
0- 900 barrels	5 per cent
900-1200 "	6 " "
1200-1500 "	7 " "
1500-2100 "	8 " "
2100-2700 "	9 " "
2700-3300 "	10 " "
3300-3900 "	11 " "
3900-4500 "	12 " "
4500-5100 "	13 " "
5100-6000 "	14 " "
6000 and over	15 " "

The royalty payable on natural gas is at the rate of 5 per cent of the sale value, with a minimum of $\frac{1}{2}$ cent per thousand cubic feet.

Manitoba

The royalty on all well output, other than natural gas, is 12 $\frac{1}{2}$ per cent. The royalty on natural gas sold is 12 $\frac{1}{2}$ per cent of the selling price, but not less than $\frac{1}{4}$ cent per thousand cubic feet.

VIII. Taxation of the Petroleum Industry

Corporation Income Tax

Taxable income is computed from total income from all sources, inside or outside Canada, including all business and property income. For corporations, the basic income tax rate in respect of income earned on and after January 1, 1955, is 18 per cent, if the amount taxable does not exceed \$20,000, and 45 per cent on the excess over \$20,000. An additional tax of 2 per cent is added to these rates under the provisions of the Old Age Security Act.