

## **Budget Paper C**

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# **THE MANITOBA ADVANTAGE: MORE AFFORDABLE FOR FAMILIES AND MORE COMPETITIVE FOR BUSINESSES**

Available in alternate  
formats upon request.

**Manitoba** 

# THE MANITOBA ADVANTAGE

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## CONTENTS

SUMMARY OF 2014 TAX MEASURES FOR FAMILIES AND BUSINESSES .....	1
PERSONAL MEASURES.....	2
GREEN MEASURE.....	3
BUSINESS MEASURES.....	4
TECHNICAL AND ADMINISTRATIVE MEASURES .....	7
CONTACTS FOR FURTHER INFORMATION .....	7
THE MANITOBA ADVANTAGE .....	8
BETTER AFFORDABILITY FOR MANITOBA FAMILIES .....	9
MANITOBA INCOME TAX SINCE 1999.....	13
MANITOBA BASIC PERSONAL AMOUNT.....	14
MANITOBA INCOME TAX SAVINGS FOR TYPICAL TAXPAYERS .....	15
A MORE COMPETITIVE BUSINESS ENVIRONMENT.....	16
MAINTAINING MANITOBA’S COMPETITIVE BUSINESS ENVIRONMENT.....	18
MANITOBA’S COMPETITIVE MANUFACTURING SECTOR.....	19
<b>Appendix:</b> .....	25
Manitoba Tax Credits, 2013/14.....	25
Manitoba Tax Credit and Exemption Cost Estimates, 2013/14.....	27
2014 Interprovincial Comparison of Tax Rates.....	30
Federal and Manitoba Income Tax Rates, 2014 .....	30
Personal Tax Savings Since 1999 .....	32
2014 Comparison of Taxes and Basic Household Costs .....	34

## ■ SUMMARY OF 2014 TAX MEASURES FOR FAMILIES AND BUSINESSES

A negative amount represents a tax reduction.

	2014/15	Full Year
	(Millions of Dollars)	
<b>Ongoing Reductions<sup>1</sup></b>		
Personal Tax reductions	-14.3	-19.0
Business Tax reductions	-4.4	-6.4
	<u>-18.7</u>	<u>-25.4</u>
<b>Personal Measures</b>		
Seniors' School Tax Rebate	-20.6	-50.0
Mineral Exploration Tax Credit extended	-	-3.0
Community Enterprise Development Tax Credit extended and enhanced	-	-0.6
	<u>-20.6</u>	<u>-53.6</u>
<b>Green Measure</b>		
Emissions Tax on Petroleum Coke introduced	0.2	0.2
	<u>0.2</u>	<u>0.2</u>
<b>Business Measures</b>		
Manufacturing Investment Tax Credit extended	-8.3	-33.1
Co-op Education and Apprenticeship Tax Credits extended and enhanced	-1.0	-13.0
Book Publishing Tax Credit extended	-0.1	-0.6
Odour Control Tax Credit extended	-	-0.1
Small Business Venture Capital Tax Credit enhanced	-	-1.0
Cultural Industries Printing Tax Credit changed	0.5	0.5
	<u>-8.9</u>	<u>-47.3</u>
<b>Total Changes, Budget 2014</b>	<b>-29.3</b>	<b>-100.7</b>
<b>Total Changes Including Ongoing Tax Reductions</b>	<b>-48.0</b>	<b>-126.1</b>

<sup>1</sup> Tax reductions previously announced that take effect after 2013:

- increased basic personal amount, spousal amount and eligible dependent amount
- increase small business income limit eligible for the small business deduction to \$425,000
- change Research and Development Tax Credit base
- Rental Housing Construction Tax Credit

## ■ PERSONAL MEASURES

### Seniors' School Tax Rebate

(increases 2014/15 expenditures by \$20.6 million)

Budget 2014 begins the implementation of the Manitoba government's commitment to eliminate the school division special levy paid by eligible senior homeowners on qualifying residential properties.

In 2014, school tax savings will be delivered to individuals who are 65 years of age or older, or have a spouse or common-law partner 65 years of age or older, who own their principal residence in Manitoba, and who qualify as a Manitoba resident in the property tax year. Through an application process, seniors who demonstrate that they or their spouse or common-law partner have met the eligibility criteria can receive a Rebate of up to \$235 in 2014. The Rebate amount will be calculated based on school division special levy paid, less existing property tax credits.

The Seniors' School Tax Rebate is just one of a number of measures that provide tax relief to Manitobans. Most senior and non-senior homeowners currently receive the \$700 Education Property Tax Credit as a reduction on their property tax bills. Lower-income seniors may also qualify for the seniors' Education Property Tax Credit top-up of \$400 and the School Tax Assistance for Tenants and Homeowners, aged 55 plus, worth up to \$175.

The Rebate limit will increase in 2015 and be fully implemented in 2016. When fully implemented, this credit will provide Manitoba seniors with tax savings of \$50 million annually.

*For more information, please contact Location B, page C7.*

### Mineral Exploration Tax Credit

(no impact on 2014/15 revenue)

The Mineral Exploration Tax Credit, scheduled to expire with respect to flow-through share agreements entered into after March 2015, will be extended to cover flow-through share agreements entered into before April 1, 2018.

The Mineral Exploration Tax Credit was introduced in 2002. The 30% non-refundable personal income tax credit is earned when a Manitoba resident purchases eligible flow-through shares of qualifying mineral exploration companies to finance Manitoba mineral exploration projects. There is no cap on the maximum eligible investment by an individual investor, and no limit on the maximum amount of tax credits claimable in a given year.

The reduction in revenue is estimated at \$3.0 million on a full-year basis.

*For more information, please contact Location G, page C7.*

## Community Enterprise Development Tax Credit

(2014/15 revenue impact is modest)

The Community Enterprise Development Tax Credit is being enhanced to stimulate more local economic development participation and good jobs:

- the tax credit rate is increased by 50% from 30% to 45%;
- the maximum annual shares an investor can acquire is doubled from \$30,000 to \$60,000;
- the tax credit will be made fully refundable;
- corporations with a permanent establishment in Manitoba and who pay at least 25% of their payroll to Manitoba residents will be eligible to acquire tax creditable shares;
- the maximum eligible shares an approved company can issue under the program is tripled from \$1 million to \$3 million; and
- the tax credit is extended to 2020.

As a result of the above changes, the maximum annual tax credit that can be earned by an investor is tripled from \$9,000 to \$27,000.

These measures will allow more local investors to participate as owners in regional enterprises. This includes low-income investors and small businesses benefiting from Manitoba's 0% corporate income tax rate.

These changes take effect for eligible shares issued after 2014.

The Community Enterprise Development Tax Credit was introduced in 2002 to encourage Manitobans to invest in business opportunities in their communities and assist community-based enterprise development projects to raise local equity capital. Individual investors have the option of acquiring eligible shares through their registered retirement savings plan or tax-free savings account.

The tax savings from these changes is estimated at less than \$0.6 million on a full-year basis.

*For more information, please contact Location E, page C7.*

## ■ GREEN MEASURE

### Emissions Tax

(increases 2014/15 revenue by \$0.2 million)

Commencing January 1, 2014, petroleum coke used in Manitoba is subject to a new Emissions Tax equal to \$10 per tonne of carbon-dioxide-equivalent emissions.

Burning coal and fuel like petroleum coke generates the highest levels of greenhouse gas emissions compared to other fossil fuel. The Emissions Tax on Coal was introduced commencing January 1, 2012. The ban on using coal and petroleum coke for space and water heat is in effect January 1, 2014. A grace period up to July 1, 2017 may be granted upon application.

The estimated additional revenue due to this change is \$0.2 million on a full-year basis.

*For more information, please contact Location C, page C7.*

## ■ BUSINESS MEASURES

### **Manufacturing Investment Tax Credit**

(decreases 2014/15 revenue by \$8.3 million)

The Manufacturing Investment Tax Credit, scheduled to expire on December 31, 2014, will be extended to December 31, 2017.

The Manufacturing Investment Tax Credit was introduced in 1992. The tax credit provides Manitoba companies with a 10% corporation income tax credit based on the capital cost of new and used manufacturing buildings, machinery and equipment acquired for use in manufacturing or processing in Manitoba. Eight-tenths of the 10% tax credit is refundable. The remaining two-tenths can be applied against Manitoba corporation income tax payable in the year earned, or carried back to recover Manitoba income tax paid in the previous three years, or carried forward up to 10 years to reduce future Manitoba income taxes.

The decrease in revenue is estimated at \$33.1 million on a full-year basis.

*For more information, please contact Location A, page C7.*

### **Book Publishing Tax Credit**

(increases 2014/15 expenditures by \$0.1 million)

The Book Publishing Tax Credit, scheduled to expire on December 31, 2014, will be extended to December 31, 2017.

The Book Publishing Tax Credit was introduced in 2008 to assist the development of the book publishing industry in Manitoba. This fully refundable income tax credit is equal to 40% of eligible Manitoba labour costs plus non-refundable author advances. The maximum tax credit claimable by a publisher is \$100,000 per year. To promote environmental sustainability in this industry, an additional bonus equal to 15% of Manitoba printing costs can be earned by the publisher if an eligible book is printed on paper with a minimum of 30% recycled content.

This change is estimated to increase expenditure by \$0.6 million on a full-year basis.

*For more information, please contact Location F, page C7.*

### **Cultural Industries Printing Tax Credit**

(reduces 2014/15 expenditure by \$0.5 million)

To ensure the Cultural Industries Printing Tax Credit is sustainable and in keeping with its original objectives, the definition of an eligible book will be amended as follows:

- the maximum credit is capped at \$30,000 per book title;
- at least 90% of a book must be new material that has not been previously published;
- if the book contains pictures and is not a children's book, the ratio of the amount of text to pictures in the book is at least 65%; and
- the printer must demonstrate that the book is for sale through an established distributor.

Budget 2011 introduced the 15% refundable Cultural Industries Printing Tax Credit, which supports eligible printing costs incurred and paid in the production of eligible books. The credit provides support to Manitoba's cultural industries while promoting the maintenance and creation of printing jobs in Manitoba. Qualifying costs are amounts invoiced by the Manitoba printer to the publisher of a book for printing, assembly and binding services performed in Manitoba. Eligible

books include Canadian-authored, non-periodical publications categorized as fiction, non-fiction, poetry, drama, biography, or children's books.

The reduction in expenditure is estimated at \$0.5 million on a full-year basis.

*For more information, please contact Location A, page C7.*

### Co-op Education and Apprenticeship Tax Credits

(reduces 2014/15 revenue by \$1.0 million)

The Co-op Education and Apprenticeship Tax Credit, scheduled to expire on December 31, 2014, will be extended indefinitely. Effective for each employer with taxation year ending after 2014, the credit will also be significantly enhanced.

A 15% credit on wages and salaries to a maximum of \$5,000 per apprentice per year per level will be applied to the hiring for work in Manitoba of all levels of apprentices and the hiring of journeypersons for their first two years. The rural and northern bonus for Level 1 and Level 2 apprentices will continue to provide a 20% credit on wages and salaries, with an increased cap of \$5,000. All hiring incentives are net of other government assistance received or receivable.

	Level 1 & 2 Apprentices: Winnipeg	Level 1 & 2 Apprentices: Outside Winnipeg	Level 3, 4 & 5 Apprentices	Newly Certified Journeypersons
<b>Current</b>				
Tax Credit	15%	20%	10%	10%
Maximum Credit	\$3,000	\$4,000	\$5,000	\$5,000
<b>Budget 2014</b>				
Tax Credit	15%	20%	15%	15%
Maximum Credit	\$5,000	\$5,000	\$5,000	\$5,000

Employers will continue to receive their refundable tax credit when they file their personal or corporate income tax return. The "Proof of Credit Certificate" for apprentices and journeypersons will no longer be required.

The Co-op Education and Apprenticeship Tax Credit is a family of income tax credit programs that provide incentives to employers who offer work experience to Manitobans. The Co-op Students Hiring Incentive was first introduced in 2003. The tax credit was subsequently expanded to add: a Co-op Graduates Hiring Incentive (2006); a Journeypersons Hiring Incentive (2008); an Advanced-Level Apprentices Hiring Incentive (2009); and an Early-Level Apprentices Hiring Incentive (2010). The apprenticeship and journeyperson incentives were significantly enhanced in 2012.

All components of the tax credit are fully refundable. Eligible employers include taxable corporations or exempt entities that are eligible to file a tax return (including not-for-profit agencies, Manitoba Crown entities, municipalities, universities, schools and hospitals). Unincorporated employers may claim the refundable credit on their individual income tax return.

The revenue reduction due to the changes to this tax credit announced in this Budget is estimated at \$5.0 million on a full-year basis and the revenue reduction due to the extension is \$8.0 million annually.

