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THE 2014 GLOBAL TAX COMPETITIVENESS REPORT: A PROPOSED BUSINESS TAX REFORM AGENDA*†

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SUMMARY

Canada is losing its edge in the competition for global capital. After a decade of remarkable progress in reducing the tax burden on business investment — moving from one of the least tax-competitive jurisdictions among its industrialized peers in 2000, to ranking in the middle of the pack by 2011 — Canada has slipped by largely standing still. As other countries in our peer group have continued to reform their business-tax regimes, they have surpassed Canada, which has slid from having the 19th-highest tax burden on investments by medium-sized and large corporations in 2012, to the 14th-highest among 34 OECD countries in 2014.

Even more worrying is that Canada's political currents are running the wrong way, with a few provinces having increased taxes on capital in recent years and a number of politicians today floating the possibility of even higher business taxes to help address budgetary strains.

But the right approach to raising tax revenue and improving the economy is quite the opposite: lowering rates and broadening the tax base by making Canadian jurisdictions even more attractive to corporate investment. An important step towards that would be for federal and provincial governments to reduce targeted tax assistance and to level the tax field for all industries and sizes of businesses, ending the preferential treatment of favoured industries and small enterprises.

In addition, those provinces that have yet to harmonize their sales tax with the federal GST should do so, or at least consider adopting a quasi-refund system that would relieve the provincial sales tax on capital inputs. Alberta, with no sales tax, could become more competitive by adopting an HST and using the proceeds to reduce personal and corporate taxes. Finally, Canada would do much better to mandate a uniform corporate tax rate, with an 11 per cent federal rate and a nine per cent average provincial rate. This would encourage capital investment and attract corporate profits to Canada, without a significant revenue cost to either the federal or provincial governments.

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RAPPORT SUR LA COMPÉTITIVITÉ FISCALE INTERNATIONALE 2014 : PROPOSITION D'AGENDA POUR LA RÉFORME DE L'IMPÔT DES SOCIÉTÉS*†

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SOMMAIRE

Le Canada est en voie de perdre son avantage dans la compétition pour le capital mondial. Après une décennie de progrès remarquables dans la réduction du fardeau fiscal de l'investissement des entreprises, passant du rang de l'un des territoires les moins compétitifs au niveau fiscal parmi ses partenaires industrialisés en 2000 à un classement vers le milieu du peloton en 2011, le Canada a depuis perdu du terrain en faisant du sur-place. D'autres pays de notre groupe de pairs ont continué de réformer leurs régimes d'imposition des sociétés et ont ainsi dépassé le Canada, qui occupait le 19e rang au classement du fardeau fiscal imposé aux investissements des grandes et moyennes entreprises en 2012 et s'est retrouvé au 14e rang parmi 34 pays de l'OCDE en 2014.

Ce qui est encore plus préoccupant, c'est que les courants politiques canadiens vont dans la mauvaise direction, quelques provinces ayant augmenté l'impôt sur le capital au cours des récentes années et plusieurs politiciens actuels évoquant la possibilité de hausser l'impôt des sociétés pour aider à soulager les pressions budgétaires.

C'est toutefois le contraire qui constitue une bonne stratégie pour hausser les recettes fiscales et améliorer l'économie : abaisser les taux et élargir l'assiette fiscale en rendant les territoires canadiens plus attrayants pour l'investissement des entreprises. Une mesure importante en ce sens serait que les gouvernements fédéral et provinciaux réduisent les mesures fiscales ciblées et uniformise les règles du jeu pour toutes les industries et les entreprises de toutes tailles, mettant ainsi fin au traitement préférentiel d'industries et de petites entreprises favorisées.

De plus, les provinces qui n'ont pas encore harmonisé leur taxe de vente avec la TPS fédérale devraient le faire, ou du moins envisager d'adopter un système de quasi-remboursement qui soulagerait la taxe de vente provinciale sur les apports de capitaux. L'Alberta, qui n'a pas de taxe de vente, pourrait devenir plus compétitive en adoptant une TVH et en utilisant ce revenu pour réduire les impôts sur les particuliers et les sociétés. Finalement, le Canada ferait beaucoup mieux d'adopter un taux d'imposition des sociétés uniforme, avec un taux fédéral de 11 pour cent et un taux provincial moyen de 9 pour cent. Cela encouragerait l'investissement de capitaux et attirerait au Canada les profits des sociétés, sans coût budgétaire substantiel pour le fédéral ou les gouvernements provinciaux.

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Canada has made tremendous progress since the year 2000 in reducing the tax burden on business investments, bringing it down from the highest among industrialized countries to the middle of the pack as of 2011. However, Canada is beginning to lose its gains in competitiveness. In 2012, Canada had the 19th-highest tax burden on investments by medium-sized and large corporations among 34 OECD countries; now its corporate tax burden is the 14th-highest. This backsliding in our ranking reflects continuing reform in other countries. Although the Canadian marginal effective tax rate on capital (to be referred to the METR below[1]) slightly rose in 2014, other countries continue to reduce tax burdens on corporate investment.

The mood for tax competitiveness is changing in Canada, which could be a significant risk to growth in the coming years. Some politicians are eyeing an increase in corporate tax rates to solve their budgetary problems. Indeed, some provinces in recent years have hiked corporate income tax rates, including British Columbia, New Brunswick and Ontario (the latter rescinding a legislated corporate tax rate of 10 per cent by freezing the rate at 11.5 per cent).

Since 2000, corporate tax reforms in Canada have led to a reduction in general corporate income tax rates from a federal-provincial average of 43 per cent to 26.5 per cent, in addition to the elimination of capital taxes on non-financial companies and the harmonization of provincial sales taxes with the federal GST. In general, these reductions in the business-tax burden have led to better investment performance since 2000.[2]

Further, as we have noted previously,[3] government estimates of the revenue cost of corporate tax reductions are overestimated since they do not account for the substantial impact that rate reductions have in attracting profits to Canada. The share of corporate taxes in Canada's GDP has hardly budged since 2000, despite the significant reduction in corporate tax rates. A recent International Monetary Fund study suggests that international profit shifting, which is relatively immediate in its impact, is having a large effect.[4]

While the public may hold the view that taxing corporations improves "fairness" by making the rich pay more, recent economic analysis has suggested that a significant portion of the corporate income tax is borne by labour and lower-income Canadians purchasing goods with additional taxes priced into them.[5]

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[1] In this paper, we will not repeat a detailed explanation of the marginal effective tax rate on capital that has become commonly used in the literature. Briefly, the METR is the portion of capital-related taxes paid as a share of the pre-tax rate of return on capital for marginal investments (on the assumption that businesses invest in capital until the after-tax return on capital is equal to the cost of financing capital). We include corporate income taxes, sales taxes on capital purchases and other capital-related taxes, such as financial-transaction taxes and asset-based taxes in our analysis. We do not include property taxes since effective rates are not observable by industry across countries, including Canada.

[2] A specific study examining the impact of the seven-point reduction of the general corporate income tax rate in Canada from 2001–04 found that investment increased, taking into account other factors that influence investment (a 10 per cent reduction in the user cost of capital led to as much as seven per cent increase in capital stock). See M. Parsons, "The Effect of Corporate Taxes on Canadian Investment: An Empirical Investigation," Working Paper 2008-01 (Ottawa: Finance Canada, 2008). A recent meta-analysis survey has demonstrated that reductions in the effective tax rates on foreign direct investment, important for global value chains among businesses, have a large impact on investment, whereby a one-point reduction in the corporate income tax rate results in an increase in foreign direct investment by 2.49 per cent (see L. P. Feld and J. H. Heckemeyer, "FDI and Taxation: A Meta-Study," *Journal of Economic Surveys* 25, 2 (2011): 233-72).

[3] See D. Chen and J. Mintz, "The U.S. Corporate Tax Rate: Myth and Fact" (Washington D.C.: Tax Foundation, 2014), http://taxfoundation.org/article/us-corporate-effective-tax-rate-myth-and-fact.

[4] International Monetary Fund, "Spillovers in International Corporate Taxation" (Washington, D.C.: International Monetary Fund, 2014).

[5] For a recent survey of economic studies on the topic — who bears the corporate tax — see D. Crisan, K. McKenzie and J. Mintz, "The Distribution of Income and Taxes/Transfers in Canada: A Cohort Analysis," School of Public Policy Research Paper (University of Calgary, 2015, forthcoming).

To the extent that corporate taxes reduce the return on capital, owners include not just high-income earners, but also workers, through pension plans and other intermediaries. Redistribution to address inequality is best achieved through the personal income tax, not the corporate income tax.

Yet, strong economic arguments can be made in favour of further corporate tax reform in Canada with reductions in corporate tax rates offset by the broadening of tax bases.[6] Such reforms would improve prospects for investment, government revenues and neutrality. With neutrality, businesses' activities are taxed at similar rates, thereby minimizing economic distortions that lead to a less optimal allocation of scarce capital resources in the business sector, and economy as a whole.

