

Ranking Provincial Tax Systems in Canada: Provincial Summary¹

Manitoba

CFIB has produced its 2013 *Small Business Provincial Tax Index* to gauge the competitiveness level of provincial tax systems. The unique aspect of CFIB's research is that it examines elements of the provincial tax system through the lens of the SME owner. It encompasses 53 indicators in five major areas of the tax system—premiums and payroll tax; sales and excise tax; corporate income tax; personal income tax; and property tax.

Overall Index Scores, provincial tax systems, 2013 (10 is best; 0 is worst)

Best (10) ↑		Overall Index Scores	Premiums and Payroll Tax Subindex	Sales and Excise Tax Subindex	Corporate Income Tax Subindex	Personal Income Tax Subindex	Property Tax Subindex
	Alberta	8.53	9.6	9.7	7.3	9.1	5.8
	Saskatchewan	7.01	9.1	3.5	7.5	6.7	7.4
	New Brunswick	6.98	9.2	6.4	6.4	5.7	5.6
	Newfoundland and Labrador	6.17	6.5	4.8	6.7	5.4	7.5
	Prince Edward Island	5.90	7.5	5.0	5.9	3.3	6.9
	Manitoba	5.67	6.5	4.8	7.4	4.1	4.9
	British Columbia	5.65	7.0	1.8	7.6	6.9	4.3
	Ontario	5.50	4.6	7.2	6.1	6.6	3.1
	Nova Scotia	5.22	7.5	4.6	3.7	4.2	4.7
↓ Worst (0)	Quebec	3.97	3.7	5.3	3.0	2.3	5.8

Competitive Advantages:

- ▶ Low workers' compensation premiums for major industries.
- ▶ Small business corporate income tax rate set at zero percent, the lowest in the country.
- ▶ Existence of tax credits for apprenticeship, M&P, R&D, and other regional credits.

¹ This is a summary based on the full report *Ranking Provincial Tax Systems in Canada: CFIB's 2013 Small Business Provincial Index*. <http://www.cfib.ca/a5557e>.

Areas for Improvement:

Premiums and Payroll Tax

- ▶ Review maximum workers' compensation rate and individual industry rates relative to other provinces to ensure they are comparable and reasonable.
- ▶ Bring maximum insurable earnings in line with Manitoba's average yearly earnings—currently does not have a maximum insurable earnings limit.
- ▶ Reduce or eliminate employer-paid payroll tax.
- ▶ Increase the threshold on employer payroll tax.

Sales and Excise Taxes

- ▶ Reverse the one percentage point PST hike.
- ▶ Eliminate tax on business inputs.
- ▶ Reduce fuel taxes.
- ▶ Reduce property plus fire insurance tax.

Corporate Income Tax

- ▶ Reduce general corporate income tax rate.
- ▶ Go beyond \$25,000 increase planned for 2014 and fulfill election commitment to increase small business threshold to \$500,000 (one of two provinces with a \$400,000 threshold)
- ▶ Reduce total number of industry-specific tax credits in favour of broad-based tax credits available to all businesses.

Personal Income Tax

- ▶ Reduce bottom income bracket tax rate.
- ▶ Reduce top income bracket tax rate.
- ▶ Increase basic personal exemption—among the lowest in the country.
- ▶ Increase threshold for level of income that top rate applies—second lowest in the country.
- ▶ Index exemptions and tax brackets.
- ▶ Reduce number of tax credits—among the highest in the country.

Property Tax

- ▶ Reduce reliance on property taxes.
- ▶ Address the high commercial-to-residential property tax ratio.
- ▶ Take steps to eliminate the business occupancy tax in the City of Winnipeg.
- ▶ Reduce or eliminate provincial real estate transfer tax—among the highest in the country.
- ▶ Reduce or eliminate probate fees/taxes.