*For more information, please contact Location B, page C7.*

## Small Business Venture Capital Tax Credit

(2014/15 revenue impact is modest)

The Small Business Venture Capital Tax Credit is being enhanced to stimulate economic growth and promote job creation:

- the tax credit is increased by 50% from 30% to 45%;
- the lifetime limit in tax creditable shares an approved corporation can issue is doubled from \$5 million to \$10 million;
- the maximum annual tax credit claimable by an investor is increased by 50%, from \$45,000 to \$67,500; and
- an existing shareholder who has less than 35% equity in a company, increased from less than 10%, is eligible to purchase tax creditable shares.

The maximum investment an investor can make in a qualifying corporation remains at \$450,000. As a result of the above changes, the maximum tax credit earned by an investor when investing in a company is increased by 50%, from \$135,000 to \$202,500.

The minimum investment by an investor remains at \$20,000 and the minimum issuance by an approved qualifying corporation will also remain at \$100,000. Eligible shares must be acquired directly by the investor.

These changes take effect for eligible shares issued after 2014.

The Small Business Venture Capital Tax Credit, introduced in 2007, promotes Manitoba resident individuals and companies to acquire equity capital in emerging enterprises that require larger amounts of capital than community ownership can provide. The tax credit is non-refundable and offsets Manitoba income tax otherwise payable. Credits earned in a year but unused can be carried back three years or carried forward ten years to offset Manitoba income tax in any of those years.

The reduction in revenue is estimated at \$1.0 million on a full-year basis.

*For more information, please contact Location H, page C7.*

## Odour Control Tax Credit

(2014/15 revenue impact is modest)

The Odour Control Tax Credit, scheduled to expire on December 31, 2014, will be extended to December 31, 2017.

The Odour Control Tax Credit was established in 2004 to provide a 10% corporate income tax credit for businesses that invest in capital property for the purpose of preventing, reducing, or eliminating nuisance odours arising from the use or production of organic waste. Budget 2013 made the credit fully refundable for agricultural producers.

The reduction in revenue is estimated at \$0.1 million on a full-year basis.

*For more information, please contact Location A, page C7.*



## ■ TECHNICAL AND ADMINISTRATIVE MEASURES

The Rental Housing Construction Tax Credit is being amended to better establish the affordable unit requirements to clarify the calculation of the tax credit for qualifying corporations and the certification process for projects and tenants.

*For more information, please contact Location D, page C7.*

Amendments will be made to provide the authority to withhold or withdraw the licences of tax discounters who repeatedly file inaccurate tax credit claims.

*For more information, please contact Location B, page C7.*

The tax application on utility charges for electricity and natural gas will be relocated from *The Retail Sales Tax Act* to a new provincial statute to better integrate taxes on utilities.

*For more information, please contact Location C, page C7.*

## ■ CONTACTS FOR FURTHER INFORMATION

<b>A</b>	<b><i>Taxation, Economic and Intergovernmental Fiscal Research Division, Manitoba Finance</i></b>	Telephone Fax e-mail	204-945-3757 204-945-5051 feedbackfin@gov.mb.ca
<b>B</b>	<b><i>Manitoba Tax Assistance Office, Manitoba Finance</i></b>	Telephone Toll-free Fax e-mail	204-948-2115 in Winnipeg 1-800-782-0771 204-948-2263 tao@gov.mb.ca
<b>C</b>	<b><i>Taxation Division, Manitoba Finance</i></b>	Telephone Toll-free Fax e-mail	204-945-5603 in Winnipeg 1-800-782-0318 204-945-0896 mbtax@gov.mb.ca
<b>D</b>	<b><i>Housing Delivery Branch, Manitoba Housing</i></b>	Telephone Toll-free e-mail	204-945-5566 1-866-689-5566 housing@gov.mb.ca
<b>E</b>	<b><i>Manitoba Agriculture, Food and Rural Development</i></b>	Telephone Toll free Fax e-mail	204-346-4371 1-800-567-7334 204-268-6060 hollis.kinsey@gov.mb.ca
<b>F</b>	<b><i>Arts Branch, Manitoba Tourism, Culture, Heritage, Sport and Consumer Protection</i></b>	Telephone Fax e-mail	204-945-7581 204-948-1684 artsbranch@gov.mb.ca
<b>G</b>	<b><i>Manitoba Mineral Resources</i></b>	Telephone Toll-free Fax e-mail	204-945-6566 1-800-223-5215 204-945-8427 minesinfo@gov.mb.ca
<b>H</b>	<b><i>Financial Services Branch, Jobs and the Economy</i></b>	Telephone Toll-free Fax e-mail	204-945-2475 in Winnipeg 1-800-282-8069 204-945-1193 kristal.benton@gov.mb.ca

## ■ THE MANITOBA ADVANTAGE

Manitoba provides a wide variety of benefits to individuals living, working and raising families in Manitoba. Together, these benefits are called The Manitoba Advantage. They include:

- A labour force that consistently generates among the lowest unemployment rates and the highest overall labour force participation rates in Canada.
- Favourable basic household costs, including among the lowest electricity costs in North America; reliable and accessible public services, including quality universal public health care and education.
- A dynamic cultural and artistic community supported by a high level of charitable giving and volunteering. Manitoba has an active and vibrant cultural community which includes a symphony orchestra, theatres, multicultural festivals and the renowned Royal Winnipeg Ballet.
- A long sporting tradition which supports professional and amateur leagues in volleyball, soccer, baseball, football and hockey.
- A variety of outdoor attractions like beaches, lakes, rivers and parks are an integral part of Manitoba's quality of life. You are never far from an opportunity to participate in water sports like canoeing, kayaking, swimming, or to just relax at one of Manitoba's world-class beaches. Manitoba winters offer extensive family recreation opportunities for curling, skating, skiing and snowmobiling.

To show The Manitoba Advantage in more detail, several analyses are provided. The interprovincial comparison of annual personal costs and taxes, net of credits and rebates, compares basic household costs and taxes for a variety of representative household types (see p. C11-12). Since 1999, Manitoba's overall provincial rankings for basic household costs and taxes have been among the lowest in Canada. For 2014, Manitoba's ranking remains in the top three.

## ■ BETTER AFFORDABILITY FOR MANITOBA FAMILIES

The government has taken significant action since 1999 to improve affordability for Manitoba households. Since 1999, the government has:

- introduced more than 85 tax relief measures that will save an average family \$3,800 in 2014; and
- provided \$7.5 billion in tax relief, including \$4.7 billion of personal income tax measures and \$2.8 billion in property tax measures.

Lower tax is only one component of keeping Manitoba affordable. Other measures include: legislating the lowest combined costs for auto insurance, electricity and home heating; keeping key front-line services like health care, education and child-care affordable; maintaining the second-lowest level of provincial taxes on fuel to keep pump prices affordable; maintaining the third-lowest provincial sales tax rate; supporting opportunities to pursue education and skills training; and protecting consumers from unfair business practices through consumer protection.

An average Manitoba family with two children benefits from lower provincial taxes; one spouse earns \$46,000 per year and the other spouse earns \$30,000. As a result of the tax measures introduced by the Manitoba government since 1999, this family will pay \$3,800 less in taxes this year. They will be able to invest these savings in the things that are priorities for them.

### An average Manitoba family benefits from lower provincial taxes:

Tax reductions by the Manitoba government will save this family \$3,800 in 2014.

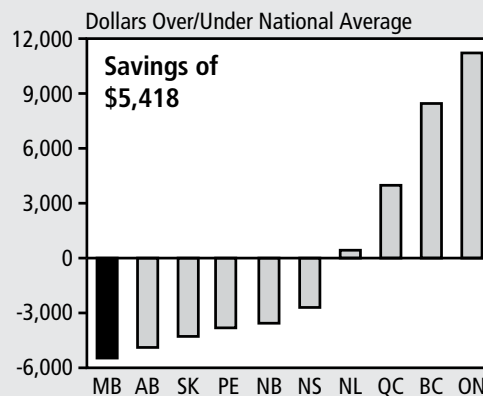
Income tax savings	\$1,707
Income tax credit savings	216
Property tax savings	<u>1,877</u>
<b>Total tax savings</b>	<b>\$3,800</b>

Specific tax credits that benefit this family include the Fitness Tax Credit, Children's Arts and Cultural Activity Tax Credit, Education Property Tax Credit and the elimination of the Education Support Levy.

### Manitoba is the most affordable place to live for an average Manitoba family

The following table represents an interprovincial comparison of tax and basic household costs to the national average. An average Manitoba family pays \$5,418 less than the national average of \$31,578.

#### Two-Earner Family of Four Earning \$76,000



National Average = \$31,578

Source: Manitoba Finance

Basic household costs include: mortgage, utilities and transportation costs.

In 2014, Manitoba families and individuals will save \$539 million in personal income taxes and \$352 million in property taxes compared to 1999. Manitobans also save hundreds of millions annually because Manitoba's sales tax base is not harmonized with the federal GST.

Manitoba provides a variety of tax assistance to support homeowners, renters, seniors and families with children:

- Over 650,000 individual Manitoba taxpayers benefit from the basic personal amount, increased from \$6,794 in 1999 to \$9,134 in 2014.
- Over 450,000 households benefit from the basic Education Property Tax Credit which was increased from \$250 in 1999 to a maximum of \$700 in 2011.
- About 31,000 senior homeowners and renters qualify for an additional Education Property Tax Credit of up to \$400.
- Starting in 2014, over 60,000 senior homeowners will begin to have their school taxes rebated.
- The Primary Caregiver Tax Credit supports Manitoba caregivers to allow care recipients to stay in their homes longer.
- The Fitness Tax Credit for children and young adults supports healthier lifestyles.
- The Childrens' Arts and Cultural Activity Tax Credit supports Manitoba's diversified cultural and artistic heritages and interests.
- The Fertility Treatment Tax Credit and Adoption Expenses Tax Credit support Manitobans who need assistance expanding their family.
- The Tuition Fee Income Tax Rebate and Rebate Advance encourage Manitobans to study in Manitoba, or anywhere around the world, but to choose Manitoba as the place to live, work and raise a family after they graduate.

Manitoba provides an affordable environment in which to live, work, raise a family and retire. This has helped Manitobans maintain a healthy household balance sheet with the lowest personal debt per capita among provinces.

In 2012, the Manitoba government guaranteed in law that Manitobans will pay the lowest electricity, home heating and auto insurance rates in Canada. This year, the average Manitoban is saving over \$2,000 on hydro, home heating and car insurance compared to national average utility rates. At Saskatchewan's rates, the average Manitoban would spend over \$670 more on these utilities; at Ontario's rates, the average Manitoban would spend \$4,900 more every year.

In 2013, the first Annual Basic Utility Bundle Cost Comparison report was issued showing that Manitobans pay the lowest combined costs for auto insurance, electricity and home heating. A copy of the report is available at the following link:

[http://news.gov.mb.ca/asset\\_library/en/newslinks/2012/12/Basic\\_Utility\\_Bundle\\_Cost\\_Comparison.pdf](http://news.gov.mb.ca/asset_library/en/newslinks/2012/12/Basic_Utility_Bundle_Cost_Comparison.pdf)

## Manitoba Affordability Advantage Compared to the National Average

When major taxes and basic household costs are compiled for representative households, Manitoba continues to have an affordability advantage over the national average and ranks among the three most affordable provinces.

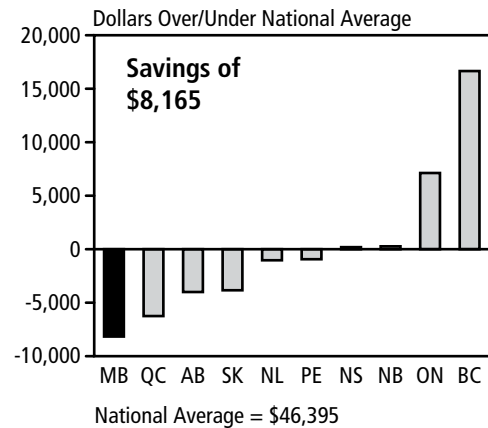
### A two-earner family of five earning \$75,000:

Tax reductions by the Manitoba government since 1999 will save this family \$3,656 in 2014.

Income tax savings	\$1,687
Property tax savings	<u>1,877</u>
<b>Total tax savings</b>	<b>\$3,564</b>

When taxes and basic household costs are added together, this family will save \$8,165 compared to the national average.

### 2014 Tax and Basic Household Costs



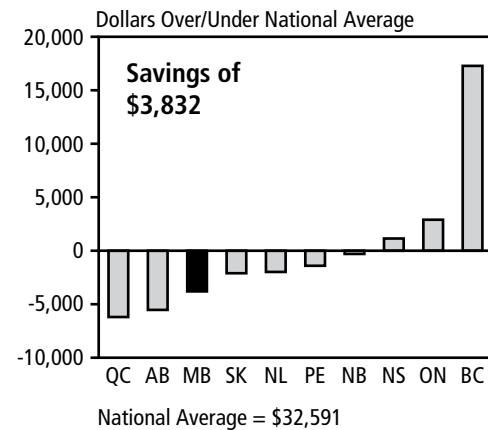
### A two-earner family of four earning \$60,000:

Tax reductions by the Manitoba government since 1999 will save this family \$2,635 in 2014.