Thus, instead of hiking corporate taxes, federal and provincial governments should be seeking further reforms. We argue below that Canada should move towards a uniform corporate income tax rate of 20 per cent – 11 per cent federal and nine per cent provincial — by removing tax preferences for resource and manufacturing companies and small businesses. This type of reform is being adopted in the United Kingdom as it moves to a uniform corporate income tax rate of 20 per cent on all businesses regardless of size by April 1, 2015, in the interest of improving prospects for economic growth.

Below, we provide our review of tax competitiveness at the global level. We specifically include comparisons of METRs for manufacturing and service industries (the latter composed of various industries including construction, utilities, communications, transportation, wholesale trade, retail trade, business and household services), taking into account corporate income taxes and their provisions, sales taxes on capital purchases and other capital-related taxes. We also include a provincial breakdown across Canada as well as some guidance for practical corporate tax reforms.

As in the past, to update our cross-border tax comparison, we not only incorporate the legislated tax changes on an annual basis, but also update the key non-tax parameters by country based on the latest statistics available. For our 2014 METR model covering the period of 2005–14 for 90 countries, the country-specific inflation rate is updated based on the annual CPI (consumer price index) for the period of 2013 and the GDP share by sector (i.e., manufacturing versus a broad range of service industries) based on GDP by sector at constant prices for the five-year period up to 2012. Such updates of non-tax parameters are intended to keep our latest estimate of METR — a forward-looking tax indicator — as useful as possible for future investment and policy decisions. Also, applying these updated non-tax parameters to all the years contained in our latest model helps keep intact our tracking of annual tax changes by country. Doing so, however, may result in variation in country-specific METRs for previous years, as between our current and earlier publications.

As a small side note, 2014 marks the 10th anniversary of our annual global tax competitiveness ranking. In celebration, we are adding five countries to our annual global ranking for their geographic proximity to, and growing economic interaction with Canada. These five newly added countries are: Dominican Republic, Guyana, Panama, Paraguay and Uruguay.

[6] Arguments have also been made in favour of adopting a Belgium-style corporate tax reform in Canada by providing a deduction for the imputed cost of equity financing. See R. Boadway and J-F Tremblay, "Corporate Tax Reform: Issues and Prospects for Canada," Mowat Research 88 (Toronto: University of Toronto, School of Public Policy and Governance, Mowat Centre, 2014); and K. Milligan, "Tax Policy and New Era: Promoting Economic Growth and Fairness," Benefactors' Lecture (Toronto: C. D. Howe Institute, 2014). We will not consider a reform by adopting a Belgium-style deduction for equity costs since we do not believe it is the appropriate approach to corporate tax reform as long as it occurs without significant change to the overall tax system. Further discussion is provided in a 2015 paper on corporate tax reform prepared by Jack Mintz for the Canadian Council of Chief Executives.

The next section of this paper provides an overview of the rankings amongst countries with respect to their competitiveness for capital. This is followed by a discussion of recent reforms in the world. We then discuss effective tax rates for provinces and their impact on neutrality. The final section provides guidance for corporate tax reform in Canada.

CANADA'S TAX COMPETITIVENESS: SLIPPING FURTHER

After a more than one-percentage-point hike in 2013, the Canadian METR slightly increased in 2014 to 19.0 per cent.[7] However, Canadian tax competitiveness in 2014 as measured by the METR ranking, slipped one spot from its 2013 ranking[8] both among the OECD member countries and within the group of all 95 countries. Denmark took Canada's 2013 spot in the rankings through recent corporate income tax rate reductions.[9] However, for 2014 Canada is still the most tax-competitive country amongst its G7 peers, with the 14th-highest METR among the 34 OECD member countries and the 37th-highest METR among all 95 countries.

TABLE 1 MARGINAL EFFECTIVE TAX RATE ON CAPITAL INVESTMENT, VARIOUS COUNTRY GROUPS, 2005–14

	Marginal Effective Tax Rate (in percentages)										*Statutory Company Income Tax Rate** (in percentages)*			
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2014	2005	Change in % points 2005-14	# of countries that cut general corporate tax rates
Canada	19.0	18.8	17.5	18.8	19.9	27.3	28.0	30.9	36.2	38.8	26.3	34.2	-7.9	n/a
G7	27.4	27.7	27.9	28.6	28.9	30.1	30.2	32.9	33.7	34.2	31.3	35.7	-4.4	7
Emerging G20* (10)	23.5	23.5	23.5	23.5	23.6	23.8	27.0	27.1	27.1	28.7	26.2	29.3	-3.1	6
OECD (34)	19.4	19.6	19.5	19.7	19.6	19.8	20.1	21.0	21.6	22.3	25.4	28.2	-2.8	23
Non-OECD (61)	17.8	17.9	18.1	18.4	18.3	18.9	19.8	20.8	20.9	21.7	23.9	29.2	-5.3	40
All 95 Countries	18.3	18.5	18.6	18.9	18.7	19.2	19.9	20.9	21.2	21.9	24.4	28.8	-4.4	63
Canada's ranking by level of METR within various groups of countries, in descending order														
G7	7	7	7	7	7	6	6	6	1	1				
OECD	14	15	19	16	13	7	7	7	1	1				
All 95 Countries	37	39	48	43	38	18	20	18	8	5				

Note: For groups of countries, averages in Table 1 are simple averages.

7 Several provinces, including Manitoba, Newfoundland and Labrador, Nova Scotia and Quebec, as well as the territory of Yukon, introduced some changes to their small business taxation. But these changes do not affect our tax competitiveness ranking for large and medium profitable corporations.

8 Even though the METR did not change, Canada's tax competitiveness ranking dropped one spot among the OECD member countries (from the 15th-highest to the 14th-highest METR) and two spots among all the 95 countries (from the 39th- to the 37th-highest METR) in 2014.

9 Denmark is reducing its corporate income tax rate by three percentage points over three years from 25 per cent to 22 per cent by 2016.

We should also note that the United States, Canada's most important trading partner, had the highest marginal effective tax rate among OECD countries until this year. That distinction, which is probably not one to be cherished, now belongs to France, which doubled its "temporary" surtax on companies in 2014. Otherwise, the U.S. continues to have a high METR on capital[10] reflecting both a high statutory federal-state corporate income tax rate of close to 40 per cent as well as having significant state retail sales taxes on capital purchases. Both the Democrats and the Republicans have recommended corporate tax reforms that would lower rates and broaden tax bases, none of which have been enacted for now.

Canada became the most tax-competitive country within the G7 group in 2010 with a substantial improvement in its ranking among the 34 OECD countries (from the seventh-highest taxed to the 21st) and all 95 countries (from the 18th-highest taxed to the 51st) over the three years of 2010–12. In our 2012 annual ranking report, we hailed this great accomplishment as "a Canadian good news story."[11] As our national METR rose in 2013 while other countries initiated or continued their business-tax reductions (e.g., the U.K.), we warned that our "corporate tax policy is at a crossroads."[12]

As always, there are different opinions on almost any given tax policy issues. On corporate income taxation, we believe its key function should be guarding the overall income tax system as a gatekeeper, and its design should combine a unified tax rate for all business activities with a tax base that closely matches economic income to reduce distortions in the corporate tax system. This belief implies that corporate income taxation should not be used to micro-manage the economy with special tax preferences that encourage politically favoured business activities over others. With a neutral corporate tax system, resources are allocated to their best and most valued economic use, improving productivity in the economy.[13]

In some cases, whereby a firm's actions might benefit or harm other businesses or households without compensation, it would be appropriate for governments to either penalize an activity (e.g., pollution) or incentivize it (e.g., innovation). However, it is far from clear that the tax system should be used for such policy purposes since other forms of government intervention, such as regulation or expenditure programs, may be more effective and less costly for altering market decision-making.

We also believe that rapid economic globalization has brought about greater mobilization of capital and profit. Therefore, a small open economy like Canada cannot raise its corporate income tax rate in isolation. That is, we cannot raise our corporate tax rate beyond the international average (currently around 25 per cent, as shown in Table 1) without losing our corporate income tax base when corporations shift income or capital to low-tax jurisdictions.

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[10] As in previous publications, we do not include certain temporary incentives for capital investment since these tend to shift capital from later to earlier years rather than providing a sustained reduction in the cost of capital. In the METR calculations, we include accelerated depreciation for manufacturing and process equipment in Canada since it has been continuously provided since 2006. The United States has enacted bonus depreciation on an off-and-on basis over the years, although without interruption since 2008. Assuming the current 50 per cent bonus depreciation is in place on a permanent basis for qualifying shorter-lived capital, it would lower the U.S. METR by about 7.5 percentage points.

[11] D. Chen and J. Mintz, "2012 Annual Global Tax Competitiveness Ranking: A Canadian Good News Story," University of Calgary School of Public Policy Research Paper 5, 28 (September 2012).

