

<u>Province</u>	<u>Rate of tax on taxable profits</u>
Newfoundland	9%
Prince Edward Island	9%
Nova Scotia	9%
New Brunswick	9%
Quebec	12%
Ontario	11%
Manitoba	10%
Saskatchewan	10%
Alberta	9%
British Columbia	9%

Note: All provinces except Ontario and Quebec have signed agreements for the collection of their income taxes by the Federal Government. Four of the ten provinces levy corporate income taxes at rates in excess of the abatement allowed by the Federal Government. This abatement is equal to 9 per cent of corporate profits except in Quebec, where the abatement is 10 per cent.

Alcoholic Beverages

Generally speaking, the sale of spirits in all provinces is made through provincial agencies operating as boards or commissions that exercise monopolistic control over this commodity. The provincial mark-up over the manufacturers' price is the effective means of taxation. Beer and wine may be sold by retailers or government stores, depending on the province, but in all cases they contribute to provincial revenues.

Retail Sales Taxes

Eight provinces impose sales taxes on goods purchased by consumers or users. These taxes are collected by retail vendors acting as agents of the provinces. The provinces imposing sales tax and the rate of their levy are as follows:

Newfoundland	5%
Prince Edward Island	5%
Nova Scotia	5%
New Brunswick	3%*
Quebec	6%
Ontario	5%
Saskatchewan	4%
British Columbia	5%

* New Brunswick has stated its intention to raise its rate to 5 per cent, but the effective date of the change is still indefinite.

The provincial retail levies apply to tangible taxable commodities sold for consumption in the province and to a few selected services (local telephone service in all provinces; telecommunications in Ontario and Quebec; hotel and motel charges in Quebec). All provinces imposing sales taxes provide comprehensive exemptions for foodstuffs and drugs.