Income tax savings	\$1,126
Property tax savings	<u>1,509</u>
<b>Total tax savings</b>	<b>\$2,635</b>

When taxes and basic household costs are added together, this family will save \$3,832 compared to the national average.

### 2014 Tax and Basic Household Costs



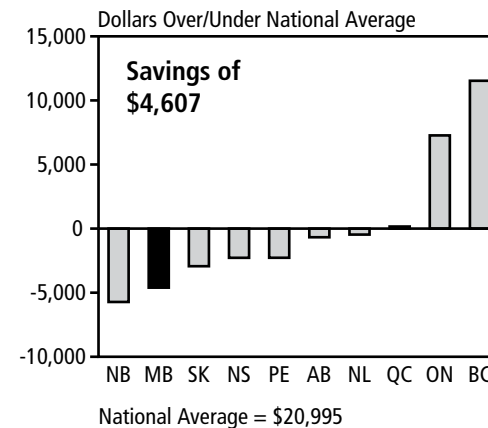
### A graduate earning \$50,000:

Tax reductions by the Manitoba government since 1999 will save this graduate \$5,246 in 2014.

Income tax savings	\$1,237
Graduate tuition rebate	2,500
Property tax savings	<u>1,509</u>
<b>Total tax savings</b>	<b>\$5,246</b>

When taxes and basic household costs are added together, this graduate will save \$4,607 compared to the national average.

### 2014 Tax and Basic Household Costs



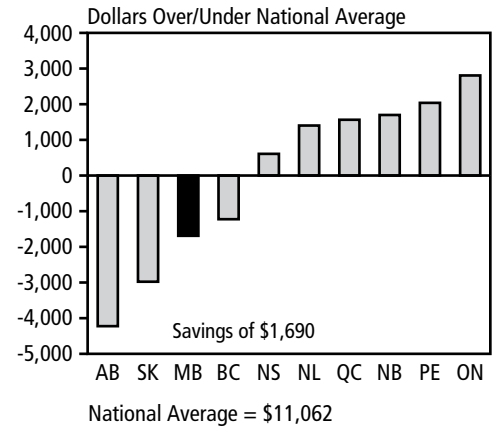
### A senior couple earning \$60,000:

Tax reductions by the Manitoba government since 1999 will save this family \$4,145 in 2014.

Income tax savings	\$2,401
Property tax savings	1,509
Seniors' School Tax Rebate (new in 2014)	<u>235</u>
<b>Total tax savings</b>	<b>\$4,145</b>

This couple may also benefit from the \$1,275 Primary Caregiver Tax Credit.

### 2014 Tax and Basic Household Costs



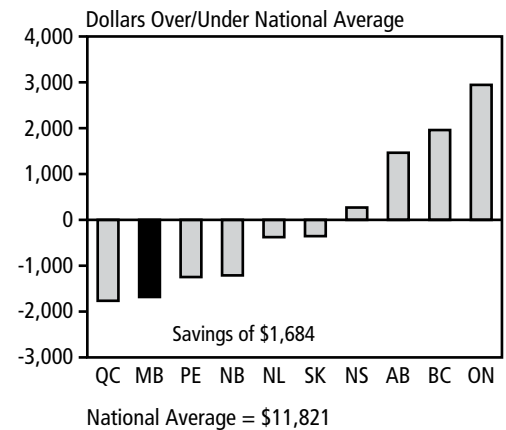
### A single person with a disability earning \$25,000:

Tax reductions by the Manitoba government since 1999 will save this individual \$1,192 in 2014.

Income tax savings	\$742
Property tax savings	<u>450</u>
<b>Total tax savings</b>	<b>\$1,192</b>

When taxes and basic household costs are added together, this individual will save \$1,684 compared to the national average. Property tax savings are based on increases to the Education Property Tax Credit on rent.

### 2014 Tax and Basic Household Costs



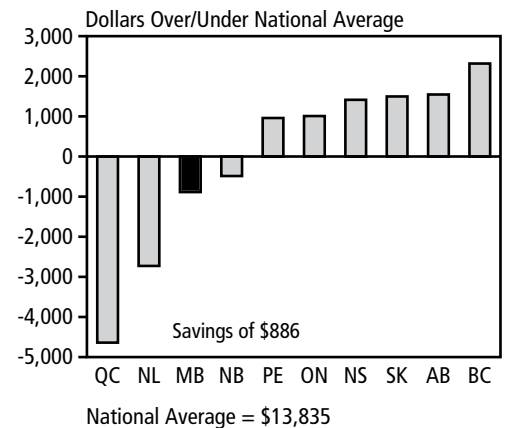
### A single parent with one child earning \$30,000:

Tax reductions by the Manitoba government since 1999 will save this family \$1,105 in 2014.

Income tax savings	\$655
Property tax savings	<u>450</u>
<b>Total tax savings</b>	<b>\$1,105</b>

Property tax savings are based on increases to the Education Property Tax Credit on rent.

### 2014 Tax and Basic Household Costs



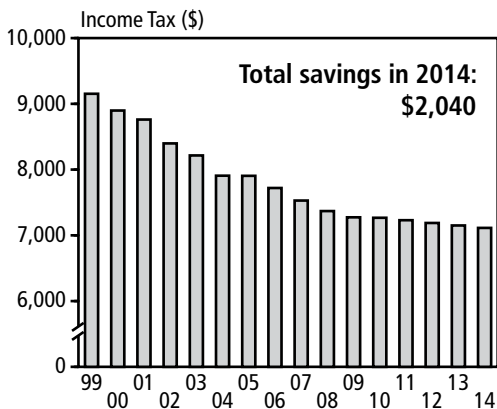
All Charts Source: Manitoba Finance

For more detailed information, see page C34 through page C41.

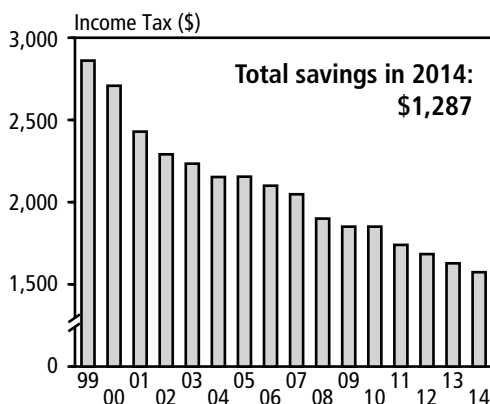
## MANITOBA INCOME TAX SINCE 1999

Manitobans have saved a cumulative \$4.7 billion in personal income taxes since 1999. In 2014, Manitoba households will pay \$539 million less income tax.

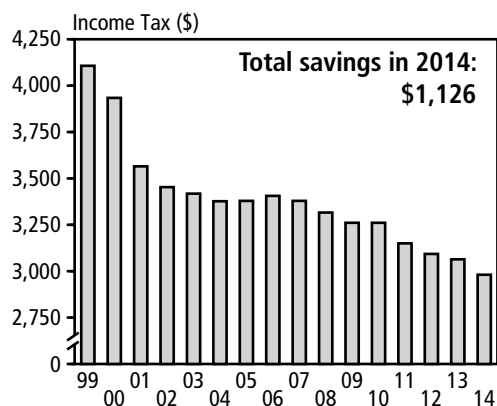
### Single Individual at \$70,000



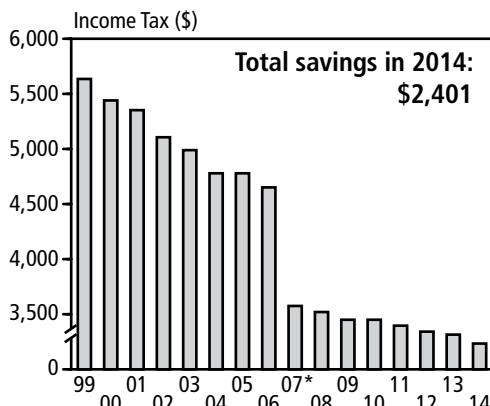
### One-Earner Family of Four at \$40,000



### Two-Earner Family of Four at \$60,000

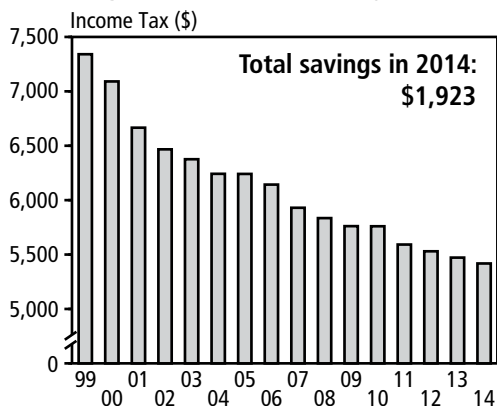


### Senior Couple at \$60,000

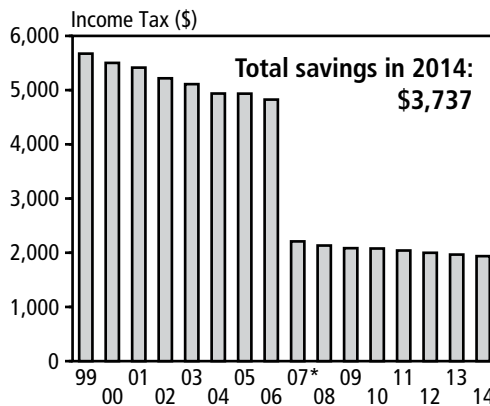


\* Introduction of pension splitting

### Two-Earner Family of Four at \$76,000 (Average Manitoba Family)



### Graduate Earning \$50,000



\* Introduction of the graduate tuition rebate

All Charts Source: Manitoba Finance

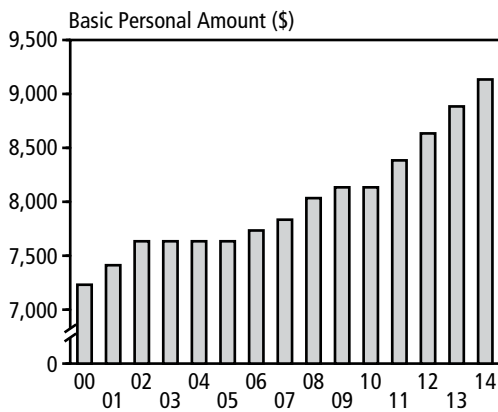
To calculate the tax savings for other household types, a Tax Savings Estimator is available at:

<http://www.gov.mb.ca/finance/budget14/estimator/calc14.html>

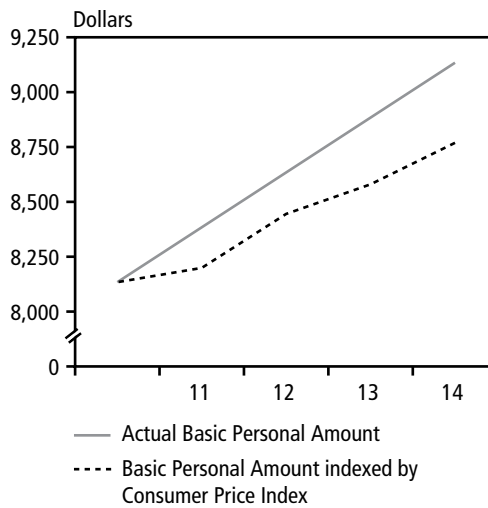
## MANITOBA BASIC PERSONAL AMOUNT

Since 1999, the basic personal amount has increased 34% from \$6,794 to \$9,134 in 2014. The increased amounts benefit over 650,000 individual Manitobans. The corresponding increases to the spousal and eligible dependent amounts benefit over 36,000 couples and common-law partnerships, and nearly 18,000 single parents. In 2014, another 22,000 Manitobans will no longer pay Manitoba income tax because of the increased amounts since 2011.

**The Basic Personal Amount**



**Actual Basic Personal Amount vs Indexing**



All Charts Source: Manitoba Finance

Between 2011 and 2014, the annual increase of \$250 to the basic personal amount significantly exceeds the increase that would have resulted from indexing to inflation. In 2014, each taxpayer’s basic personal amount is \$365 higher than it would have been using the Consumer Price Index.



## ■ MANITOBA INCOME TAX SAVINGS FOR TYPICAL TAXPAYERS

Income*	Tax Payable/(Refunds)		Tax Savings in 2014	2014 Savings over 1999 (Percentage)	Cumulative Savings over 15 Years (Dollars)
	1999	2014			
	(Dollars)				
<b>SINGLE PERSON<sup>1</sup></b>					
10,000	88	(95)	183	207.0	1,946
20,000	1,369	1,016	353	25.8	3,267
40,000	4,012	3,233	780	19.4	8,037
70,000	9,153	7,113	2,040	22.3	21,368
100,000	14,572	12,333	2,239	15.4	24,291
<b>FAMILY OF FOUR – ONE EARNER<sup>1</sup></b>					
25,000	411	(192)	603	146.7	6,675
40,000	2,861	1,574	1,287	45.0	12,568
60,000	6,625	4,276	2,349	35.5	24,465
75,000	9,435	6,707	2,728	28.9	28,480
100,000	13,951	11,300	2,651	19.0	27,463
<b>FAMILY OF FOUR – TWO EARNERS<sup>1</sup></b>					
30,000	533	(78)	610	114.5	5,720
40,000	1,360	650	710	52.2	6,766
60,000	4,107	2,981	1,126	27.4	11,601
75,000	6,446	4,798	1,648	25.6	17,536
100,000	10,188	7,882	2,307	22.6	24,185
<b>SENIOR COUPLE<sup>2</sup></b>					
30,000	39	(316)	355	910.4	4,400
40,000	1,667	607	1,060	63.6	9,416
60,000	5,635	3,234	2,401	42.6	22,146
80,000	8,893	6,279	2,614	29.4	25,589

Note: Some values may differ from previous years' tables due to changed assumptions regarding pension income splitting and the Personal Tax Credit.