[12] D. Chen and J. Mintz, "2013 Annual Global Tax Competitiveness Ranking: Corporate Tax Policy at a Crossroads," University of Calgary School of Public Policy Research Paper 6, 35 (November 2013).

[13] See B. Hamilton, J. Mintz and J. Whalley, "Decomposing the Welfare Costs of Capital Tax Distortions: The Importance of Risk Assumptions," National Bureau of Economic Research, Working Paper 3628 (Cambridge, Mass.: 1991). See also the discussion by C. Marr and B. Highsmith, "Six Tests for Corporate Tax Reform: Reform Should Help Shrink Long-Term Deficits, Reduce Biases and Preferences in the Tax Code, and Discourage Tax Sheltering," Center on Budget and Policy Priorities (Washington, D.C.: 2012), http://www.cbpp.org/cms/?fa=view&id=3411.

THE GLOBAL RANKING FOR 2014

The economic recovery, despite its sluggishness, provided more room for many growth-oriented governments to raise their global ranking in tax competitiveness. Table 2 below provides the year-by-year METR analysis for the OECD countries and Table 3 for all 95 countries. By applying all the statutory changes taking effect in 2014, the average of marginal effective tax rates (METR) for all the economic groups, except the 10 emerging economies within the G20, decreased by various degrees.

As seen in the tables, Canada ranks in the middle of the pack with little change in its METR the past year (Table 2). However, since 2005 it has moved from the highest METR among OECD countries to the 14th-highest, as noted earlier.

Canada also has the largest differential tax rate between manufacturing (8.2 per cent) and service (23.0 per cent) industries among 95 countries, except for Kenya. Services are taxed more highly in Canada compared to the world average of 18 per cent. Unlike many countries, Canada continues to favour manufacturing over other industries, which has had little impact on forestalling the fall in the manufacturing share of employment that is typical in OECD countries.[14]

Within the G7 group, the two most significant changes were in the **U.K.** and **France**. The U.K., with its two-percentage-point reduction in the corporate income tax rate, became the second-lowest-taxed G7 country, with its METR falling below 24 per cent. As mentioned earlier, France, with its temporary surtax being more than doubled and retrospectively applied to the fiscal year of 2013, surpassed the U.S. to become the highest-taxed country, with its METR rising to 36 per cent.

Among the OECD countries, the U.K. is a persistent business-tax reformer, having lowered rates lowering rates and broadened the tax base since 2007.[15] As its phased-in rate reduction approached the second-last year, the corporate tax rate in the U.K. is 21 per cent for 2014. As a result, the METR for the U.K. has dropped more than two percentage points from 29.1 per cent in 2010 to 23.7 per cent for 2014. Also important, by reducing its corporate income tax rate further to 20 per cent in 2015, the U.K. will join Germany and Italy to become the third G7 member country that taxes large and small corporations at the same rate.

[14] See M. Krezpkowski and J. Mintz, "Canadian Manufacturing Malaise: Three Hypotheses," University of Calgary School of Public Policy Research Paper 6, 12 (2013).

[15] However, as pointed out in our 2013 report, U.K. base broadening has not always led to a more neutral tax burden among business activity. In particular, the tax-depreciation allowance in the U.K. appears to be insufficient to match the economic-depreciation rate for certain types of depreciable assets. By correcting the mismatch between tax and economic depreciation rates, the METR for the U.K. could be significantly reduced.

TABLE 2 MARGINAL EFFECTIVE TAX RATE ON CAPITAL INVESTMENT, OECD COUNTRIES, 2005–14 (IN PERCENTAGES)

	Marginal Effective Tax Rate										*Statutory Company Income Tax Rate*		
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2014	2005	Change in % points
France	36.0	35.1	35.1	35.1	34.0	35.1	35.1	35.1	35.1	35.4	38.0	35.0	3.0
U.S.	35.3	35.3	35.3	35.3	35.3	35.6	35.6	35.6	35.9	35.9	39.1	39.3	-0.2
S. Korea	30.1	30.1	30.1	30.1	30.1	30.1	32.8	32.8	32.8	32.8	24.2	27.5	-3.3
Japan	29.3	29.3	31.5	31.5	31.5	31.5	31.5	31.5	31.5	31.5	37.0	39.5	-2.5
Austria	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2	25.0	25.0	0.0
Spain	26.0	26.0	26.0	26.0	26.0	26.0	26.0	28.2	30.4	30.4	30.0	35.0	-5.0
Australia	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	30.0	30.0	0.0
Italy	24.5	24.5	24.5	28.0	28.0	28.0	28.1	33.5	33.5	33.5	27.5	33.0	-5.5
Germany	24.4	24.4	24.4	24.4	24.4	24.4	24.4	34.0	34.0	34.0	30.2	38.9	-8.7
U.K.	23.7	25.9	26.9	27.2	29.1	29.0	28.8	30.0	30.0	30.0	21.0	30.0	-9.0
Norway	23.5	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	27.0	28.0	-1.0
Portugal	22.8	22.8	22.8	20.8	20.8	18.8	18.8	18.8	19.6	19.6	31.5	27.5	4.0
New Zealand	21.6	21.6	21.6	21.6	18.2	18.2	18.2	20.5	20.5	20.5	28.0	33.0	-5.0
Canada	**19.0**	**18.8**	**17.5**	**18.8**	**19.9**	**27.3**	**28.0**	**30.9**	**36.2**	**38.8**	**26.3**	**34.2**	**-7.9**
Denmark	18.6	19.0	19.0	19.0	19.0	19.0	19.0	19.0	21.6	21.6	24.5	28.0	-3.5
Belgium	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.0	18.0	23.6	34.0	34.0	0.0
Switzerland	17.5	17.5	17.5	17.5	17.5	17.5	17.5	18.0	18.0	18.0	21.1	21.3	-0.2
Mexico	17.4	17.4	17.4	17.4	17.4	16.0	16.0	16.0	16.7	17.4	30.0	30.0	0.0
Luxembourg	17.2	17.2	17.0	17.0	16.8	16.8	18.4	19.4	19.4	19.8	29.2	30.4	-1.2
Estonia	17.1	17.1	17.1	17.1	17.1	17.1	17.1	18.1	19.1	20.2	21.0	24.0	-3.0
Netherlands	17.1	17.5	17.5	17.5	17.5	17.5	17.5	17.5	20.7	22.3	25.0	31.5	-6.5
Israel	16.1	15.1	15.1	14.4	15.1	15.8	16.5	18.0	19.5	19.5	26.5	34.0	-7.5
Hungary	16.1	16.1	16.1	16.1	16.1	16.6	16.6	16.6	15.3	14.7	19.0	16.0	3.0
Sweden	16.1	16.1	19.5	19.5	19.5	19.5	20.9	20.9	20.9	20.9	22.0	28.0	-6.0
Slovak Republic	14.9	15.6	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	22.0	19.0	3.0
Poland	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	19.0	19.0	0.0
Finland	14.2	17.5	17.5	18.6	18.6	18.6	18.6	18.6	18.6	18.6	20.0	26.0	-6.0
Greece	14.2	14.2	11.3	11.3	13.2	13.7	13.7	13.7	15.8	17.5	26.0	32.0	-6.0
Iceland	14.2	14.2	14.2	14.2	12.6	10.4	10.4	12.6	12.6	18.0	20.0	18.0	2.0
Czech Republic	12.7	12.7	12.7	12.7	12.7	13.5	14.2	16.5	16.5	18.0	19.0	26.0	-7.0
Ireland	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	12.5	12.5	0.0
Slovenia	9.8	9.8	10.5	11.8	11.8	12.4	13.1	13.8	14.5	15.2	17.0	25.0	-8.0
Chile	8.1	7.7	7.7	7.7	6.7	6.7	6.9	7.1	7.3	7.3	20.0	17.0	3.0
Turkey	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	10.9	20.0	30.0	-10.0
OECD Average													
Simple Average	**19.4**	**19.6**	**19.5**	**19.7**	**19.6**	**19.8**	**20.1**	**21.0**	**21.6**	**22.3**	**25.4**	**28.2**	**-2.8**
Weighted Average*	***28.2***	***28.4***	***28.6***	***28.8***	***28.9***	***29.3***	***29.4***	***30.6***	***31.1***	***31.4***	***32.7***	***35.3***	***-2.6***

** Weighted by the average GDP for 2008–12 in 2005 constant U.S. dollars.*

TABLE 3 MARGINAL EFFECTIVE TAX RATE ON CAPITAL INVESTMENT IN 95 COUNTRIES, 2014 VS. 2005 (IN PERCENTAGES)

