

# Ranking Provincial Tax Systems in Canada: Provincial Summary<sup>1</sup>

## *Newfoundland and Labrador*

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
	<b>Newfoundland and Labrador</b>	<b>6.17</b>	<b>6.5</b>	<b>4.8</b>	<b>6.7</b>	<b>5.4</b>	<b>7.5</b>
	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:

- ▶ Lowest school board/provincial/municipal property tax burden
- ▶ Relatively low number corporate income tax credits.
- ▶ Lowest M&P corporate income tax rate in the country.
- ▶ Among the lowest gaps between maximum insurable earnings and average yearly earnings.

<sup>1</sup> 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 workers' compensation rates for individual industries relative to other provinces to ensure they are comparable and reasonable. Currently NL has some of the highest rates in the country.
- ▶ Reduce the employer-paid Health and Post Secondary Education Tax and/or increase the threshold for which it applies.

### *Sales and Excise Taxes*

- ▶ Lower the provincial portion of the HST.
- ▶ Reduce fuel taxes on gasoline and diesel.
- ▶ Reduce insurance taxes—some of the highest rates in the country.
- ▶ Examine tobacco tax levels to ensure they are not fueling an increase in black market sales.

### *Corporate Income Tax*

- ▶ Reduce the small business tax rate.
- ▶ Reduce the general corporate tax rate.
- ▶ Introduce a well designed training tax credit.

### *Personal Income Tax*

- ▶ Reduce the bottom tax rate.
- ▶ Reduce the top tax rate.
- ▶ Increase the Basic Personal Exemption—among the lowest in the country.
- ▶ Increase the level of income at which the top rate starts to apply—among the lowest in the country.
- ▶ Reduce the number of tax credits.
- ▶ Reduce the difference between basic personal and spousal exemption—highest difference in the country.

### *Property Tax*

- ▶ Eliminate the business occupancy tax in the municipalities that charge it; Newfoundland has the highest business tax in the country on a per capita basis.