\* Income does not reflect Universal Child Care Benefits entitlements, but entitlements have been used to determine year-over-year savings.

<sup>1</sup> Taxfilers in the single and family examples have earned income and pay Canada Pension Plan and Employment Insurance premiums. In the two-earner family, one taxfiler earns 60% of the income, and the other earns 40% and pays child care fees. The Fitness Tax Credit and the Children's Arts and Cultural Activities Tax Credit are claimed for one child in both family examples. Where applicable, tax payable has been reduced by the Personal Tax Credit.

<sup>2</sup> For the senior couple, both receive the Old Age Security Pension and each spouse splits private pension income in applicable tax years.

## ■ A MORE COMPETITIVE BUSINESS ENVIRONMENT

In 2014, Manitoba's business community will pay \$440 million less in provincial taxes than in 1999. Between 1999 and 2014 businesses have saved \$3.3 billion cumulatively in Manitoba taxes.

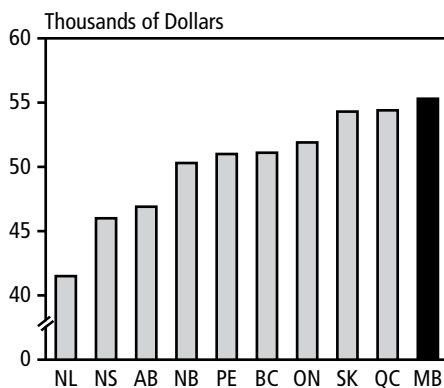
Since 1999, Manitoba has significantly reduced business taxes by:

- decreasing the general corporate income tax rate from 17% (highest in Canada in 1999) to 12%;
- eliminating the small business income tax rate which was 8.5% (highest in Canada in 1999);
- increasing the small business income limit from \$200,000 to \$425,000;
- eliminating the general capital tax;
- increasing the exemption threshold of the Health and Education Tax Levy from \$1.0 million to \$1.25 million;
- introducing tax credits for those who invest in eligible Manitoba enterprises;
- providing employers who hire co-op students and graduates, apprentices and newly certified journeypersons with tax credit incentives;
- increasing the level of provincial assistance for Research and Development (R&D) from 15% to 20% and making the support partially refundable;
- increasing the level of provincial assistance for manufacturing capital investments by expanding the eligible expenditures to include new and used buildings and equipment, and making the support eight-tenths refundable;
- encouraging youth retention through tuition fee rebates and employer hiring incentives; and
- introducing tax credits for the printing, publishing, data processing, interactive digital media sectors, and enhancing tax credits for the film industry.

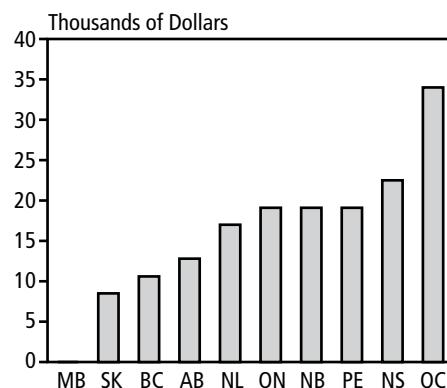
Small businesses are the mainstay of Manitoba's economy. Small businesses in Manitoba now pay \$292 million less in taxes because of the 0% small business tax rate and save over \$150 million because of the \$1.25 million exemption from the Health and Education Tax Levy.

Manitoba is the only province to have eliminated provincial corporation income taxes on small businesses. An eligible Manitoba corporation with \$425,000 in taxable income would have paid the highest provincial corporate income taxes in 1999.

**Provincial Income Tax on \$425,000 of Corporate Taxable Income – 1999**

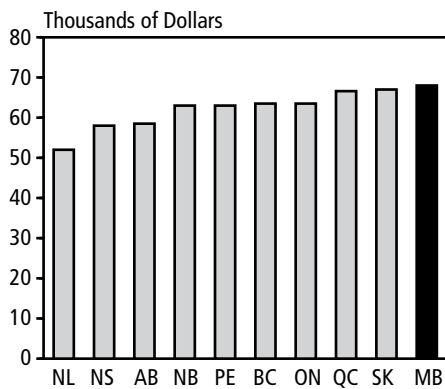


**Provincial Income Tax on \$425,000 of Corporate Taxable Income – 2014**

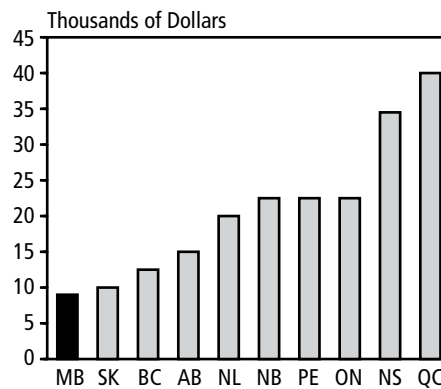


At \$500,000 in corporate taxable income, Manitoba's corporation income tax has gone from being the highest among provinces in 1999 to the lowest in 2014.

**Provincial Income Tax on \$500,000 of Corporate Taxable Income – 1999**



**Provincial Income Tax on \$500,000 of Corporate Taxable Income – 2014**



All Charts Source: Manitoba Finance

Manitoba's general 12% corporation income tax rate is comparable to other competing provinces. For larger companies, Manitoba's manufacturing investment tax credit generates a lower after-tax cost of capital than the HST input tax credits, and for a profitable larger company, Manitoba's R&D Tax Credit provides the best level of support in Canada.

In addition to a competitive tax environment, Manitoba has a number of other business advantages:

- one of Canada's most stable provincial economies over the last decade;
- its central location and excellent transportation links to the rest of North America and the world;
- low industrial and commercial land costs;
- among the world's lowest electricity costs;
- a skilled, well-educated and affordable work force with a high labour force participation rate and low unemployment rate; and
- one of the most supportive R&D and innovation regimes.

## ■ MAINTAINING MANITOBA'S COMPETITIVE BUSINESS ENVIRONMENT

While a stable, growing economy is important, Manitoba provides businesses with a wide variety of benefits for locating in the province.

Five years following the Great Recession, economic uncertainty and volatility has yet again increased with global growth slowing. According to the International Monetary Fund, World Real Gross Domestic Product (GDP) growth slowed from 5.2% in 2010 to 3.0% in 2013.

Through the ups and downs of the global business cycle, economic activity in Manitoba remains relatively stable. Manitoba has been the steadiest province in Canada, showing the least volatility in economic activity over 20 years. In real GDP terms, the province has grown by 2.4% annually over the same time period.

Stability is the hallmark of Manitoba's economy and is attributable to several factors.

The province is centrally located in North America. Its strategic and cost-efficient position allows Manitoba to function as a major transportation hub. It offers an ideal setting to manufacture and distribute products and services for the Americas, Europe and Asia. These logistics are strengthened by CentrePort Canada, Canada's inland port and Foreign Trade Zone.

Manitoba's location and competitive cost structure also make it a perfect incubator for a diversified economy. The province produces a wide variety of industrial, commercial, residential and consumer products and services. Manitoba has large production facilities in aerospace, bus manufacturing, food processing, pharmaceuticals, financial and insurance services, wholesale trade, power generation, chemicals, minerals, agricultural implements and trucking.

All leading bond-rating agencies and economic forecasters, including Moody's Investors Services, Standard and Poor's, Dominion Rating Services, and the Conference Board of Canada, have noted Manitoba's diversity as one of the province's main economic assets.

The dividends from these advantages are clear. Stability has provided businesses with the confidence to consistently make increased capital investments. Over the last 20 years, Manitoba has the best provincial track record respecting consecutive gains in private capital spending. Manitoba's labour market has been the most stable among provinces in term of employment growth and low unemployment rates.

Manitoba's competitive cost structure is supported by Manitoba Hydro, one of North America's major electricity companies, generating the lowest-cost electricity in North America. Almost all the energy generated at Manitoba Hydro is clean, reliable and derived from renewable resources – water and wind.

Low energy costs have been instrumental in continuing to diversify the economy by attracting innovative, high-technology businesses to Manitoba. The province has encouraged and promoted the expansion of high-technology data processing in Manitoba through the introduction of a data processing centre and investment tax credits.

Hewlett Packard (HP) has announced the opening of the HP Canadian Regional Delivery Centre in Manitoba. The Centre will expand HP's existing Microsoft ".Net Centre of Excellence" and SAP delivery practice there. The Centre will provide specialized expertise to help clients capture the full advantage from enterprise applications.

Manitoba Telecom Services recently announced a \$50-million investment in a new multi-tenant commercial data centre. The new centre will host computer servers that will manage the ever-expanding data storage requirements for cloud computing.

Canadian Tire selected Winnipeg for its state-of-the-art cloud computing centre. This digital hub will include a digital content warehouse, application lab, testing lab, and a high-performance data centre to allow customers to browse products on computers, tablets and smart phones.

## ■ MANITOBA'S COMPETITIVE MANUFACTURING SECTOR

Competitive operating costs and taxes have made Manitoba one of the least expensive provinces in Canada in which to do business. Among representative North American cities, for both smaller and larger manufacturers, Brandon and Winnipeg rank best or near the best with respect to start-up costs, net income, overall taxes and return on investment. Manitoba's competitive business environment continues to position the province as an ideal manufacturing location. Manufacturers are supported by low taxes on capital investment and by a network of capital investment information for new and expanding business, which includes Manitoba Business Gateways, Yes! Winnipeg and CentrePort Canada.

Manitoba Finance's Competitiveness Model compares the tax structure and cost environment for representative smaller and larger manufacturing firms in several North American cities.

The model simulates start-up, operating, financial and taxation costs over a period of 20 years. It incorporates future unconditional changes in taxes that have been announced by the federal, provincial, state or local governments. The representative firms' profiles have been updated using the most recent data available from Statistics Canada, local economic development boards and other public sources.

### Interjurisdictional Competitiveness

The following indicators are used to assess cost and tax competitiveness for both a smaller and a larger manufacturing firm:

- net cost of investment, or start-up costs (including applicable taxes)
- payroll-related levies
- marginal effective tax rates
- pre-tax net income
- effective tax rates
- internal rates of return

The model uses actual costs for each city and calculates net revenue and cash flow, including start-up costs, based on the operating costs in each location<sup>1</sup>. The results for each city are compared to the overall average of all cities (100.0) for each of the indicators and presented in the charts that follow.

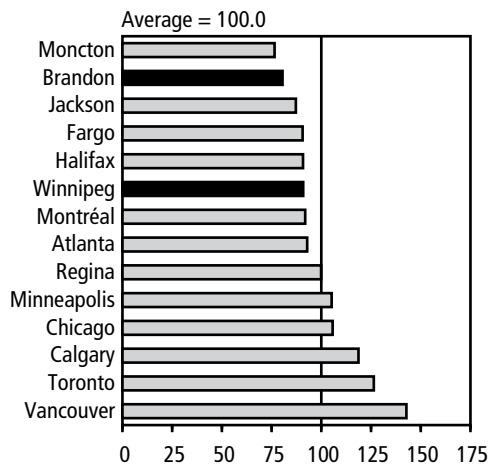
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<sup>1</sup> For comparison purposes, U.S. data is converted to Canadian dollars at an exchange rate of CAD1.0942 (January 2014 average).

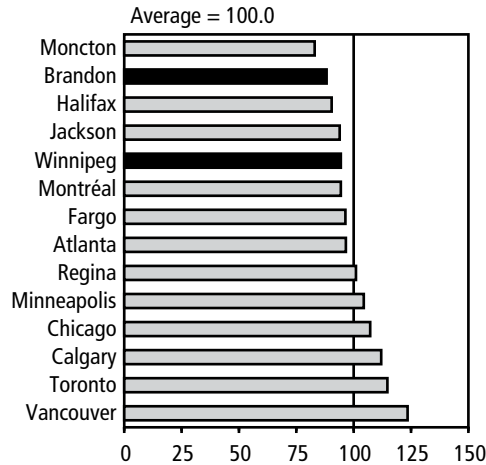
### Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings, and machinery and equipment) in Manitoba cities are among the lowest of all cities. Investment tax credits on capital asset purchases reduce the net cost of investment. Start-up costs in larger cities tend to be higher due to the cost of land and construction labour wages and salaries.