	Marginal Effective Tax Rate								METR Ranking In Descending Order		Statutory Company Income Tax Rate		
	2014				2005								
	Overall	Manuf.	Services	Sectoral gap	Overall	Manuf.	Services	Sectoral gap	2014	2005	2014	2005	+-% point
Argentina	43.5	48.3	41.8	6.5	43.5	48.3	41.8	6.5	1	3	35.0	35.0	0.0
Chad	37.2	41.8	36.2	5.5	41.0	45.8	40.0	5.8	2	4	40.0	45.0	-5.0
Uzbekistan	37.1	40.0	36.2	3.8	38.4	41.6	37.3	4.3	3	7	15.4	19.0	-3.7
Colombia	36.6	39.1	36.1	3.0	26.5	29.0	26.0	3.1	4	25	34.0	35.0	-1.0
France	36.0	37.7	35.8	1.9	35.4	37.2	35.2	2.0	5	13	38.0	35.0	3.0
U.S.	35.3	33.5	36.8	-3.3	35.9	35.1	36.9	-1.8	6	11	39.1	39.3	-0.1
Guyana	35.2	29.3	35.8	-6.6	38.5	29.3	39.5	-10.2	7	6	30.0	30.0	0.0
India	35.1	29.5	36.4	-6.9	37.8	32.1	39.1	-7.0	8	8	34.0	36.6	-2.6
Uruguay	32.8	34.8	32.3	2.4	37.4	39.6	36.9	2.7	9	9	25.0	30.0	-5.0
Brazil	31.7	34.5	31.1	3.4	35.5	34.5	35.8	-1.2	10	12	25.0	34.0	-9.0
Russia	30.4	32.7	29.9	2.8	36.6	39.2	36.0	3.1	11	10	20.0	22.0	-2.0
Venezuela	30.2	30.8	30.0	0.7	30.2	30.8	30.0	0.7	12	20	34.0	34.0	0.0
S. Korea	30.1	32.4	29.0	3.4	32.8	35.3	31.6	3.7	13	17	24.2	27.5	-3.3
Japan	29.3	29.4	29.3	0.1	31.5	31.7	31.5	0.2	14	18	37.0	39.5	-2.6
Costa Rica	27.9	34.1	26.3	7.8	27.9	34.1	26.3	7.8	15	24	30.0	30.0	0.0
Austria	26.2	26.2	26.2	-0.1	26.2	26.2	26.2	-0.1	16	27	25.0	25.0	0.0
Spain	26.0	25.1	26.2	-1.1	30.4	29.3	30.5	-1.2	17	19	30.0	35.0	-5.0
Australia	25.9	27.6	25.7	1.9	25.9	27.6	25.7	1.9	18	28	30.0	30.0	0.0
Pakistan	25.3	28.4	24.6	3.8	26.3	29.4	25.5	3.9	19	26	34.0	35.0	-1.0
Italy	24.5	26.7	24.0	2.7	33.5	31.5	33.9	-2.4	20	16	27.5	33.0	-5.5
Germany	24.4	26.6	23.8	2.8	34.0	36.3	33.3	3.1	21	14	30.2	38.9	-8.7
Lesotho	24.2	12.6	27.4	-14.8	33.8	18.6	37.9	-19.3	22	15	10.0	35.0	-25.0
Philippines	24.1	25.1	23.7	1.4	28.6	29.7	28.2	1.5	23	23	30.0	35.0	-5.0
Dominican R.	23.9	26.7	23.1	3.6	22.8	23.8	22.5	1.3	24	37	28.0	25.0	3.0
U.K.	23.7	22.5	23.9	-1.3	30.0	27.7	30.3	-2.6	25	21	21.0	30.0	-9.0
Norway	23.5	22.3	23.6	-1.4	24.4	23.1	24.6	-1.4	26	32	27.0	28.0	-1.0
Portugal	22.8	20.7	23.2	-2.6	19.6	17.6	19.9	-2.3	27	51	31.5	27.5	4.0
Peru	22.8	29.7	21.2	8.5	22.8	29.7	21.2	8.5	28	35	30.0	30.0	0.0
Kazakhstan	21.8	25.9	21.1	4.8	29.4	34.1	28.6	5.5	29	22	32.0	40.5	-8.5
New Zealand	21.6	22.4	21.5	1.0	20.5	18.5	20.9	-2.3	30	45	28.0	33.0	-5.0
Bolivia	21.0	28.0	19.4	8.6	21.0	28.0	19.4	8.6	31	41	25.0	25.0	0.0
Panama	20.5	21.0	20.4	0.6	25.0	25.6	24.9	0.7	32	30	25.0	30.0	-5.0
Indonesia	19.6	22.6	18.2	4.4	24.0	27.3	22.4	4.9	33	33	25.0	30.0	-5.0
Ecuador	19.3	24.1	18.3	5.9	20.1	25.2	19.0	6.2	34	49	22.0	25.0	-3.0
Saudi Arabia	19.3	17.9	19.6	-1.7	20.6	17.9	21.3	-3.3	35	43	20.0	20.0	0.0
Georgia	19.2	20.9	18.9	2.0	22.5	24.5	22.1	2.4	36	38	15.0	20.0	-5.0
Canada	**19.0**	**8.2**	**23.0**	**-14.8**	**38.8**	**35.4**	**41.8**	**-6.4**	**37**	**5**	**26.3**	**34.2**	**-7.9**
Denmark	18.6	20.6	18.3	2.3	21.6	23.8	21.2	2.5	38	40	24.5	28.0	-3.5
Rwanda	18.5	26.0	17.7	8.3	18.5	26.0	17.7	8.3	39	56	30.0	30.0	0.0

Belgium	18.5	17.7	18.7	-0.9	23.6	22.6	23.7	-1.1	40	34	34.0	34.0	0.0
Tunisia	18.4	20.6	17.9	2.7	25.7	28.5	25.0	3.4	41	29	25.0	35.0	-10.0
China	18.1	21.4	15.7	5.6	45.2	47.6	43.5	4.1	42	1	25.0	25.0	0.0
Tanzania	18.0	13.2	18.8	-5.7	18.0	13.2	18.8	-5.7	43	59	30.0	30.0	0.0
Switzerland	17.5	16.7	17.7	-1.0	18.0	17.2	18.2	-1.0	44	58	21.1	21.3	-0.2
Zambia	17.4	22.9	16.6	6.4	17.4	22.9	16.6	6.4	45	62	35.0	35.0	0.0
Mexico	17.4	18.9	17.0	1.9	17.4	18.9	17.0	1.9	46	63	30.0	30.0	0.0
Luxembourg	17.2	18.4	17.2	1.2	19.8	21.1	19.8	1.3	47	50	29.2	30.4	-1.2
Estonia	17.1	17.1	17.1	0.0	20.2	20.2	20.2	0.0	48	48	21.0	24.0	-3.0
Netherlands	17.1	16.0	17.3	-1.3	22.3	21.0	22.5	-1.5	49	39	25.0	31.5	-6.5
Malaysia	16.6	18.3	15.9	2.4	18.9	20.7	18.1	2.6	50	54	25.0	28.0	-3.0
Sierra Leone	16.4	11.3	16.7	-5.4	20.5	15.0	20.9	-5.9	51	44	15.0	35.0	-20.0
Israel	16.1	14.2	16.5	-2.3	19.5	17.4	19.9	-2.5	52	52	26.5	34.0	-7.5
Hungary	16.1	17.4	15.7	1.8	14.7	15.9	14.3	1.5	53	75	19.0	16.0	3.0
Sweden	16.1	14.9	16.4	-1.5	20.9	19.5	21.3	-1.8	54	42	22.0	28.0	-6.0
Ethiopia	15.8	28.3	14.6	13.7	15.8	28.3	14.6	13.7	55	71	30.0	30.0	0.0
Kenya	15.1	-8.7	19.6	-28.3	15.1	-8.7	19.6	-28.3	56	74	30.0	30.0	0.0
Slovak Republic	14.9	19.0	13.3	5.7	12.7	16.3	11.2	5.1	57	84	22.0	19.0	3.0
Poland	14.6	14.0	14.8	-0.9	14.6	14.0	14.8	-0.9	58	78	19.0	19.0	0.0
Ghana	14.6	14.5	14.6	-0.1	14.6	14.5	14.6	-0.1	59	79	25.0	25.0	0.0
Bangladesh	14.5	12.7	15.0	-2.3	16.3	14.4	16.8	-2.5	60	68	27.5	30.0	-2.5
Finland	14.2	15.9	13.8	2.2	18.6	20.6	18.0	2.7	61	55	20.0	26.0	-6.0
South Africa	14.2	15.5	13.9	1.6	15.6	17.0	15.3	1.7	62	72	28.0	30.0	-2.0
Greece	14.2	13.2	14.3	-1.1	17.5	16.3	17.6	-1.3	63	61	26.0	32.0	-6.0
Iceland	14.2	11.6	14.5	-2.9	18.0	16.5	18.2	-1.8	64	60	20.0	18.0	2.0
Jamaica	13.8	10.0	14.2	-4.2	20.2	15.1	20.7	-5.6	65	47	25.0	33.3	-8.3
Fiji	13.8	17.5	13.1	4.5	22.8	27.9	21.8	6.2	66	36	20.0	31.0	-11.0
Uganda	13.4	8.0	14.0	-6.0	13.4	8.0	14.0	-6.0	67	81	30.0	30.0	0.0
Iran	13.3	24.7	10.4	14.2	13.3	24.7	10.4	14.2	68	82	25.0	25.0	0.0
Trinidad	13.3	5.4	17.3	-11.9	16.8	7.7	21.4	-13.7	69	65	25.0	30.0	-5.0
Morocco	12.9	17.0	12.1	4.9	16.0	20.6	15.0	5.6	70	69	30.0	35.0	-5.0
Czech Republic	12.7	12.9	12.6	0.3	18.0	18.3	17.9	0.4	71	57	19.0	26.0	-7.0
Botswana	12.6	8.6	13.1	-4.4	14.6	8.6	15.2	-6.6	72	77	15.0	25.0	-10.0
Madagascar	12.6	16.7	11.7	5.0	20.5	25.9	19.2	6.7	73	46	20.0	30.0	-10.0
Nigeria	12.0	20.2	11.2	9.0	12.0	20.2	11.2	9.0	74	85	32.0	32.0	0.0
Taiwan	10.7	12.9	9.8	3.1	16.4	19.4	15.1	4.3	75	67	17.0	25.0	-8.0
Vietnam	10.7	17.1	7.9	9.2	14.7	22.5	11.3	11.2	76	76	22.0	28.0	-6.0
Egypt	10.4	13.4	9.4	4.0	16.6	20.6	15.4	5.3	77	66	25.0	34.0	-9.0
Ireland	10.2	9.2	10.4	-1.1	10.2	9.2	10.4	-1.1	78	88	12.5	12.5	0.0
Slovenia	9.8	9.9	9.8	0.2	15.2	15.4	15.2	0.3	79	73	17.0	25.0	-8.0
Thailand	9.7	12.2	8.3	3.9	15.9	19.5	13.9	5.6	80	70	20.0	30.0	-10.0
Singapore	9.2	7.0	10.1	-3.1	11.1	8.6	12.1	-3.5	81	86	17.0	20.0	-3.0
Ukraine	9.2	12.2	8.3	3.9	13.0	16.8	11.8	4.9	82	83	19.0	25.0	-6.0
Croatia	9.0	11.4	8.5	2.9	9.0	11.4	8.5	2.9	83	89	22.0	22.0	0.0
Jordan	8.8	10.4	8.5	1.9	17.2	12.3	18.4	-6.1	84	64	14.0	23.2	-9.2

