

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 the average per capita yield from these taxes in the two provinces where they produce the highest yield. 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 "basic tax". As previously mentioned, "basic tax" is federal income tax (excluding old-age security tax) otherwise payable at full federal rates before the abatement under the federal-provincial arrangement and before allowance for any federal tax reduction. These provincial taxes are collected by the Federal Government on behalf of these provinces. In Quebec, provincial income tax is levied at graduated rates that progress from 5.2 per cent on the first \$1,000 of taxable income to a maximum of 37.6 per cent 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. Quebec collects its own tax.

The following table shows the percentage that provincial income tax liability is of federal "basic tax" for 1966:

<u>Province</u>	<u>Percentage of federal "basic tax"</u>
Newfoundland	24%
Prince Edward Island	24%
Nova Scotia	24%
New Brunswick	24%
Quebec	approximately 47%
Ontario	24%
Manitoba	29%
Saskatchewan	29%
Alberta	24%
British Columbia	24%

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: