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# The lowest marginal tax rates for corporate investments in the G7

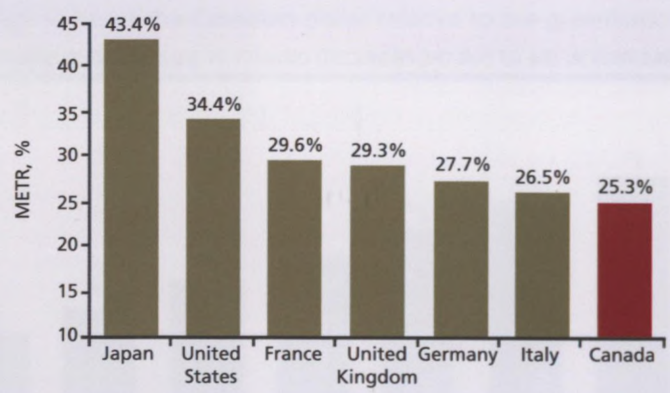
***Compared with its G7 competitors, Canada offers compelling benefits to foreign investors in the form of a significantly reduced tax burden.***

Canada has recently announced broad-based business tax reductions over the next five years for both Canadian corporations and foreign investors with operations in Canada. In its Fall 2007 Economic Statement, the Government of Canada introduced a bold new tax reduction initiative that will lower the general federal corporate income tax rate to 15 percent by 2012 from the current 19.5 percent. Building on these sweeping tax reductions, Budget 2008 has confirmed the general federal corporate income tax rate will be set at 15 percent by 2012.

With this reduction, Canada will have the lowest statutory corporate income tax rate in the G7 by 2012. Canada's Marginal Effective Tax Rate (METR)—a comprehensive indicator of the taxation of new business investment—will be 25.3 percent in 2012, giving Canada the lowest METR in the G7 countries by 2010.

These measures, announced in 2007 by the federal government, strengthen Canada's tax advantage over the United States. Investors in Canada will have a 12.3 percent statutory tax rate advantage over the United States and an overall METR tax advantage on new business investment of 9.1 percent in 2012.

**CANADA WILL HAVE THE LOWEST MARGINAL EFFECTIVE TAX RATES (METRS) ON BUSINESS INVESTMENT IN THE G7 BY 2011**




*Source: Department of Finance's Economic Statement, October 30, 2007 and the March 2007 Federal budget. Average federal and provincial/state corporate income tax rates.*