Romania	8.6	10.9	7.8	3.1	8.6	10.9	7.8	3.1	85	90	16.0	35.0	-19.0
Kuwait	8.5	9.3	8.4	0.9	45.1	50.4	44.4	6.1	86	2	15.0	55.0	-40.0
Mauritius	8.0	8.5	7.9	0.7	14.5	15.4	14.3	1.1	87	80	15.0	25.0	-10.0
Paraguay	7.7	10.2	7.2	3.0	24.7	30.3	23.5	6.8	88	31	10.0	30.0	-20.0
Chile	8.1	8.8	7.9	0.9	7.3	7.9	7.1	0.8	89	92	20.0	17.0	3.0
Latvia	6.3	7.1	6.2	0.9	6.3	7.1	6.2	0.9	90	93	15.0	15.0	0.0
Turkey	5.7	4.9	6.0	-1.0	10.9	9.9	11.2	-1.3	91	87	20.0	30.0	-10
Bulgaria	5.1	5.2	5.0	0.2	7.9	8.1	7.8	0.3	92	91	10.0	15.0	-5.0
Qatar	4.6	6.1	4.4	1.7	19.4	23.8	18.6	5.2	93	53	10.0	35.0	-25.0
Hong Kong	3.4	3.1	3.4	-0.3	3.7	3.4	3.7	-0.3	94	94	16.5	17.5	-1.0
Serbia	-1.3	-8.6	0.3	-8.9	-3.5	-11.0	-1.8	-9.2	95	95	30	10	20
Simple Average	18.3	19.0	18.1	0.8	21.9	22.5	21.7	0.8			24.4	28.8	-4.4
Weighted Average*	22.1	22.4	22.1	0.3	28.7	29.7	28.7	1.0			33.0	42.2	-9.2

** Weighted by the average GDP for 2008–12 in 2005 constant U.S. dollars.*

Other OECD member countries, including Denmark, Finland, Norway and Slovakia, adopted a rate reduction for corporations.

Denmark reduced its corporate tax rate by one-half of a percentage point to 24.5 per cent for 2014, and will further reduce it to 23.5 per cent in 2015 and 22 per cent in 2016.

Finland reduced its corporate tax rate from 24.5 per cent to 20 per cent, effective 2014. In the meantime, it introduced several base-broadening measures including ending certain research and development tax incentives and accelerated depreciation allowances, eliminating the allowance for entertainment expenses, and tightening up the restriction on deductions for interest payments within the same group of companies.[16]

Similarly, **Norway** reduced its corporate income tax rate from 28 to 27 per cent, effective as of 2014, and tightened up the interest-deductibility restriction applied to related-party debt. **Slovakia** also reduced its corporate income tax rate from 23 per cent to 22 per cent.

Among non-OECD countries, Dominican Republic, Jamaica, Pakistan, Tunisia, Uzbekistan and Vietnam reduced their corporate tax rates.

Dominican Republic reduced its corporate tax rate from 29 to 28 per cent for 2014 and will further reduce it to 27 per cent in 2015, although its rate was as low as 25 per cent in 2005 and 2007–10.

Jamaica, with the expiration of its temporary five per cent surtax for 2013, has delivered a total rate reduction of eight-and-a-half percentage points for non-financial companies, going from 33⅓ per cent in 2012 to 25 per cent in 2014.

Similarly, **Pakistan** reduced the corporate tax rate for non-banking sectors from 35 to 34 per cent, **Tunisia** reduced its general corporate tax rate from 30 to 25 per cent, and **Vietnam** reduced its corporate tax rate from 25 to 22 per cent, effective Jan. 1, 2014.

[16] Kristiina Äimä, "Finnish Tax News," *Nordic Tax Journal* (2014): 1, http://www.djoef-forlag.dk/sites/ntj/files/2014/2014_13.pdf.

Several OECD countries also planned future tax reduction for their companies. Among these countries, Japan and France stand out because they have long been, respectively, the second- and third-highest-taxed OECD member countries after the U.S. Japan has announced a plan over the next two years to lower the Japanese corporate tax rate by 3.2 percentage points to 31.3 per cent by 2016 (the Abe government wishes to further reduce the rate below 30 per cent in the future). The plan also includes several base-broadening measures such as reducing or eliminating certain credits and deductions.

France will reduce its general corporate tax rate from the current 34.43 per cent to 28.92 per cent by 2020.[17] Also noteworthy is the Spanish tax reform plan, which is aiming at an ultimate corporate tax rate of 25 per cent accompanied by certain base-broadening measures, including tightening up its thin-capitalization rule and the restriction on loss carryovers, and aligning the capital cost allowance with the economic depreciation rate.

Australia is another country expected to lower its corporate tax rates in coming years. Switzerland is also contemplating a serious corporate tax reform including lowering the tax rates at the canton level, introducing a deduction for nominal equity costs, and abolishing the one per cent tax on capital contributions.

Malaysia's Prime Minister and Finance Minister Najib Razak outlined on October 10 several proposals to ease the burden of the country's impending goods and services tax regime, such as excluding more items from the scope of the tax and decreasing corporate and individual tax rates. For the 2016 assessment year, the corporate tax rate would drop from 25 to 24 per cent, while the rate for small and medium-sized enterprises would shrink from 20 to 19 per cent.

In **Peru**, Minister of Economy and Finance Alonso Segura Vasi on November 21 submitted to the parliament Bill 4007/2014-PE, which would gradually reduce the corporate tax rate (currently 30 per cent) beginning in 2015 to 26 per cent by 2019. The corporate tax cut would be compensated by an increase in the dividend tax rate, which is currently 4.1 per cent.

Leaning against this trend of tax reduction, **Israel** increased its standard corporate income tax rates from 25 to 26.5 per cent. **Chile** has also phased in a five-percentage-point corporate tax rate increase from 20 to 25 per cent from 2014 to 2017. **South Korea** is proceeding with several tax proposals that will trim companies' bottom lines, including tightening the thin-capitalization threshold, subjecting retained earnings to additional tax, and reducing the scope of creditable foreign taxes. The government released the proposals on August 6 in a '2015 tax-revision' bill which was subsequently adopted and went into force on Dec 23, 2014, giving companies little time to prepare. A company with net equity in excess of 50 billion won (about $47.3 million) will be subject to a 10 per cent tax on a significant portion of retained earnings.

