

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 5.5 per cent on the first \$1,000 of taxable income to a maximum of 40.0 per cent on the excess over \$400,000. The determination of taxable income for Quebec tax is based on exemptions and deductions which, with the exception of deductions for dependent children eligible for family allowances,* are similar to those for federal tax. Quebec taxpayers who, if single, have an income which does not exceed \$2,000 or who, if married, have an income which does not exceed \$4,000 are completely relieved of provincial income tax. Quebec collects its own tax.

The following table shows the percentage that provincial income tax liability is of federal "basic tax" for 1967:

<u>Province</u>	<u>Percentage of federal "basic tax"</u>
Newfoundland	28%
Prince Edward Island	28%
Nova Scotia	28%
New Brunswick	28%
Quebec	approximately 50%
Ontario	28%
Manitoba	33%
Saskatchewan	33%
Alberta	28%
British Columbia	28%

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:

* Quebec has a family-allowance programme that supplements the federal programme. The Quebec programme provides for allowances which increase from \$30 per annum for a first child to a maximum of \$70 per annum for a sixth and for each additional child. The Quebec programme is in lieu of exemptions for provincial income tax purposes for children eligible for family allowances.