

The tariff schedules are too lengthy and complicated to be summarized here, but the rates which apply on any particular item may be obtained from the Department of National Revenue, which is responsible for administering the customs tariff.

### Provincial Taxes

All Canada's ten provinces impose a wide variety of taxes to raise the revenue necessary for provincial purposes. All provinces at present levy a tax on the income of individuals and corporations who are residents within their boundaries or who derive income from activities or operations carried out therein. Only the Provinces of Ontario and Quebec impose special taxes on corporations or a tax on property passing at death. Under the terms of the existing federal-provincial fiscal arrangement, the Federal Government makes "equalization payments" to some provinces in recognition of the fact that the potential tax revenue from the fields of income tax, death duties and natural-resource revenue in those provinces, measured on a per capita basis, is lower than an agreed-upon level. For some provinces these payments constitute a very important source of revenue.

Some of the more important provincial levies are reviewed briefly below:

### Individual Income Tax

All provinces levy a tax on the income of individuals who reside within their boundaries or who earn income therein. In nine of the ten provinces, these taxes are computed as a percentage of federal income tax otherwise payable at full federal rates and are collected by the Federal Government on behalf of these provinces. In the Province of Quebec, provincial income tax is levied at graduated rates that progress from 2.5 percent on the first \$1000 of taxable income to a maximum of 13.2 percent on the excess over \$400,000. The determination of taxable income for Quebec tax is based on exemptions and deductions similar to those for federal tax. The Province of Quebec collects its own tax.

The following table shows the percentage that provincial income-tax liability is of federal income-tax liability computed at full federal rates for 1962:

<u>Province</u>	<u>Percentage of full federal liability</u>
Newfoundland	16 percent
Prince Edward Island	16 percent
Nova Scotia	16 percent
New Brunswick	16 percent
Quebec	approximately 18 percent
Ontario	16 percent
Manitoba	22 percent
Saskatchewan	22 percent
Alberta	16 percent
British Columbia	16 percent

NOTE: The Provinces of Quebec, Manitoba and Saskatchewan levy provincial income taxes in excess of the 16 percent abatement of federal income tax allowed by the Federal Government.