

CANADA'S LOW CORPORATE TAXES

At the core of Canada's superior economic performance, is a decade-long campaign to lower corporate income taxes. In January 2011, Canada once again cut its federal corporate income tax rate reaching 16.5 percent, the fourth such cut in corporate income taxes in as many years. These reductions in corporate taxes are making the country one of the most cost-effective places to do business in the developed world.

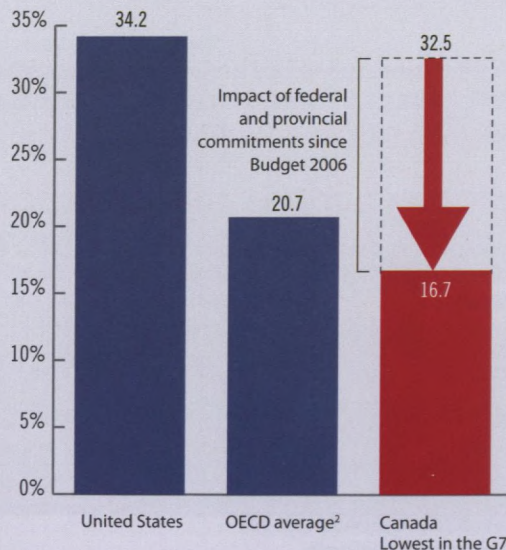
In 2012, Canada plans to cut its federal corporate income taxes yet again, to 15 percent, bringing combined provincial and federal corporate tax rate to about 26 percent, well below the comparable rates in most other G-7 countries and more than 13 percentage points below that of the United States.



The Lowest Overall Tax Rate on New Business Investment in the G-7

When factoring in deductions and other credits, in 2012, foreign investors coming to Canada will benefit from one of the lowest overall tax rates on new business investment among OECD countries and the lowest such rate in the G-7 (see Figure 3).

FIGURE 3: THE MARGINAL EFFECTIVE TAX RATE (METR) ON NEW BUSINESS INVESTMENT, 2012, CANADA COMPARED TO ITS PEERS



Source: Department of Finance Canada. Budget 2010.

¹ The Marginal Effective Tax Rate (METR) includes measures announced as of February 1, 2010. It excludes resource and financial sectors and tax provisions related to research and development.

² Excludes Canada.