#### Net Cost of Investment Smaller Manufacturing Firm



#### Net Cost of Investment Larger Manufacturing Firm

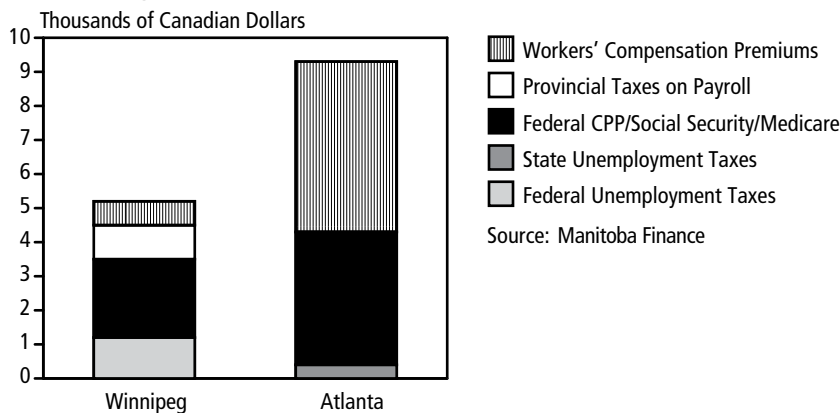


All Charts Source: Manitoba Finance

### Payroll-related Levies

U.S. employers pay federal and state unemployment taxes, social security tax and medicare tax, and are also required to provide workers' compensation coverage. Canadian employers do not pay provincial unemployment or federal medicare taxes, though some provinces have taxes on payroll. For example, at the same wage level, a firm in Atlanta will have higher payroll-related taxes and levies than in Winnipeg.

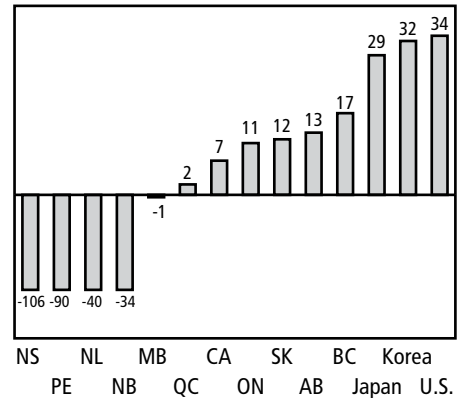
#### Payroll-related Taxes and Levies per Employee, Larger Manufacturing Firm Winnipeg and Atlanta, 2014



### Marginal Effective Tax Rate

Marginal Effective Tax Rates (METR) measure the additional taxes incurred on an incremental capital investment. While METR single-year analysis may have a role to play in assessing competitiveness, it provides less insight than the multi-year model used here. As shown in the accompanying chart, Manitoba has a METR better than most provinces on capital investments for manufacturing firms, and also has a competitive METR in the global market with a lower rate than the U.S., Japan and Korea.

### Marginal Effective Tax Rate on Capital Investment for Manufacturing Firms: 2013



Source: University of Calgary, The School of Public Policy SPP Research Papers, "2013 Annual Global Tax Competitiveness Ranking: Corporate Tax Policy at a Crossroads"

### Pre-tax Net Income

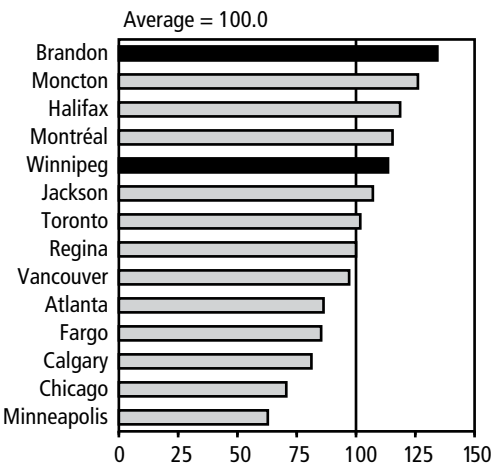
Pre-tax net income compares Manitoba's business cost competitiveness to other jurisdictions. It is calculated by deducting production material costs and location-specific costs from fixed annual sales figures. Annual sales are uniform for all locations and are ramped up through the first four years of operation, then fixed across the cities at \$4 million for the smaller firm and \$45 million for the larger firm for years five to twenty. Annual production material costs are equal to 46% of sales in a given year.

The following location-specific costs are also deducted from annual sales:

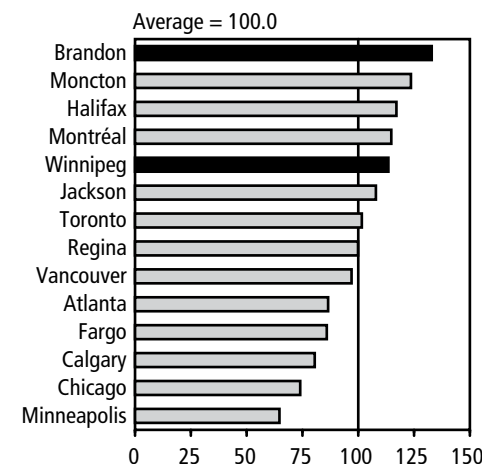
- average manufacturing wages;
- local utility costs for electricity;
- interest charges on debt used to finance construction of the manufacturing plants;
- depreciation of capital assets: building costs (which vary by city based on local construction wages) and machinery and equipment (which are assumed to be the same across all cities); and
- employer-paid payroll related taxes, levies and health premiums.

Brandon yields the highest pre-tax net income for both the smaller and larger manufacturing firms, while Winnipeg has the fifth-highest pre-tax net income, which is still above the overall average for all cities.

### Pre-tax Net Income Smaller Manufacturing Firm



### Pre-tax Net Income Larger Manufacturing Firm



## Effective Tax Rates

Effective tax rates are generated by computing gross taxes as a proportion of pre-tax net income over the 20-year period.

The following annual taxes are taken into account:

- corporation income taxes
- local property and business taxes
- corporation capital and U.S. franchise taxes
- taxes on payroll
- workers' compensation premiums
- statutory pension and unemployment insurance premiums

For U.S. firms, employer-paid health premiums are also included.

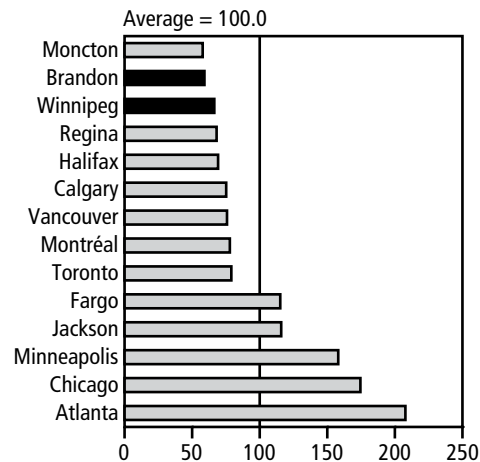
The following tax expenditures that benefit the manufacturing sector are also taken into account:

- investment tax credits
- tax holidays
- accelerated capital cost allowances
- preferential tax rates

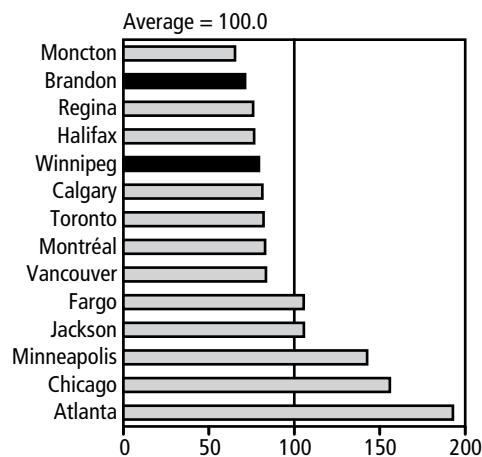
Not included are enterprise zones, grants, and other forms of governmental and third-party financial assistance programs that are subject to an approval process.

For both the smaller and larger manufacturing firms, both Winnipeg's and Brandon's effective tax rates are well below the overall average (100.0).

### Effective Tax Rates Smaller Manufacturing Firm



### Effective Tax Rates Larger Manufacturing Firm



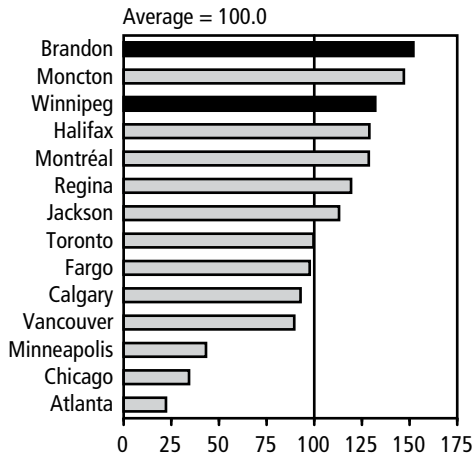


## Internal Rates of Return

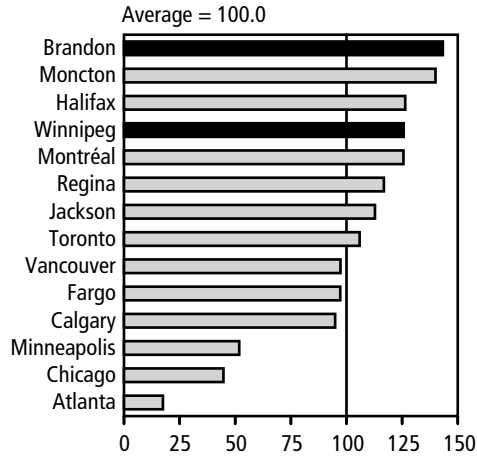
Overall competitiveness is compared by calculating internal rates of return, which are commonly used by businesses in making investment and location decisions. A higher internal rate of return indicates that a city is more competitive than others. The internal rate of return for each city is calculated using start-up costs and cash flow over a 20-year period, specific to a smaller and a larger manufacturing firm, then discounted using applicable Canadian and U.S. commercial interest rates. The following charts illustrate the combined impact of taxes and costs on the internal rates of return for the representative smaller and larger manufacturing corporations in the selected jurisdictions.

The internal rates of return for both Winnipeg and Brandon are above the overall average of the cities included in the study. Brandon has the highest internal rate of return. Winnipeg has the third-highest internal rate of return for the smaller manufacturing firm and the fourth-highest internal rate of return for the larger manufacturing firm.

### Internal Rates of Return Smaller Manufacturing Firm



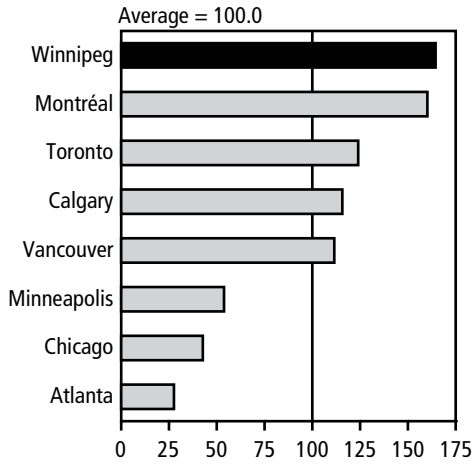
### Internal Rates of Return Larger Manufacturing Firm



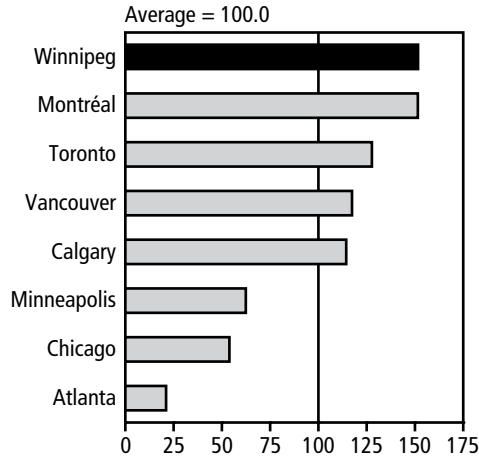
All Charts Source: Manitoba Finance

Among cities with populations over 500,000, Winnipeg has the highest internal rate of return for both manufacturing model firms.

**Internal Rates of Return  
Smaller Manufacturing Firm  
in Cities over 500,000**



**Internal Rates of Return  
Larger Manufacturing Firm  
in Cities over 500,000**



All Charts Source: Manitoba Finance

**CONCLUSION**

Manitoba continues to maintain a highly competitive overall business cost and tax environment for both smaller and larger firms engaged in manufacturing and processing.

## ■ APPENDIX: MANITOBA TAX CREDITS, 2013/14

### Introduction

Governments use the tax system to pursue social, cultural and economic objectives. A tax expenditure is measured as a deviation from a benchmark tax base. The expenditure can be in the form of a deduction, credit, preferential rate, deferral or exemption. Tax expenditures may target taxpayers (ex: individuals, corporations); activities (ex: farming, film production, manufacturing); property (ex: machinery, equipment); sources of income (ex: pensions); transactions (ex: RRSP contributions); or events (ex: involuntary dispositions).