HOW CANADA'S PROVINCES COMPARE

With respect to individual provinces, tax competitiveness varies widely. Some provinces are near the top of the list with among the highest tax burdens on capital investments in the world. Others are very low on the list, with tax regimes more competitive than the global average (Table 4 below provides the OECD comparison and Table 5 provides a breakdown of METR by province and industry).

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[17] France's current corporate income tax rate is 38 percent including a temporary surtax of 10.7 percent of tax paid that is to be phased out by 2020.

Manitoba, British Columbia and **Saskatchewan** have relatively high METRs on capital investment ranking these jurisdictions among the large high-tax countries in the world, such as Japan, Italy and Germany (Table 4). All three provinces continue to levy the retail sales tax, which results in a significant tax on capital investments (other provinces have harmonized their sales tax with the federal GST, and Alberta has no sales tax, so capital taxation is less severe). These provinces also tend to have corporate income tax rates above the unweighted OECD average of 25.3 per cent (Table 3): British Columbia's is 26 per cent and Manitoba's 27 per cent. These provinces heavily tax construction, communications, transportation, trade, and service industries, with METRs well above 30 per cent.

The two most populous provinces — **Ontario and Quebec** — have METRs that are 20th-and 30th-highest among industrialized nations. Both have virtually eliminated sales taxes on capital purchases by adopting the HST, as well as generally eliminating the capital taxes that resulted in high METRs back in 2005. The Ontario and Quebec general corporate income tax rates are 26.5 and 26.9 per cent respectively, higher than the OECD unweighted average. Quebec relies on a number of special tax preferences that reduce the tax burden on investments in manufacturing and forestry, but also lead to substantial differentiation of tax burdens across industries and regions.[18] The largest incentives include the small-business tax deduction ($578 million) and tax assistance that generally comes in the form of various tax credits ($2.5 billion), although the province is reducing tax assistance by close to $500 million by 2016–17. Ontario also has a number of tax preferences for investments, but these are limited and often of little consequence except for the small-business tax deduction (cost of $1.595 billion), manufacturing and resource tax relief ($183 million), and research and development tax credits ($170 million).[19]

Alberta, with its philosophy of low corporate rates and few special preferences, has a METR somewhat below the OECD average. It has the smallest variation in METRs across industries compared to other provinces.

The lowest METRs are found in the four **Atlantic provinces**, primarily as a result of the federal Atlantic investment tax credit and various provincial tax credits aimed at forestry and manufacturing industries. These provinces more heavily tax construction, transportation, communication, trade, and service sectors compared to Alberta. In many cases, the Atlantic provinces tax the various service industries more heavily than neighbouring province Quebec.

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18 Finances Québec, *Québec's Corporate Taxation System* (Government of Quebec: 2014).

19 See Ontario Budget 2014. Tax expenditures are provided in the Fall Economic Outlook and Update: http://www.fin.gov.on.ca/en/budget/fallstatement/2014/transparency.html. Ontario also provides a 10 per cent refundable innovation tax credit that is included as a program expenditure.

TABLE 4 METR FOR CANADIAN PROVINCES, RANKED AMONG THE OECD COUNTRIES (IN PERCENTAGES)

	Marginal Effective Tax Rate										
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2014 ranking
France	36.0	35.1	35.1	35.1	34.0	35.1	35.1	35.1	35.1	35.4	1
U.S.	35.3	35.3	35.3	35.3	35.3	35.6	35.6	35.6	35.9	35.9	2
S. Korea	30.1	30.1	30.1	30.1	30.1	30.1	32.8	32.8	32.8	32.8	3
Japan	29.3	29.3	31.5	31.5	31.5	31.5	31.5	31.5	31.5	31.5	4
Manitoba	**27.9**	**27.9**	**26.2**	**27.2**	**29.8**	**31.1**	**33.0**	**36.3**	**40.6**	**39.6**	**5**
British Columbia	**27.5**	**27.5**	**17.8**	**19.0**	**19.9**	**29.1**	**29.5**	**32.2**	**35.2**	**39.2**	**6**
Austria	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2	7
Spain	26.0	26.0	26.0	26.0	26.0	26.0	26.0	28.2	30.4	30.4	8
Australia	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	25.9	9
Italy	24.5	24.5	24.5	28.0	28.0	28.0	28.1	33.5	33.5	33.5	10
Germany	24.4	24.4	24.4	24.4	24.4	24.4	24.4	34.0	34.0	34.0	11
Saskatchewan	**24.3**	**24.3**	**24.3**	**25.3**	**26.0**	**26.3**	**26.8**	**31.4**	**38.3**	**43.7**	**12**
U.K.	23.7	25.9	26.9	27.2	29.1	29.0	28.8	30.0	30.0	30.0	13
Norway	23.5	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	14
Portugal	22.8	22.8	22.8	20.8	20.8	18.8	18.8	18.8	19.6	19.6	15
New Zealand	21.6	21.6	21.6	21.6	18.2	18.2	18.2	20.5	20.5	20.5	16
Canada	**19.0**	**18.8**	**17.4**	**18.7**	**19.8**	**27.3**	**28.0**	**30.9**	**36.2**	**38.8**	**17**
Denmark	18.6	19.0	19.0	19.0	19.0	19.0	19.0	19.0	21.6	21.6	18
Belgium	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.0	18.0	23.6	19
Ontario	**18.2**	**18.2**	**18.2**	**19.3**	**20.3**	**32.9**	**33.2**	**35.1**	**40.7**	**43.3**	**20**
Switzerland	17.5	17.5	17.5	17.5	17.5	17.5	17.5	18.0	18.0	18.0	21
Mexico	17.4	17.4	17.4	17.4	17.4	16.0	16.0	16.0	16.7	17.4	22
Luxembourg	17.2	17.2	17.0	17.0	16.8	16.8	18.4	19.4	19.4	19.8	23
Estonia	17.1	17.1	17.1	17.1	17.1	17.1	17.1	18.1	19.1	20.2	24
Netherlands	17.1	17.5	17.5	17.5	17.5	17.5	17.5	17.5	20.7	22.3	25
Alberta	**17.0**	**17.0**	**17.0**	**18.2**	**19.0**	**20.0**	**20.6**	**23.0**	**26.6**	**31.7**	**26**
Israel	16.1	15.1	15.1	14.4	15.1	15.8	16.5	18.0	19.5	19.5	27
Hungary	16.1	16.1	16.1	16.1	16.1	16.6	16.6	16.6	15.3	14.7	28
Sweden	16.1	16.1	19.5	19.5	19.5	19.5	20.9	20.9	20.9	20.9	29
Quebec	**15.9**	**15.2**	**15.2**	**17.5**	**18.5**	**19.9**	**21.1**	**26.2**	**33.7**	**36.1**	**30**
Slovak Republic	14.9	15.6	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	31
Poland	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	32
Finland	14.2	17.5	17.5	18.6	18.6	18.6	18.6	18.6	18.6	18.6	33
Greece	14.2	14.2	11.3	11.3	13.2	13.7	13.7	13.7	15.8	17.5	34
Iceland	14.2	14.2	14.2	14.2	12.6	10.4	10.4	12.6	12.6	18.0	35
Nova Scotia	**13.4**	**13.4**	**13.4**	**15.7**	**17.5**	**19.6**	**21.0**	**24.2**	**29.3**	**28.1**	**36**
Czech Republic	12.7	12.7	12.7	12.7	12.7	13.5	14.2	16.5	16.5	18.0	37
P.E.I.	**11.4**	**11.4**	**28.1**	**29.2**	**29.8**	**30.7**	**31.2**	**33.4**	**37.0**	**37.5**	**38**
Newfoundland	**10.7**	**10.7**	**10.7**	**12.1**	**13.1**	**14.7**	**15.5**	**18.4**	**22.1**	**21.1**	**39**
Ireland	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	40
Slovenia	9.8	9.8	10.5	11.8	11.8	12.4	13.1	13.8	14.5	15.2	41
Chile	7.7	7.7	7.7	7.7	6.7	6.7	6.9	7.1	7.3	7.3	41
Turkey	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	10.9	43
New Brunswick	**4.8**	**4.8**	**2.8**	**4.3**	**6.3**	**8.6**	**16.9**	**21.0**	**27.1**	**22.3**	**44**

TABLE 5 MARGINAL EFFECTIVE TAX RATE ON CAPITAL INVESTMENT IN CANADA: 2014 (IN PERCENTAGES)

	Forestry	Utility	Constr.	Manuf.	W. Trade	R. Trade	Transp.	Comm.	Other Serv.	Aggregate
Canada	3.2	19.3	24.8	8.2	23.1	23.5	19.8	23.9	25.4	19.0
NF	-51.0	NA	24.3	-40.1	21.8	23.5	19.4	22.0	21.8	10.7
PEI	-126.9	NA	26.5	-89.7	25.6	26.0	23.2	23.9	26.9	11.4
NS	-40.6	21.9	26.5	-29.1	25.4	25.7	21.1	23.9	23.7	13.4
NB	-43.1	18.7	22.8	-32.4	21.8	22.2	17.8	20.5	20.3	4.8
PQ	-0.5	18.7	22.7	4.6	22.1	22.4	17.1	20.4	24.6	15.9
ON	8.9	18.3	22.3	10.9	21.4	21.9	17.5	20.0	24.4	18.2
MB	1.8	24.8	36.8	2.7	31.1	30.8	28.6	40.3	37.3	27.9
SK	9.3	22.9	32.1	11.7	29.0	28.2	23.5	35.4	31.1	24.3
AB	9.6	17.2	21.0	13.1	20.1	20.4	16.6	18.8	18.7	17.0
BC	14.6	23.5	34.6	17.2	29.4	29.1	24.4	37.5	33.1	27.5

Source: Authors' estimate.

