

allowance for the federal tax reduction passed in 1966. In Quebec, provincial income tax is levied at graduated rates that progress from 5.5 per cent on the first \$1,000 of taxable income to a maximum of 40.0 per cent on the excess over \$400,000. In addition, a temporary surtax of 6 per cent has been levied for the taxation years 1968 and 1969. The determination of taxable income for Quebec tax is based on exemptions and deductions which, with the exception of deductions for dependent children eligible for family allowances, (12) are similar to those for federal tax. Quebec taxpayers who have married status for tax purposes do not pay income tax unless their income exceeds \$4,000; all other Quebec taxpayers do not pay income tax unless their income exceeds \$2,000.

The following table shows the percentage that provincial income tax liability is of federal "basic tax" for 1968:

<u>Province</u>	<u>Percentage of federal "basic tax"</u>
Newfoundland	33
Prince Edward Island	28
Nova Scotia	28
New Brunswick	38
Quebec - not directly related - is approximately	50 plus surtax
Ontario	28
Manitoba	33
Saskatchewan	33
Alberta	33
British Columbia	28

All provinces except Quebec have signed agreements for the collection of their individual income tax by the Federal Government.

Corporate Income Tax

All provinces levy a tax on the profits of corporations derived from activities carried out within their boundaries. In all provinces except Ontario and Quebec the provincial tax is imposed on taxable income in the province determined on the same basis as for federal income tax. In Ontario and Quebec the determination of taxable profits for purposes of provincial tax follows closely the federal rules. The rates of tax levied by the various provinces are as follows:

(12) Quebec has a family-allowance program which supplements the federal program. The Quebec program provides for allowances which increase from \$30 a year for a first child to a maximum of \$70 a year for a sixth and for each additional child. The program is in lieu of exemptions for provincial income tax purposes for children eligible for family allowances.