### Accounting for Tax Expenditures

Certain tax expenditures are treated as departmental expenditures, which are subject to review and approval by the Legislature, and are published annually as an individual line item in the Estimates of Expenditure in public accounts.

Other tax expenditures are absorbed into revenue estimates, reducing government revenues that would otherwise have been available for various direct expenditures. Tax expenditure accounts help to enhance the transparency of program expenditures and promote public accountability for tax credits that are absorbed into tax revenue.

Public Sector Accounting Board guidelines stipulate tax expenditures that provide a financial benefit through the tax system, for a purpose other than the relief of taxes, be shown as an expense. The 2014 Budget reflects the following tax credits as expenditures and can be found in the Estimates of Expenditure in the departments of Agriculture, Food and Rural Development; Education and Advanced Learning; Finance; and Jobs and the Economy.

## CREDITS ACCOUNTED FOR AS EXPENDITURE ITEMS

	2013/14
	(Millions of Dollars)
Education Property Tax Credit (including the Advance)	324.3
Farmland School Tax Rebate	34.8
Film and Video Production Tax Credit	15.0
Tuition Fee Income Tax Rebate Advance	4.0
Interactive Digital Media Tax Credit	1.2
Cultural Industries Printing Tax Credit	1.1
School Tax Credit for Tenants and Homeowners (55+)	1.1
Book Publishing Tax Credit	0.5
Co-operative Development Tax Credit	0.1
<b>TOTAL</b>	<b>382.4</b>

## **Limitations of Tax Expenditure Accounting**

Tax expenditure accounting has important limitations that must be considered when interpreting results. The value of each tax expenditure is estimated individually. Interactions between provisions are not taken into account. This has two effects. First, estimates for two or more tax expenditures cannot be added together to arrive at a combined value. Second, changing any one tax expenditure might affect the value of another tax expenditure. For example, changing something that is a deduction from income, such as RRSP contributions, would change reported net income. This in turn would change the value of tax credits, such as Manitoba's Personal Tax Credit, that depend on net income. The combined value of the tax expenditures listed in the account is substantially less than the sum of the individual items.

## **Reporting Tax Expenditures**

Manitoba's tax expenditure accounts are separated into six sections: personal income tax, corporation income tax, health and education tax levy, retail sales tax, fuel tax and corporation capital tax. The estimates are calculated from tax assessment data provided by the Canada Revenue Agency and departmental data. The estimates provided are for the 2013/14 fiscal year and include measures announced in the 2014 Budget.

## ■ MANITOBA TAX CREDIT AND EXEMPTION COST ESTIMATES, 2013/14

(Millions of Dollars)

### PERSONAL INCOME TAX

#### (a) Adjustments to Income (in accordance with tax collection agreements)

Contributions to RRSPs	153.3
Capital gains inclusion rate	97.9
Contributions to RPPs	97.6
Lifetime capital gains exemption	46.7
Social assistance, WCB, and OAS/GIS (non-taxable income)	20.4
Union dues and professional fees	20.2
Pension Income Splitting	18.9
Child-care expenses	15.1
Northern residents deduction	6.7
Moving expenses	1.7

#### (b) Non-refundable tax credits (basic credits provided federally and by all provinces)

Basic personal	694.5
CPP/EI	123.1
Charitable donations	66.9
Family Tax Benefit	56.3
Age	33.6
Medical expenses	32.8
Tuition fees and education amount (\$400/month)	32.6
Spousal	25.6
Disability	20.2
Eligible dependent	17.2
Private pension	16.0
Fitness Tax Credit for children and young adults	3.0
Caregiver	1.5
Children's Arts and Cultural Activity Tax Credit	0.9
Student loan interest	0.7
Infirm dependents	0.2
Adoption Expenses Tax Credit	0.1

#### (c) Other Manitoba Tax Measures

Tuition Fee Income Tax Rebate	44.5
Primary Caregiver Tax Credit	20.5
Mineral Exploration Tax Credit	3.0
Foreign Tax Credit	2.5
Political Contributions Tax Credit	1.4
Fertility Treatment Tax Credit	1.2
Overseas Employment Tax Credit	0.5
Labour-Sponsored Funds Tax Credit	0.2
Community Enterprise Development Tax Credit	0.1

(Millions of Dollars)

**CORPORATE INCOME TAX**

Low rate for small business	292.4
Research and Development Tax Credit	33.5
Manufacturing Investment Tax Credit	33.1
Co-op Education and Apprenticeship Tax Credits	4.0
Small Business Venture Capital Tax Credit	1.1
Green Energy Equipment Tax Credit	1.0
Odour Control Tax Credit	0.1
Riparian Tax Credit*	-
Neighbourhoods Alive! Tax Credit*	-
Nutrient Management Tax Credit*	-

**HEALTH AND EDUCATION LEVY**

\$1.25 million exemption	151.2
Exemption for interjurisdictional common carriers	15.3

**FUEL TAX**

Marked gasoline and diesel	52.9
International cargo flight refunds	0.1

**CORPORATE CAPITAL TAX**

Elimination of general Corporation Capital Tax	132.2
Credit unions and caisses populaires exemption	12.9
Small banks and trust and loan corporations exemptions	0.8
Co-operatives exemption	0.7
Capital deduction	0.2

(Millions of Dollars)

**RETAIL SALES TAX**

Personal Tax Credit	43.2
Data Processing Investment Tax Credit	1.6
Rental Housing Construction Tax Credit	0.4

**Exemptions**

Groceries	198.1
Farm machinery and repairs	51.5
Prescription drugs and medicine	27.0
Farm and organic fertilizer	26.3
Books, free magazines and newspapers, and school yearbooks	22.2
Farm pesticides and herbicides	19.3
Medical supplies, appliances and equipment	17.7
Children's clothing, footwear and baby supplies	16.4
Water supplied by a municipality	15.3
Electricity used for manufacturing or mining	14.0
Natural gas for residential heating	9.5
Custom software and computer programming	9.3
Vehicle trade-ins	7.7
Toll-free calls	7.2
Electricity for residential heating	7.2
Vehicle private buy/sell refunds	4.5
Direct agents and qualifying items used in manufacturing a product for sale and in mining or processing minerals	3.8
Municipal exemptions (including the purchase of ambulances, fire trucks and related equipment, and gravel or sand purchased by a municipality for its own use)	2.1
Qualifying geophysical survey and explorations equipment, drill rigs and well servicing equipment used in oil and gas exploration and development	1.9
Feminine hygiene products	1.5
Mobile, ready-to-move and modular homes (point of sale reduction)	1.0
Non-prescription smoking cessation products	0.5
Films for public broadcast	0.5
Bicycle helmets	0.3
Qualifying geophysical survey and exploration equipment, and prototype mining equipment	0.1
Farm manure slurry tanks and lagoon liners	0.1

In some cases, new information may revise earlier estimates.

Source: Manitoba Finance, February 10, 2014

\* Tax credit uptake is negligible.

## ■ 2014 INTERPROVINCIAL COMPARISON OF TAX RATES

Shows rates applicable on January 1, 2014. Data as of February 10, 2014.

	BC	AB	SK	MB	ON
<b>Personal Income Tax</b>					
Top Marginal Rate (%) <sup>1</sup>	16.80	10.00	15.00	<b>17.40</b>	20.53
Health Care Premiums (\$) <sup>2</sup>	831				900
Health and Education Tax (%) <sup>3</sup>				<b>2.15</b>	1.95
<b>Corporation Income Tax (%)</b>					
Small	2.5	3.0	2.0	<b>0.0</b>	4.5
Large	11.0	10.0	12.0	<b>12.0</b>	11.5
Manufacturing	10.0	10.0	10.0	<b>12.0</b>	10.0
Small business limit (\$000)	500.0	500.0	500.0	<b>425.0</b>	500.0
<b>Capital Tax (%) <sup>4</sup></b>					
Banks	-	-	3.25	<b>5.00</b>	-
Small Financial Institutions	-	-	0.70	-	-
<b>Sales Tax (%)</b>	7.0	-	5.0	<b>8.0</b>	8.0
<b>Gasoline Tax (¢/l) <sup>5</sup></b>	21.17	9.0	15.0	<b>14.0</b>	14.7
<b>Diesel Fuel Tax (¢/l) <sup>6</sup></b>	22.67	9.0	15.0	<b>14.0</b>	14.3
<b>Tobacco Tax (¢/cigarette) <sup>7</sup></b>	22.3	20.0	25.0	<b>29.0</b>	12.35
<b>Corporation Income Tax Credits</b>					
Manufacturing (%)			5.00	<b>10.00</b>	
Research and Development (%)	10.00	10.00	15.00	<b>20.00</b>	14.50

<sup>1</sup> Top marginal provincial rates include surtaxes.

<sup>2</sup> The health premium for BC is the maximum individual rate (premiums are set to increase January 1, 2015). The premium for ON is calculated as part of its provincial personal income tax system; maximum individual rate shown. QC levies a progressive health contribution, a prescription drug plan and a parental insurance plan; maximum total individual rate shown.

<sup>3</sup> MB exempts firms with payrolls of less than \$1.25 million. ON provides a payroll deduction of \$450,000 for all employers. QC has graduated rates for firms with payrolls under \$5 million. NL exempts firms with payrolls of less than \$1.2 million.

<sup>4</sup> SK has a reduced tax rate for small financial institutions with less than \$1.5 billion in taxable paid up capital. MB exempts small financial institutions with less than \$4 billion in taxable paid up capital.

## ■ FEDERAL AND MANITOBA INCOME TAX RATES, 2014

### Personal Income Tax Rates

Canada		Manitoba	
Rate	Taxable Income Range	Rate	Taxable Income Range
15%	\$0 – \$43,953	10.8%	\$0 – \$31,000
22%	\$43,954 – \$87,907	12.75%	\$31,001 – \$67,000
26%	\$87,908 – \$136,270	17.4%	over \$67,000
29%	over \$136,270		



QC	NB	NS	PE	NL	
25.75	17.84	21.00	18.37	13.30	<b>Personal Income Tax</b>
2006					Top Marginal Rate (%) <sup>1</sup>
4.26				2.00	<b>Health Care Premiums (\$) <sup>2</sup></b>
					<b>Health and Education Tax (%) <sup>3</sup></b>
					<b>Corporation Income Tax (%)</b>
8.0	4.5	3.0	4.5	4.0	Small
11.9	10.0	16.0	16.0	14.0	Large
11.9	10.0	16.0	16.0	5.0	Manufacturing
500.0	500.0	350.0	500.0	500.0	Small business limit (\$000)
					<b>Capital Tax (%) <sup>4</sup></b>
-	4.00	4.00	5.00	4.00	Banks
-	-	-	-	-	Small Financial Institutions
9.975	8.0	10.0	9.0	8.0	<b>Sales Tax (%)</b>
19.2	13.6	15.5	13.1	16.5	<b>Gasoline Tax (¢/l) <sup>5</sup></b>
20.2	19.2	15.4	20.2	16.5	<b>Diesel Fuel Tax (¢/l) <sup>6</sup></b>
12.90	19.00	23.52	22.50	20.50	<b>Tobacco Tax (¢/cigarette) <sup>7</sup></b>
					<b>Corporation Income Tax Credits</b>
5.00			10.00		Manufacturing (%)
37.50	15.00	15.00		15.00	Research and Development (%)

<sup>5</sup> Provincial gasoline taxes are fixed rates per litre. The rate in BC includes 6.75¢/l dedicated to the BC Transportation Financing Authority and the carbon tax rates of 6.67¢/l for gasoline. Montréal has an additional levy of 3.0¢/l and QC imposes a carbon tax of 0.8¢/l on petroleum companies (it is assumed the tax is passed on to consumers). ON, QC, NB, NS and NL include provincial sales tax based on average pump prices.

<sup>6</sup> Provincial diesel fuel taxes are fixed rates per litre. The rate in BC includes 6.75¢/l dedicated to the BC Transportation Financing Authority and the carbon tax rates of 7.67¢/l for diesel. QC imposes a carbon tax of 0.938¢/l on petroleum companies (it is assumed the tax is passed on to consumers). ON, QC, NB, NS and NL levy provincial sales tax on the pump price.

<sup>7</sup> BC tobacco tax is set to increase to 23.9¢/cigarette on April 1, 2014.

