

Corporation Income Tax

Only the Provinces of Quebec and Ontario levy corporation income taxes. Corporations that maintain an office or carry on business in the Province of Quebec are liable to a provincial tax at the rate of 9 per cent on taxable income attributable to operations in the province. Where a corporation operates both inside and outside Quebec, the allocation of taxable income to operations in Quebec is based on sales made in the province. In general, taxable income is computed in a manner similar to that for federal taxable income, except that there is no deduction for losses of previous or subsequent years and depreciation is allowed on the straight line method.

The Province of Ontario imposes a corporate tax of 11 per cent on taxable income earned in Ontario. Under the Corporation Tax Act of Ontario, the determination of taxable income and the allocation of taxable income between Ontario and other jurisdictions follow the federal rule that gives equal weight to sales made and wages paid within the province.

Succession Duties

Only the Provinces of Ontario and Quebec levy succession duties.

Succession duties are a tax upon the right to succeed to property and are assessed upon the interest or benefit passing at death to an heir or beneficiary.

Both Ontario and Quebec impose succession duties on all property situated in the province belonging to the deceased and passing at his death, whether the deceased was domiciled in the province or elsewhere. Personal property, wherever situated, of a person dying within the province is also liable.

The rates of succession duty are governed by the value of the estate, the relationship of the beneficiary to the deceased and the amount going to any one person. The rate of tax will increase as the degree of relationship between the decedent and his successor becomes more remote.

Personal Income

Only the Province of Quebec imposes a personal-income tax. Residents of Quebec are liable to the tax on their income from all sources. Non-residents of the province who are employed or carrying on business therein are liable for tax on that portion of their income earned in the province.

The personal exemptions are as follows:-

Single individual:	\$1500
Married - no children:	\$3000
Each child under 16:	\$ 250
All other dependants:	\$ 500 each

The Quebec Income Tax Act is closely patterned after the Federal Income Tax Act. It contains similar provisions regarding dividend tax credits, medical expenses and charitable donations. Like its federal counterpart, it uses a graduated rate scale. From 2.3 per cent on the first \$1000 of taxable income the rates increase to a maximum of 12 per cent of the excess over \$400,000.