AN AGENDA FOR CORPORATE TAX REFORM

Canada should not lose sight of the need to further reform the corporate income tax. Some provinces continue to have uncompetitive tax regimes. Certainly, there is quite a wide variation in tax burdens among industries, assets and types of businesses.

The aim of reform should be to reduce the harmful impact of corporate taxation that undermines economic growth. As Dahlby points out,[20] corporate taxes in Canada impose the highest economic burden compared to all other taxes in Canada, especially at the provincial level.

The key elements for further tax reform include the following:

- *Reducing targeted tax assistance*: Federal and provincial governments favour certain business activities, such as manufacturing, resource and forestry,[21] while heavily taxing construction and various service sectors. Indeed, Canada has a tax regime that favours manufacturing to a far greater extent than in any other OECD country. Yet, the favourable regime towards manufacturing has had little impact in forestalling the same decline of manufacturing as has occurred in most industrialized countries over the last four decades. In other words, the tax preferences have not worked, suggesting that governments are not necessarily wisest in picking growth industries to support.

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[20] B. Dahlby, "Reforming the Tax Mix in Canada," University of Calgary School of Public Policy Research Paper 5, 14 (2012).

[21] As we have shown in other work, mining activities are also preferentially treated by the corporate and resource tax system. Oil and gas investments are generally more heavily taxed than other business investments except in Newfoundland and Labrador and Nova Scotia (as well as shale gas in British Columbia, which faces a royalty regime similar to Nova Scotia). See D. Chen and J. Mintz, "Repairing Canada's Mining Tax System to be Less Distorting and Complex," University of Calgary School of Public Policy Research Paper 6, 18 (2013); and J. Mintz and D. Chen, "Capturing Rents from Resources through Royalties and Taxes," University of Calgary School of Public Policy Research Paper 5, 30 (2012).

- *Small business*: Canada favours very small businesses (those with less than $15 million in assets) with targeted tax relief. As we have remarked elsewhere, the small-business tax preference creates a taxation wall for growth[22] since the small-business METR is substantially below that for medium-sized and large businesses. Other incentives for small-business growth, such as accelerated depreciation and provisions to defer capital-gains taxes when a small business becomes public, would reduce the tax barrier to growth. In a forthcoming paper, P. Bazel and J. Mintz find that almost 60 per cent of the value of the small-business deduction accrues to households with more than $200,000 in income.[23] At the federal level, the tax rates on large/medium-sized and small businesses — 15 per cent compared to 11 per cent respectively — has been substantially reduced in the past decade and a half with the reduction in the general rates. The provinces however, have gone overboard in supporting small business with some even applying a tax rate of zero per cent (Manitoba) with the smallest differential in Quebec at 3.9 percentage points. Overall, small-business tax rates are roughly 10 percentage points below the general rate.

- *Reforming sales tax systems*: Three western provinces — British Columbia, Manitoba and Saskatchewan — levy quite high sales taxes on capital goods due to retail sales tax. While it would be preferable if these provinces adopted a sales tax harmonized with the federal GST, as all provinces east of Manitoba-Ontario border have done, at least the provinces should be considering measures to adopt a quasi-refund system under the corporate tax to remove provincial sales taxes on capital inputs. Even though Alberta has no sales tax, it could help make its business and personal tax regime more competitive by adopting a harmonized sales tax, with HST revenues used to reduce personal and corporate taxes.[24]

- *Uniform corporate tax regime*: With a number of base-broadening measures, especially with respect to tax preferences for resource and manufacturing industries, the revenues could be used to reduce corporate income tax rates to 20 per cent: 11 per cent federal and nine per cent provincial. This attractive corporate tax rate — which will be similar to the U.K. corporate tax rate of 20 per cent as of April 1, 2015 — will encourage capital investment and attract profits to Canada. With the removal of the manufacturing and processing and small-business deductions at federal and provincial tax rates, Canada could adopt a uniform tax regime at 20 per cent, similar to the United Kingdom.

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[22] D. Chen and J. Mintz, "Small Business Taxation: Revamping Incentives to Encourage Growth," University of Calgary School of Public Policy Research Paper 4, 7 (2011). The small-business tax regime also primarily benefits high-income households.

[23] The distributional consequences of the small-business deduction is also discussed by M. Wolfson, M. Veal and N. Brooks, "Piercing the Veil — Private Corporations and Income of the Affluent," manuscript, 2014.

[24] P. Bazel and J. Mintz, "Enhancing the Alberta Tax Advantage with a Harmonized Sales Tax," University of Calgary School of Public Policy Research Paper 6, 29 (2013).

CONCLUSIONS

Canada had made tremendous progress by reducing the tax burden on business investments, in comparison to the international average. Nonetheless, we are beginning to lose a tax-competitive advantage. In 2012, Canada had the 19th-highest tax burden on large corporate investment amongst 34 OECD countries; now its corporate tax burden is 14th-highest.

In 2014, the Canadian METR, at 19.0 per cent, has increased slightly compared to 2013. While we stood pat in 2014, other countries continued to reduce tax burdens on corporate investment.

Federal and provincial governments should not become complacent in business-tax policy. We can improve our tax advantage and prospects for economic growth by further reducing rates and broadening tax bases. Without a significant revenue cost to federal and provincial governments, Canada could move to a single uniform corporate income rate of 20 per cent on all businesses no matter their sector or size, with a federal rate of 11 per cent and provincial rate of nine per cent, on average. This reform would put us in a similar league as the United Kingdom, which has pushed corporate tax reform as a means of growing its economy.

APPENDIX: TAX PARAMETERS USED IN ESTIMATES

	Corporate Income Tax Rates											
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**	**Tax Depreciation range**	**Inventory accounting**
Argentina	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	2.0 - 20.0	FIFO
Australia	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	4.0 - optional	Optional
Austria	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	2.0 - 25.0	Optional
Bangladesh	27.5	27.5	27.5	27.5	27.5	27.5	27.5	30.0	30.0	30.0	***10.0 - 100***	Optional
Belgium	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	5.0 - 33.0 (F)	LIFO
Bolivia	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	2.5 - 25.0	FIFO
Botswana	22.0	22.0	22.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	2.5 - 25.0	Optional
Brazil	25.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	4.0 - 20.0	Optional
Bulgaria	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	15.0	15.0	4.0 - 50.0	Optional
Canada	26.3	26.3	26.1	27.6	29.4	31.0	31.4	34.0	33.9	34.2	4.0 - 55.0	FIFO
Chad	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	45.0	5.0 - 33.3	Optional
Chile	21.0	20.0	20.0	20.0	17.0	17.0	17.0	17.0	17.0	17.0	2.5 - 33.3	LIFO
China	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	5.0 - 20.0	Optional
Colombia	34.0	34.0	33.0	33.0	33.0	33.0	33.0	34.0	35.0	35.0	5.0 - 20.0	LIFO
Costa Rica	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	2.0 - 34.0	Optional
Croatia	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	10.0 - 50.0	Optional
Czech Rep	19.0	19.0	19.0	19.0	19.0	20.0	21.0	24.0	24.0	26.0	2.0 - 33.3	Optional
Denmark	24.5	25.0	25.0	25.0	25.0	25.0	25.0	25.0	28.0	28.0	4.0 - ***25.0***	FIFO
Dominican Republic	28.0	29.0	29.0	29.0	25.0	25.0	25.0	25.0	30.0	25.0	***5.0 - 25.0***	
Ecuador	22.0	22.0	23.0	24.0	25.0	25.0	25.0	25.0	25.0	25.0	5.0 - 33.3	Optional
Egypt	25.0	25.0	25.0	25.0	20.0	20.0	20.0	20.0	20.0	34.0	5.0 - ***50.0***	Optional
Estonia	21.0	21.0	21.0	21.0	21.0	21.0	21.0	22.0	23.0	24.0	N/A	NA
Ethiopia	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	5.0 - ***25.0***	Optional
Fiji	20.0	20.0	20.0	28.0	28.0	29.0	31.0	31.0	31.0	31.0	2.5 - 40.0	FIFO
Finland	20.0	24.5	24.5	26.0	26.0	26.0	26.0	26.0	26.0	26.0	***4.0 - 25.0***	FIFO
France	38.0	36.1	36.1	36.1	34.4	34.4	34.4	34.4	34.4	35.0	2.0 - 25.0	Optional
Georgia	15.0	15.0	15.0	15.0	15.0	15.0	15.0	20.0	20.0	20.0	***5.0 - 20.0 +***	Optional
Germany	30.2	30.2	30.2	30.2	30.2	30.2	30.2	38.9	38.9	38.9	3.0 - 33.3	LIFO
Ghana	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	10.0 - ***40.0***	Optional
Greece	26.0	26.0	20.0	20.0	24.0	25.0	25.0	25.0	29.0	32.0	5.0 - 20.0	Optional
Guyana	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	***0 - 33.3***	
Hong Kong	16.5	16.5	16.5	16.5	16.5	16.5	16.5	17.5	17.5	17.5	***4.0 - 100 +***	Optional
Hungary	19.0	19.0	19.0	19.0	19.0	20.0	20.0	20.0	17.3	16.0	2.0 - 50.0	FIFO
Iceland	20.0	20.0	20.0	20.0	18.0	15.0	15.0	18.0	18.0	18.0	1.0 - ***35.0***	FIFO
India	34.0	34.0	32.4	32.4	33.2	34.0	34.0	34.0	33.7	36.6	***10.0 - 30.0***	Optional
Indonesia	25.0	25.0	25.0	25.0	25.0	28.0	30.0	30.0	30.0	30.0	5.0 - 25.0	Optional
Iran	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	5.0 - 17.5	Optional
Ireland	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	4.0 - 12.5	FIFO
Israel	26.5	25.0	25.0	24.0	25.0	26.0	27.0	29.0	31.0	34.0	1.5 - 33.0	Optional
Italy	27.5	27.5	27.5	27.5	27.5	27.5	27.5	33.0	33.0	33.0	3.0 - 15.0	Optional
Jamaica	25.0	30.0	33.3	33.3	33.3	33.3	33.3	33.3	33.3	33.3	2.5 - 22.5 +	Optional

