Total Tax Contribution 2008

Canada's tax regime: complexity and competitiveness in difficult times*

*connectedthinking

PricewaterhouseCoopers

Foreword

This is the second annual Total Tax Contribution survey conducted by PricewaterhouseCoopers LLP for the Canadian Council of Chief Executives (CCCE). The Council and PricewaterhouseCoopers LLP believe that an informed dialogue on the competitiveness of the Canadian tax system requires a clear understanding of all of the taxes that businesses pay and of the overall contribution they make to Canada's economy and society.

In the current economic crisis, Canada has been acknowledged for its relative strength on fiscal performance and on financial regulation. Canadian governments also continue to make strides in reducing the burden of taxation on business investment and job creation. However, building and maintaining a competitive tax system requires more than regular comparisons to the tax rates imposed by other countries.

The complexity of the tax system and the cost of compliance also affect competitiveness, and Canada faces a major challenge on this front. In this year's survey, Canada's mix of federal, provincial and territorial taxes ranks as the second most complex among the major countries worldwide in which Total Tax Contribution studies were conducted. This excessive complexity hurts large and small businesses alike.

The members of the CCCE are major employers, and this year's survey, like last year's, suggests that these enterprises tend to create highly skilled and well paid jobs. At the same time, the survey results emphasize the critical role of large enterprises in generating tax revenue for Canadian governments. Indeed, the results show that 37% of the annual cash value created by large businesses goes to governments.

We would like to thank this year's participating companies for their extensive and vital contributions to this work. We trust that you will find the report's insights valuable, and we hope that you will draw on its findings in discussions about how governments can shape future tax policy in ways that will stimulate the growth of jobs and incomes in Canadian communities.

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The 2008 Total Tax Contribution survey for the Canadian Council of Chief Executives

Furthering the inaugural study done by PricewaterhouseCoopers (PwC) around the Total Tax Contributions (TTC) of large Canadian businesses, the Canadian Council of Chief Executives (CCCE) has commissioned the second annual TTC survey. The survey is intended to provide data to assist various stakeholders in understanding the composition and amount of all taxes paid by the Canadian business community, increasing the transparency of these taxes and informing the discussion on the future of the Canadian tax regime.

The results of the survey aggregate responses from 23 enterprises representing a wide variety of industries and regions of Canada. Similar to 2007, the 2008 survey collected data on taxes borne, taxes collected, other payments to government and compliance costs for the 2007 taxation year. Additional data collected in the 2008 survey around tax compliance and provincial taxes complements and supplements the key messages of the 2007 TTC survey. For more information regarding the TTC methodology and definitions of key terms, please see the Appendices.

Key messages – 2008 TTC survey results

I. The business tax burden: a broader picture of federal and provincial taxes

Taxes borne and collected

- Taxes borne by survey participants totalled $4.1 billion in 2007, an average of $178 million per participant.
- The most significant taxes were corporate income taxes, property taxes and employment taxes.
- For every dollar of corporate income tax paid, companies paid a further $0.86 in other business taxes.
- Of the 46 taxes borne reported by participants, 24 generated only 6% of the taxes borne.
- Taxes collected by survey participants totalled $10 billion in 2007.
- The major taxes collected in Canada were excise duties, employment taxes and fuel duties.
- For every dollar of corporate income tax paid, taxes collected were $4.55.

Federal, provincial and territorial tax mix

- Federal taxes comprised 49% of total taxes borne while provincial and territorial taxes comprised 51%.
- Based on the five categories of profit, people, property, product and planet, federal taxes comprised the largest proportion of product and people taxes, while provincial and territorial taxes comprised the largest proportion of profit, property and planet taxes.

II. The Canadian tax system: layers of complexity and compliance costs for businesses

- Survey participants spent between $75,000 and $6.1 million on tax compliance in 2007.
- Of total compliance costs, 58% related to corporate income taxes, 15% related to oil and gas taxes and 7% related to employment taxes
- Survey participants spent an average of 1,696 days on compliance in 2007. This is equivalent to 8 full-time employees dealing solely with Canadian tax compliance.
- Of total compliance time, 37% related to corporate income taxes, 11% related to employment taxes and 9% related to property taxes

III. International comparisons: Canada's total tax position

- TTC surveys have been carried out in a number of other countries around the world using a consistent TTC methodology. The survey results for businesses in Canada were compared with the results for large businesses in Australia, Belgium, Netherlands, India, South Africa, the UK and the US.
- The complexity of the Canadian tax system relative to other countries surveyed is evident, with Canadian businesses subject to the second highest number of taxing points at 295, behind only the US.
- Businesses in Canada can bear or collect 73 taxes, excluding municipal or city taxes. Survey participants in Canada reported the second highest average number of taxes borne and collected at 14 and 6.
- Canada had the third highest average figure for employment taxes borne and collected per employee at $34,443.