## Corporation Income Tax Rates

	Canada	Manitoba
Basic Rate	15.0%	12.0%
Small Business Rate	11.0%	0.0%
Small Business Income Limit	\$500,000	\$425,000

## ■ PERSONAL TAX SAVINGS SINCE 1999

Includes Personal Income Tax Reductions, Personal Income Tax Credits, Property Tax Credits and Rebates

	2000	2001	2002	2003	2004	2005	2006	2007	2008
	(Millions of Dollars)								
<b>Income Tax Reductions</b>									
BUDGET									
2000	9	68	34						
2001		29	7	18					
2002			15						
2003					39				
2005							30		
2006							8	34	
2007								25	51
2008									1
2010									
2011									
<b>SUBTOTAL</b>	<b>9</b>	<b>97</b>	<b>56</b>	<b>18</b>	<b>39</b>	<b>-</b>	<b>38</b>	<b>59</b>	<b>52</b>
<b>Property Tax Reductions<sup>1</sup></b>									
BUDGET									
2000	26								
2001		27							
2002			10						
2003				19					
2004					23				
2005						37			
2006							39		
2007								42	2
2008									25
2009									
2011									
2014									
<b>SUBTOTAL</b>	<b>26</b>	<b>27</b>	<b>10</b>	<b>19</b>	<b>23</b>	<b>37</b>	<b>39</b>	<b>42</b>	<b>27</b>
Annual Totals	35	124	67	37	62	37	77	101	79
Cumulative Annual Totals	<b>35</b>	<b>159</b>	<b>226</b>	<b>262</b>	<b>324</b>	<b>361</b>	<b>438</b>	<b>539</b>	<b>618</b>

Totals may not add due to rounding.

<sup>1</sup> Reductions include the Seniors' School Tax Rebate of \$50 million, increases to the Education Property Tax Credit of \$156 million, the introduction of, and increases to, the Farmland School Tax Rebate of \$35 million, and reductions to the Education Support Levy (ESL) which was eliminated in 2006 (the elimination of ESL now provides annual tax savings of \$145 million compared to \$100 million in 2006).

2009	2010	2011	2012	2013	2014	2015	2016	Cumulative Annual Totals		
(Millions of Dollars)										
									<b>Income Tax Reductions</b>	
									BUDGET	
									111	2000
									54	2001
									15	2002
									39	2003
									30	2005
									42	2006
28	16							120	2007	
24	11							36	2008	
		3	8					11	2010	
		24	20	19	19			81	2011	
52	30	32	20	19	19			539	SUBTOTAL	
									<b>Property Tax Reductions<sup>1</sup></b>	
									BUDGET	
									26	2000
									27	2001
									10	2002
									19	2003
									23	2004
									37	2005
									39	2006
2									46	2007
								25	2008	
16									16	2009
		19	2	2					23	2011
						17	17	17	50	2014
18	-	19	2	2	17	17	17	341	SUBTOTAL	
70	30	51	21	21	36	17	17	880	Annual Totals	
688	718	769	790	811	847	864	880	Cumulative Annual Totals		

## ■ 2014 COMPARISON OF TAXES AND BASIC HOUSEHOLD COSTS

<b>Single Person with a disability: \$25,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	122	0	(239)	(155)	(495)
Health Premiums	307	0	0	0	300
<b>Subtotal PIT and Premiums</b>	<b>429</b>	<b>0</b>	<b>(239)</b>	<b>(155)</b>	<b>(195)</b>
Provincial Sales Tax	298	0	180	564	770
Carbon Tax Credit	(116)	0	0	0	0
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>612</b>	<b>0</b>	<b>(59)</b>	<b>409</b>	<b>575</b>
Rent	11,784	11,496	9,972	8,448	12,084
Utilities	365	772	718	393	640
Public Transit	1,037	1,015	833	886	1,464
<b>Total Costs</b>	<b>13,186</b>	<b>13,283</b>	<b>11,523</b>	<b>9,727</b>	<b>14,188</b>
<b>Total Taxes and Basic Household Costs</b> (National Average \$11,821)	<b>13,798</b>	<b>13,283</b>	<b>11,464</b>	<b>10,137</b>	<b>14,763</b>
<b>Single Parent, One Child: \$30,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	339	0	(478)	(107)	(852)
Health Premiums	835	0	0	0	300
<b>Subtotal PIT and Premiums</b>	<b>1,174</b>	<b>0</b>	<b>(478)</b>	<b>(107)</b>	<b>(552)</b>
Family/Employment Tax Credits	0	(507)	0	0	0
Child Benefits	0	0	0	0	0
Provincial Sales Tax	283	0	171	536	732
Carbon Tax Credit	(231)	0	0	0	0
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>1,227</b>	<b>(507)</b>	<b>(307)</b>	<b>429</b>	<b>179</b>
Rent	11,784	11,496	9,972	8,448	12,084
Child Care	1,740	2,604	4,115	2,793	476
Utilities	365	772	718	393	640
Public Transit	1,037	1,015	833	886	1,464
<b>Total Costs</b>	<b>14,926</b>	<b>15,887</b>	<b>15,638</b>	<b>12,520</b>	<b>14,664</b>
<b>Total Taxes and Basic Household Costs</b> (National Average \$13,835)	<b>16,152</b>	<b>15,380</b>	<b>15,331</b>	<b>12,949</b>	<b>14,843</b>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
					<b>Single Person with a disability: \$25,000</b>
(211)	293	417	869	701	Provincial Income Tax
699	0	0	0	0	Health Premiums
<u>488</u>	<u>293</u>	<u>417</u>	<u>869</u>	<u>701</u>	<u>Subtotal PIT and Premiums</u>
804	1,143	885	580	775	Provincial Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>1,292</u>	<u>1,436</u>	<u>1,301</u>	<u>1,449</u>	<u>1,476</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,644	7,812	9,252	7,572	8,508	Rent
393	597	768	847	683	Utilities
725	764	766	704	775	Public Transit
<u>8,762</u>	<u>9,173</u>	<u>10,786</u>	<u>9,123</u>	<u>9,966</u>	<u>Total Costs</u>
<u>10,054</u>	<u>10,608</u>	<u>12,088</u>	<u>10,572</u>	<u>11,442</u>	Total Taxes and Basic Household Costs (National Average \$11,821)
					<b>Single Parent, One Child: \$30,000</b>
634	0	403	1,040	186	Provincial Income Tax
378	0	0	0	0	Health Premiums
<u>1,012</u>	<u>0</u>	<u>403</u>	<u>1,040</u>	<u>186</u>	<u>Subtotal PIT and Premiums</u>
0	(250)	0	0	0	Family/Employment Tax Credits
(3,162)	(86)	0	0	0	Child Benefits
764	1,085	840	551	957	Provincial Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>(1,386)</u>	<u>750</u>	<u>1,244</u>	<u>1,591</u>	<u>1,142</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,644	7,812	9,252	7,572	8,508	Rent
1,820	3,427	3,218	4,080	0	Child Care
393	597	768	847	683	Utilities
725	764	766	704	775	Public Transit
<u>10,582</u>	<u>12,600</u>	<u>14,004</u>	<u>13,203</u>	<u>9,966</u>	<u>Total Costs</u>
<u>9,196</u>	<u>13,349</u>	<u>15,248</u>	<u>14,794</u>	<u>11,109</u>	Total Taxes and Basic Household Costs (National Average \$13,835)

Sums may not add due to rounding.

## 2014 Comparison of Taxes and Basic Household Costs

<b>Two-Earner Family of 4: \$60,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,207	1,593	62	<b>2,813</b>	497
Health Premiums	1,662	0	0	<b>0</b>	300
<u>Subtotal PIT and Premiums</u>	<u>2,869</u>	<u>1,593</u>	<u>62</u>	<u><b>2,813</b></u>	<u>797</u>
Family/Employment Tax Credits	0	(1,390)	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	0
Property Taxes	3,469	2,383	2,513	<b>2,965</b>	2,993
Property Tax Credits	(570)	0	0	<b>(700)</b>	(68)
Provincial Sales Tax	748	0	557	<b>1,206</b>	1,857
Gasoline Tax	635	270	450	<b>420</b>	441
Carbon Tax Credit	(83)	0	0	<b>0</b>	0
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>7,068</u>	<u>2,856</u>	<u>3,582</u>	<u><b>6,704</b></u>	<u>6,020</u>
Mortgage Costs	22,489	11,771	10,355	<b>8,445</b>	13,878
Child Care	15,972	7,956	12,789	<b>10,296</b>	7,969
Utilities	1,626	1,900	1,954	<b>1,490</b>	1,903
Auto Insurance	2,719	2,581	1,812	<b>1,825</b>	5,723
<u>Total Costs</u>	<u>42,806</u>	<u>24,208</u>	<u>26,910</u>	<u><b>22,056</b></u>	<u>29,473</u>
<b>Total Taxes and Basic Household Costs</b> (National Average \$32,591)	<u><b>49,874</b></u>	<u><b>27,064</b></u>	<u><b>30,492</b></u>	<u><b>28,760</b></u>	<u><b>35,493</b></u>
<b>Two-Earner Family of 5: \$75,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,826	2,274	814	<b>4,144</b>	1,237
Health Premiums	1,662	0	0	<b>0</b>	519
<u>Subtotal PIT and Premiums</u>	<u>3,488</u>	<u>2,274</u>	<u>814</u>	<u><b>4,144</b></u>	<u>1,755</u>
Family/Employment Tax Credits	0	(1,787)	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	0
Property Taxes	3,814	3,115	3,454	<b>3,753</b>	4,912
Property Tax Credits	(570)	0	0	<b>(700)</b>	0
Provincial Sales Tax	792	0	709	<b>1,486</b>	2,290
Gasoline Tax	635	270	450	<b>420</b>	441
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>8,159</u>	<u>3,872</u>	<u>5,427</u>	<u><b>9,103</b></u>	<u>9,398</u>
Mortgage Costs	25,164	15,386	14,233	<b>11,381</b>	22,773
Child Care	24,294	17,388	17,829	<b>13,438</b>	12,451
Utilities	2,710	3,167	3,256	<b>2,483</b>	3,172
Auto Insurance	2,719	2,581	1,812	<b>1,825</b>	5,723
<u>Total Costs</u>	<u>54,887</u>	<u>38,522</u>	<u>37,130</u>	<u><b>29,127</b></u>	<u>44,119</u>
<b>Total Taxes and Basic Household Costs</b> (National Average \$46,395)	<u><b>63,046</b></u>	<u><b>42,394</b></u>	<u><b>42,557</b></u>	<u><b>38,230</b></u>	<u><b>53,517</b></u>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	
					<b>Two-Earner Family of 4: \$60,000</b>
3,052	2,204	2,685	2,888	2,019	Provincial Income Tax
1,398	0	0	0	0	Health Premiums
<u>4,450</u>	<u>2,204</u>	<u>2,685</u>	<u>2,888</u>	<u>2,019</u>	<u>Subtotal PIT and Premiums</u>
0	(250)	0	0	0	Family/Employment Tax Credits
(2,979)	0	0	0	0	Child Benefits
3,083	2,701	2,375	2,600	1,986	Property Taxes
0	0	0	0	0	Property Tax Credits
2,360	2,412	2,010	1,374	2,118	Provincial Sales Tax
576	408	465	393	495	Gasoline Tax
0	0	0	0	0	Carbon Tax Credit
<u>7,489</u>	<u>7,475</u>	<u>7,535</u>	<u>7,255</u>	<u>6,618</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
8,054	5,836	8,184	4,896	7,544	Mortgage Costs
3,640	14,050	13,234	13,000	10,193	Child Care
1,998	2,909	2,752	4,158	3,850	Utilities
5,217	2,026	2,032	1,880	2,407	Auto Insurance
<u>18,909</u>	<u>24,821</u>	<u>26,202</u>	<u>23,934</u>	<u>23,994</u>	<u>Total Costs</u>
<u>26,398</u>	<u>32,296</u>	<u>33,737</u>	<u>31,189</u>	<u>30,612</u>	Total Taxes and Basic Household Costs (National Average \$32,591)
					<b>Two-Earner Family of 5: \$75,000</b>
5,483	3,654	3,904	3,981	3,097	Provincial Income Tax
1,498	0	0	0	0	Health Premiums
<u>6,980</u>	<u>3,654</u>	<u>3,904</u>	<u>3,981</u>	<u>3,097</u>	<u>Subtotal PIT and Premiums</u>
0	(250)	0	0	0	Family/Employment Tax Credits
(3,549)	0	0	0	0	Child Benefits
5,367	3,874	2,957	3,900	3,170	Property Taxes
0	0	0	0	0	Property Tax Credits
2,744	2,659	2,154	1,529	2,507	Provincial Sales Tax
576	408	465	393	495	Gasoline Tax
<u>12,118</u>	<u>10,345</u>	<u>9,480</u>	<u>9,803</u>	<u>9,269</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
14,020	8,369	10,191	7,344	12,041	Mortgage Costs
5,460	21,076	20,295	19,500	15,227	Child Care
3,330	4,848	4,586	6,930	6,416	Utilities
5,217	2,026	2,032	1,880	2,407	Auto Insurance
<u>28,027</u>	<u>36,319</u>	<u>37,104</u>	<u>35,654</u>	<u>36,091</u>	<u>Total Costs</u>
<u>40,145</u>	<u>46,664</u>	<u>46,584</u>	<u>45,457</u>	<u>45,360</u>	Total Taxes and Basic Household Costs (National Average \$46,395)

Sums may not add due to rounding.

