

1.4 Base-broadening and lowering rates also characterize the changes in corporation income tax in the first stage. The current 36 percent federal statutory rate for general business will be reduced to 28 percent while the statutory rate in manufacturing business will be reduced in stages from the existing 30 percent to 23 percent in 1991. Small business rates, now set at 15 percent for general business and 10 percent for manufacturing, will henceforth be 12 percent. These proposed changes are summarized in Table 2.

**Table 2**  
**Federal Corporate Income Tax Rates**

	Current rates	New rates effective July 1 each year			1991 and subsequent years
		1988	1989	1990	
		⇐(per cent)⇒			
General business	36	28	28	28	28
Manufacturing business	30	26	25	24	23
General small business	15	} 12	12	12	12
Small manufacturing business	10				

*Note:* These changes will not affect the tax rate reductions scheduled to take effect on July 1, 1987. All the rates are after the 10-per-cent provincial abatement.

Source: *Income Tax Reform*, Chapter 5, p. 98.

1.5 Emphasis on the corporate side is placed on narrowing the existing variations in effective tax rates across industries. In this context, among the most significant proposals are revenue-raising measures directed at the finance, insurance and real-estate industries. Other key provisions include:

- replacing the current immediate write-off of the cost of new debt securities with a deduction spread over the life of the debt or five years, whichever is greater;