Figure A: Taxes borne by survey participants

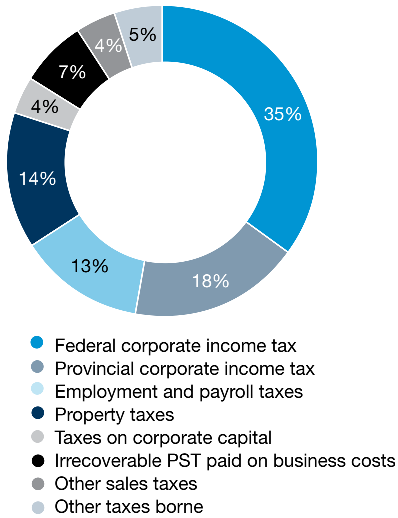
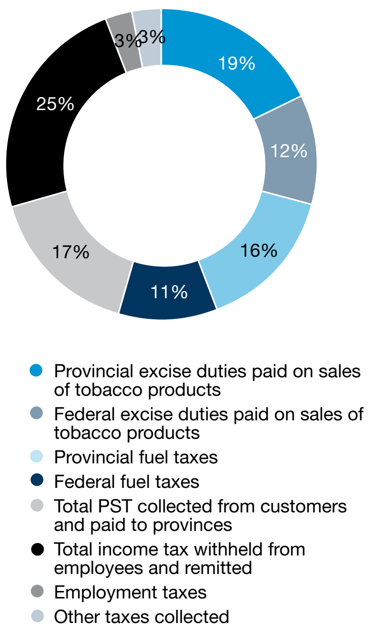


Figure B: Taxes collected by survey participants



The current economic state and the Canadian tax environment

- CEOs globally have expressed the belief that a unique window of time is now open with an opportunity to coordinate globally, particularly in respect of tax, banking and capital markets. Further, CEOs are willing to work with government on central issues, including tax. Globally, 57% of CEOs believe that governments should drive the convergence of global tax and regulatory frameworks.[1]

- Clarity and stability of the tax rules and the statutory rate of corporate income tax are key topics for CEOs.

- The TTC methodology can provide valuable data to inform collaborative discussions, including the value distributed by businesses and trend data of all cash tax payments.

Uses of TTC

Corporate responsibility reporting

- TTC is a vital metric for economic impact reporting and an increasingly common key performance indicator (KPI) for corporate responsibility management and disclosure.

- The TTC metric is useful to external stakeholders as it demonstrates that the company is a contributor to the economy of the nation, and is hence contributing to the social system and social services of the nation.

Tax function effectiveness

- Collecting information for TTC will provide a better understanding of where the scarce resources of the tax function should be focused.

- This is an important first step in the development of a tax strategic plan and tax risk assessment. The information will allow businesses to consider what taxes the tax function should be managing and those that should be managed by other parts of the business.

Industry surveys

- The disclosure of taxes borne, collected and other payments to government on a cash basis as used in the TTC methodology factors in all industry-specific regime differences to show a true picture of the competitiveness of the tax regime applicable to a certain industry.

- A global TTC study for the mining sector undertaken for the 2007 year showed total contributions of mining companies to the public finances of the countries where they operate.

Environmental taxes

- The number of 'green taxes/fees' that are levied in various provinces across Canada has increased substantially in recent years and by all accounts will continue to increase in the coming years, following a global trend of green taxes/fees and escalating concerns about protecting our environment.

- This trend will only increase the complexity and cost of tax compliance faced by businesses in Canada. In that regard, coordination amongst the federal and municipal governments should be encouraged to minimize the compliance burden while maintaining their policy objectives.

[1] *PricewaterhouseCoopers 12th Annual Global CEO Survey 2009* (http://www.pwc.com/ceosurvey/download.html)

Section 1

1.1 Introduction

What is Total Tax Contribution?