Japan	37.0	37.0	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	2.0 - 50.0	Optional
Jordan	15.1	15.1	15.1	15.1	15.1	23.2	23.2	23.2	23.2	23.2	4.0 - 25.0	FIFO
Kazakhstan	32.0	29.9	29.9	29.9	29.9	32.0	40.5	40.5	40.5	40.5	***10.0 - 40.0***	Optional
Kenya	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	10.0 - ***37.5***	Optional
S. Korea	24.2	24.2	24.2	24.2	24.2	24.2	27.5	27.5	27.5	27.5	2.5 - 45.1	Optional
Kuwait	15.0	15.0	15.0	15.0	15.0	15.0	15.0	55.0	55.0	55.0	4.0 - 33.3	Optional
Latvia	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	***10.0 - 70.0***	Optional
Lesotho	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	35.0	***5.0 - 25.0***	FIFO
Luxembourg	29.2	29.2	28.8	28.8	28.6	28.6	29.6	29.6	29.6	30.4	1.5 - 25.0	Optional
Madagascar	20.0	20.0	21.0	22.0	23.0	24.0	25.0	30.0	30.0	30.0	5.0- 25.0	Optional
Malaysia	25.0	25.0	25.0	25.0	25.0	25.0	26.0	27.0	28.0	28.0	3.0 - 20.0	FIFO
Mauritius	15.0	15.0	15.0	15.0	15.0	15.0	15.0	22.5	25.0	25.0	5.0 - ***50.0***	Optional
Mexico	30.0	30.0	30.0	30.0	30.0	28.0	28.0	28.0	29.0	30.0	5.0 - 30.0	LIFO
Morocco	30.0	30.0	30.0	30.0	30.0	30.0	30.0	35.0	35.0	35.0	4.0 - 25.0	Optional
Netherlands	25.0	25.0	25.0	25.0	25.5	25.5	25.5	25.5	29.6	31.5	R - 20.0	Optional
New Zealand	28.0	28.0	28.0	28.0	30.0	30.0	30.0	33.0	33.0	33.0	0.0 - 40.0	Optional
Nigeria	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	10.0 - 25.0 +	FIFO
Norway	27.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	28.0	***2.0 - 30.0***	FIFO
Pakistan	34.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	***10.0 - 30.0***	Optional
Panama	25.0	25.0	25.0	25.0	27.5	30.0	30.0	30.0	30.0	30.0	Flexible with ceiling	
Paraguay	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	30.0	2.5 - 25.0	
Peru	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	5.0 - 25.0	Optional
Philippines	30.0	30.0	30.0	30.0	30.0	30.0	35.0	35.0	35.0	35.0	Optional	Optional
Poland	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	1.5 - 30.0	Optional
Portugal	31.5	31.5	31.5	28.5	26.5	26.5	26.5	26.5	27.5	27.5	2.0 - 33.3	Optional
Qatar	10.0	10.0	10.0	10.0	10.0	35.0	35.0	35.0	35.0	35.0	5.0 - 33.3	Optional
Romania	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	35.0	1.67 - 50.0	Optional
Russia	20.0	20.0	20.0	20.0	20.0	20.0	22.0	22.0	22.0	22.0	3.3 - 33.3 +	Optional
Rwanda	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	5.0 - 50.0	Optional
Saudi Arabia	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	***5.0 - 25.0***	Optional
Serbia	30.0	15.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	2.5 - ***30.0***	Optional
Sierra Leone	15.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	3.0 - 100.0 +	Optional
Singapore	17.0	17.0	17.0	17.0	17.0	18.0	18.0	18.0	20.0	20.0	***10.0 - 40.0***	FIFO
Slovak Republic	22.0	23.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	5.0 - 25.0	Optional
Slovenia	17.0	17.0	18.0	20.0	20.0	21.0	22.0	23.0	25.0	25.0	3.0 - 50.0	Optional
South Africa	28.0	28.0	28.0	28.0	28.0	28.0	28.0	29.0	29.0	30.0	5.0 - 50.0	Optional
Spain	30.0	30.0	30.0	30.0	30.0	30.0	30.0	32.5	35.0	35.0	2.0 - 25.0	Optional
Sweden	22.0	22.0	26.3	26.3	26.3	26.3	28.0	28.0	28.0	28.0	2.0 - 20.0	FIFO
Switzerland	21.1	21.1	21.2	21.2	21.2	21.2	21.2	21.3	21.3	21.3	1.5 - 20.0	Optional
Taiwan	17.0	17.0	17.0	17.0	17.0	25.0	25.0	25.0	25.0	25.0	2.0 - 33.33	Optional
Tanzania	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	5.0 - ***37.5***	Optional
Thailand	20.0	20.0	23.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	5.0 - 33.33	Optional
Trinidad	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	***10.0 - 40.0***	Optional
Tunisia	25.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	35.0	35.0	5.0 - 33.3	Optional
Turkey	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	30.0	2.0 - 25.0	Optional

U.S.	39.1	39.1	39.1	39.2	39.2	39.1	39.3	39.3	39.3	39.3	***MACRS***	Optional
Uganda	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	***5.0 - 40.0***	Optional
U.K.	21.0	23.0	24.0	26.0	28.0	28.0	28.0	30.0	30.0	30.0	***0.0 - 25.0***	FIFO
Ukraine	19.0	19.0	21.0	23.0	25.0	25.0	25.0	25.0	25.0	25.0	5.0 - 50.0	Optional
Uruguay	25.0	25.0	25.0	25.0	25.0	25.0	25.0	30.0	30.0	30.0	2.0 - 10.0	
Uzbekistan	15.4	16.3	16.3	16.3	16.3	17.2	17.2	17.2	19.0	19.0	5.0 - 20.0	Optional
Venezuela	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	Optional	LIFO
Vietnam	22.0	25.0	25.0	25.0	25.0	25.0	28.0	28.0	28.0	28.0	2.0 - 50.0	Optional
Zambia	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	2.0 - 50.0	FIFO

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The James S. & Barbara A. Palmer Chair in Public Policy

Jack M. Mintz was appointed the Palmer Chair in Public Policy at the University of Calgary in January 2008.

Widely published in the field of public economics, he was touted in a 2004 UK magazine publication as one of the world's most influential tax experts. He serves as an Associate Editor of International Tax and Public Finance and the Canadian Tax Journal, and is a research fellow of CESifo, Munich, Germany, and the Centre for Business Taxation Institute, Oxford University. He is a regular contributor to the National Post, and has frequently published articles in other print media.

Dr. Mintz presently serves on several boards including Imperial Oil Limited, Morneau Shepell, and as Chair of the Social Sciences and Humanities Research Council. He is also appointed by the Federal Minister of Finance to the Economic Advisory Council to advise on economic planning.

Dr. Mintz has consulted widely with the World Bank, the International Monetary Fund, the Organization for Economic Co-operation and Development, and various governments, businesses and non-profit organizations in Canada.

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