## 2014 Comparison of Taxes and Basic Household Costs

<b>Two-Earner Family of 4: \$76,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	2,792	3,558	3,134	<b>5,202</b>	2,586
Health Premiums	1,662	0	0	<b>0</b>	750
<b>Subtotal PIT and Premiums</b>	<b>4,454</b>	<b>3,558</b>	<b>3,134</b>	<b>5,202</b>	<b>3,336</b>
Family/Employment Tax Credits	0	(1,390)	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	0
Property Taxes	3,814	3,115	3,454	<b>3,753</b>	4,912
Property Tax Credits	(570)	0	0	<b>(700)</b>	0
Provincial Sales Tax	1,100	0	952	<b>1,796</b>	2,432
Gasoline Tax	635	270	450	<b>420</b>	441
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>9,433</b>	<b>5,553</b>	<b>7,989</b>	<b>10,471</b>	<b>11,121</b>
Mortgage Costs	25,164	15,386	14,233	<b>11,381</b>	22,773
Utilities	2,710	3,167	3,256	<b>2,483</b>	3,172
Auto Insurance	2,719	2,581	1,812	<b>1,825</b>	5,723
<b>Total Costs</b>	<b>30,593</b>	<b>21,134</b>	<b>19,301</b>	<b>15,689</b>	<b>31,668</b>
<b>Total Taxes and Basic Household Costs</b> (National Average \$31,578)	<b>40,026</b>	<b>26,687</b>	<b>27,290</b>	<b>26,160</b>	<b>42,789</b>

Sums may not add due to rounding.

<b>Senior Couple: \$60,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,425	1,177	1,694	<b>3,234</b>	1,441
Health Premiums	1,506	0	0	<b>0</b>	600
<b>Subtotal PIT and Premiums</b>	<b>2,931</b>	<b>1,177</b>	<b>1,694</b>	<b>3,234</b>	<b>2,041</b>
Provincial Sales Tax	882	0	732	<b>1,419</b>	2,292
Property Taxes	3,469	2,383	2,513	<b>2,965</b>	2,993
Property Tax Credits/Rebate	(845)	0	0	<b>(935)</b>	(427)
Gasoline Tax	423	180	300	<b>280</b>	294
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>6,861</b>	<b>3,740</b>	<b>5,239</b>	<b>6,963</b>	<b>7,194</b>
Utilities	1,626	1,900	1,954	<b>1,490</b>	1,903
Auto Insurance	1,350	1,198	891	<b>920</b>	4,772
<b>Total Costs</b>	<b>2,976</b>	<b>3,098</b>	<b>2,845</b>	<b>2,410</b>	<b>6,675</b>
<b>Total Taxes and Basic Household Costs</b> (National Average \$11,062)	<b>9,837</b>	<b>6,838</b>	<b>8,084</b>	<b>9,373</b>	<b>13,869</b>

Sums may not add due to rounding.



QC	NB	NS	PE	NL	<b>Two-Earner Family of 4: \$76,000</b>	
4,967	5,398	5,800	6,023	4,722		Provincial Income Tax
<u>1,498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		Health Premiums
<u>6,465</u>	<u>5,398</u>	<u>5,800</u>	<u>6,023</u>	<u>4,722</u>		<u>Subtotal PIT and Premiums</u>
0	(136)	0	0	0		Family/Employment Tax Credits
(2,339)	0	0	0	0		Child Benefits
5,367	3,874	2,957	3,900	3,170		Property Taxes
0	0	0	0	0		Property Tax Credits
2,917	3,224	2,844	1,918	2,752		Provincial Sales Tax
<u>576</u>	<u>408</u>	<u>465</u>	<u>393</u>	<u>495</u>		<u>Gasoline Tax</u>
<u>12,986</u>	<u>12,768</u>	<u>12,065</u>	<u>12,234</u>	<u>11,139</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
14,020	8,369	10,191	7,344	12,041		Mortgage Costs
3,330	4,848	4,586	6,930	6,416		Utilities
<u>5,217</u>	<u>2,026</u>	<u>2,032</u>	<u>1,880</u>	<u>2,407</u>		<u>Auto Insurance</u>
<u>22,567</u>	<u>15,243</u>	<u>16,809</u>	<u>16,154</u>	<u>20,864</u>		<u>Total Costs</u>
<u>35,553</u>	<u>28,011</u>	<u>28,874</u>	<u>28,388</u>	<u>32,003</u>		<b>Total Taxes and Basic Household Costs</b> (National Average \$31,578)

Sums may not add due to rounding.

QC	NB	NS	PE	NL	<b>Senior Couple: \$60,000</b>	
2,373	2,885	2,899	3,494	2,302		Provincial Income Tax
<u>1,398</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		Health Premiums
<u>3,770</u>	<u>2,885</u>	<u>2,899</u>	<u>3,494</u>	<u>2,302</u>		<u>Subtotal PIT and Premiums</u>
2,509	2,884	2,387	1,673	2,592		Provincial Sales Tax
3,083	2,701	2,375	2,600	1,986		Property Taxes
0	0	0	0	0		Property Tax Credits/Rebate
<u>384</u>	<u>272</u>	<u>310</u>	<u>262</u>	<u>330</u>		<u>Gasoline Tax</u>
<u>9,746</u>	<u>8,743</u>	<u>7,971</u>	<u>8,029</u>	<u>7,209</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
1,998	2,909	2,752	4,158	3,850		Utilities
882	1,109	947	914	1,405		Auto Insurance
<u>2,880</u>	<u>4,018</u>	<u>3,699</u>	<u>5,072</u>	<u>5,255</u>		<u>Total Costs</u>
<u>12,626</u>	<u>12,761</u>	<u>11,670</u>	<u>13,101</u>	<u>12,464</u>		<b>Total Taxes and Basic Household Costs</b> (National Average \$11,062)

Sums may not add due to rounding.

## 2014 Comparison of Taxes and Basic Household Costs Net of Graduate Credits and Tuition Rebates

Single Person (Graduate): \$50,000	BC	AB	SK	MB	ON
Provincial Income Tax	2,195	2,900	3,589	<b>4,437</b>	2,268
Graduate Tuition Credit/Rebate	0	0	(2,000)	<b>(2,500)</b>	0
Health Premiums	831	0	0	<b>0</b>	600
<u>Subtotal PIT, Credit and Premiums</u>	<u>3,026</u>	<u>2,900</u>	<u>1,589</u>	<u><b>1,937</b></u>	<u>2,868</u>
Property Taxes	3,469	2,383	2,513	<b>2,965</b>	2,993
Property Tax Credits	(570)	0	0	<b>(700)</b>	0
Provincial Sales Tax	778	0	497	<b>1,106</b>	1,636
Gasoline Tax	423	180	300	<b>280</b>	294
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>7,126</u>	<u>5,463</u>	<u>4,899</u>	<u><b>5,587</b></u>	<u>7,792</u>
Mortgage Costs	22,489	11,771	10,355	<b>8,445</b>	13,878
Utilities	1,626	1,900	1,954	<b>1,490</b>	1,903
Auto Insurance	1,286	1,185	852	<b>865</b>	4,692
<u>Total Costs</u>	<u>25,401</u>	<u>14,856</u>	<u>13,161</u>	<u><b>10,800</b></u>	<u>20,473</u>
Total Taxes and Basic Household Costs (National Average \$20,995)	<u>32,527</u>	<u>20,319</u>	<u>18,060</u>	<u><b>16,387</b></u>	<u>28,265</u>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	<b>Single Person (Graduate): \$50,000</b>
4,003	4,162	4,624	4,550	3,698	Provincial Income Tax
0	(4,000)	(2,500)	0	0	Graduate Tuition Credit/Rebate
799	0	0	0	0	Health Premiums
<u>4,802</u>	<u>162</u>	<u>2,124</u>	<u>4,550</u>	<u>3,698</u>	<u>Subtotal PIT, Credit and Premiums</u>
3,083	2,701	2,375	2,600	1,986	Property Taxes
0	0	0	0	0	Property Tax Credits
2,068	2,404	2,087	1,363	1,732	Provincial Sales Tax
384	272	310	262	330	Gasoline Tax
<u>10,337</u>	<u>5,539</u>	<u>6,897</u>	<u>8,775</u>	<u>7,745</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
8,054	5,836	8,184	4,896	7,544	Mortgage Costs
1,998	2,909	2,752	4,158	3,850	Utilities
767	987	883	889	1,388	Auto Insurance
<u>10,819</u>	<u>9,732</u>	<u>11,819</u>	<u>9,943</u>	<u>12,782</u>	<u>Total Costs</u>
<u>21,156</u>	<u>15,271</u>	<u>18,716</u>	<u>18,718</u>	<u>20,527</u>	Total Taxes and Basic Household Costs (National Average \$20,995)

Sums may not add due to rounding.

## NOTES

Provincial taxes, credits and premiums, and benefits are based on information available prior to February 10, 2014. Unless noted, other data has not been updated.

**Auto insurance** coverage includes \$2 million Third Party Liability, a \$500 All Perils Deductible, accident benefits and \$2 million Standard Policy Form #44 family protection coverage for those jurisdictions without no-fault injury coverage, and La Société de l'Assurance Automobile du Québec injury protection in Montréal. Rates were provided by the Insurance Corporation of British Columbia for BC, SGI Canada for SK, and Manitoba Public Insurance (MPI) for MB. Rates for cities in other provinces are the average of the quotes from 10 private insurers providing coverage in those provinces. Discounts for second or multiple vehicles, where available, are not included in the auto insurance calculations. Rebates issued by MPI or other insurers are also excluded. Auto insurance for the 2010 Dodge Grand Caravan SE and the 2003 Chevrolet Malibu are used in these examples, two of the more common vehicles driven in Manitoba.

**Child-care costs** are based on annual parent fees paid, less subsidies, for preschool aged children, typically over two years of age and under six years of age, for 260 days or 12 months per year. MB, PE and QC are the only provinces with regulated maximum parent fees. Fees for other provinces are those obtained from provincial offices and online.

**Gasoline Tax** is based on the annual consumption of 2,000 litres for the single-vehicle family and 3,000 litres for the two-vehicle families. The Gasoline Tax includes all provincial levies on gas, including carbon tax and sales tax, where applicable, as of December 31, 2013.

**Health premiums** are annual premiums for hospital insurance and medical services in provinces which levy them. Quebec's Prescription Drug Plan and Progressive Health Contribution are included.

**Mortgage costs** are based on average home prices for a detached bungalow and an executive detached two-storey from the "Royal LePage Fourth Quarter 2012 Survey of Canadian House Prices," with one-half of the home price being financed over 25 years at a one-year closed mortgage rate of 3.2%.

**Net child benefits** represent provincial programs comparable to the Canada Child Tax Benefit for families with children.

**Property taxes** are based on the estimated taxes for a sample detached bungalow from the Saskatchewan 2013 Budget Paper "2013 Intercity Comparison of Taxes, Utilities and Housing." Property taxes for the detached bungalow have been proportionally adjusted to arrive at taxes for the executive detached two-storey.

**Provincial income tax** is calculated for: a single renter with a disability; a single parent with one preschool child who rents; a two-earner family of four with \$60,000 of earned income and two preschool children; a two-earner family of five with \$75,000 of earned income and three preschool children; a two-earner average family with \$76,000 earned income and two school aged children who do not require child care; a single graduate; and a senior couple, who both receive the Old Age Security and split private pension income. For the two-earner families: one spouse earns 60% while the other spouse earns 40% of family income; where applicable eligible child-care costs have been deducted from the spouse with the lower income, incomes are before receipt of the Universal Child Care Benefit (UCCB), but UCCB is used in the calculation of net income. For the single parent, child-care costs net of subsidies for each province have been deducted from income and UCCB is treated as taxable income of the dependent child. The average family's children qualify for the full Fitness and Children's Arts and Cultural Activities Tax Credits. Personal non-refundable credits used include the CPP/QPP and EI contribution credits. Gross Quebec personal income tax has been reduced by the 16.5% abatement for federal income tax. Refundable sales tax credits and provincial tax reductions and rebates have been deducted from income tax payable. Property tax credits for renters are included in income tax, but property tax credits for homeowners are shown separately.

**Rent** is taken from Canada Mortgage and Housing Corporation's Rental Market Survey, October 2012, and is based on the average one-bedroom apartment rent for each urban centre.

**Provincial sales tax** is based on an average expenditure basket for each level of total income from the "2011 Survey of Household Spending" (Statistics Canada and Statistics Canada's estimates of Household Income).

**Transit fares** are based on adult monthly pass rates in effect during January 2013. The impact of the federal non-refundable public transit tax credit has reduced the cost of transit fees shown for the single person with a disability and single parent.

**Utilities** are based on the Saskatchewan 2013 Budget Paper "2013 Intercity Comparison of Taxes, Utilities and Housing."

- **Home heating** charges are based on an annual consumption level of 2,800 cubic metres of natural gas for a detached bungalow. Annual consumption for the detached bungalow has been proportionally adjusted for the executive detached two-storey. For the Atlantic provinces, the figures represent the BTU equivalent consumption of fuel oil.
- **Electricity charges** are based on: annual consumption of 8,100 kWh for a detached bungalow; 13,500 kWh for the executive detached two-storey; and 4,584 kWh for rental units.