The TTC framework takes into account not only corporate income tax, but all business taxes borne or collected by a company. The framework collects information regarding four areas of taxation on a cash basis:

- Business taxes borne
- Business taxes collected
- Other payments to government
- Tax compliance costs

(Appendix D contains a glossary of TTC terms and phrases)

The TTC is a clearly defined methodology that is being used in a number of other countries to allow for international comparisons (see Section 1.2). The framework does not address economic questions such as whether businesses or consumers ultimately bear the burden of taxes imposed. By focusing on the cash payments that large businesses make, it provides a measure of what they contribute to government revenue, as an alternative to the measure in a company's financial statements (i.e. corporate income tax expense). In addition, the TTC framework is designed to enable the tax contribution of businesses to be measured in a consistent manner that promotes comparability.

The TTC framework can provide valuable insights to participants. The information gathered by the survey provides a more comprehensive picture of their tax positions, which can be used to:

1. provide a better understanding of Total Tax Contributions to the Board of Directors and Audit Committee;
2. enhance corporate reporting, including social responsibility reporting (see Section 2.1);
3. assess the efficiency of operating units around tax and risk management (see Section 2.2); and
4. facilitate discussions with governments and other stakeholders about the amount of taxes paid by their company or industry (see Section 2.3);
5. benchmark tax contributions against competitors (see Appendix E);
6. portray real economic measurement of the value distributed by an entity between shareholders, employees and governments (see Section 1.3).

The Total Tax Contribution framework is designed to enable the tax contribution of businesses to be measured in a consistent manner that promotes comparability.

Figure 1.1 Taxes borne by survey participants (detailed categories)

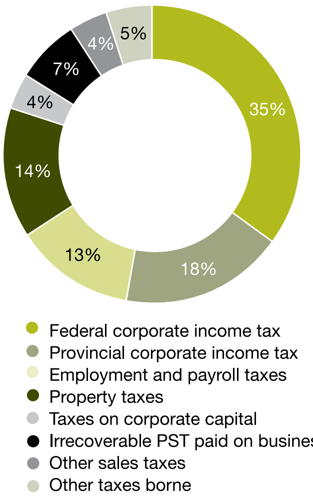
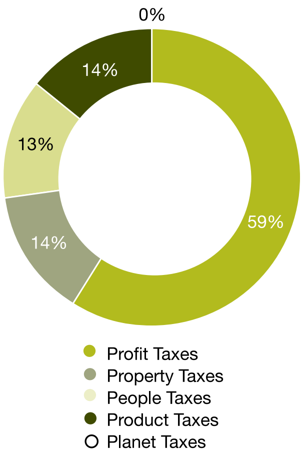


Figure 1.2 Taxes borne by survey participants (5Ps)



1.2 Key messages

I. The business tax burden: a broader picture of federal and provincial taxes

Amidst trying economic times, corporate Canada has been closely monitoring the tax policies and budgets set forth by federal and provincial governments. The Canadian government continues to make progress on the federal corporate income tax front with a projected rate decrease over the next few years. However, as illustrated by this year's survey results, analysis that focuses exclusively on federal corporate income tax, only one of 73 taxes that businesses may bear or collect, provides only a partial picture of the business tax environment in Canada. In fact, only 35% of the taxes borne by survey participants was in respect of corporate federal income taxes.

The complexity of the Canadian tax system is further compounded by the administrative costs of complying with taxes levied by multiple tax jurisdictions at the federal and provincial level. A business operating across multiple provinces could be subject to up to 295 taxing points. Analysis into the surprisingly immaterial amount of revenue generated by many of these taxing points stimulates further debate of the Canadian tax system through a focus on tax efficiency and partnership between the federal and provincial governments. Recent announcements and discussions regarding sales tax harmonization are positive examples of such efficiencies.

More than income taxes

Total taxes borne

The 23 survey participants bore $4.1 billion in Canadian taxes in 2007. Federal and provincial corporate income taxes were the most significant proportions of taxes borne at $1.5 billion and $0.7 billion. These amounts correspond to a contribution of 35% and 18% of total taxes borne, respectively.

The other business taxes borne by participants totalled $1.9 billion in 2007. Therefore, for every dollar of corporate income tax paid, participants paid a further $0.86 of other business taxes – primarily property taxes, employment taxes and sales taxes, as shown in Figure 1.1.

Participants reported amounts for 46 taxes borne in 2007. However, 24 of these taxes (52%) accounted for only 6% of taxes borne by survey participants. The average participant reported bearing 14 types of taxes.

Total taxes collected

Survey participants collected taxes of $10.0 billion in 2007 on behalf of all Canadian governments. For every dollar of corporate income tax paid by survey participants, taxes collected were $4.55. For every dollar of taxes borne, taxes collected were $2.44.

The major taxes collected in Canada, as identified by survey participants, were income taxes withheld from employees, excise duties, fuel taxes and PST, as shown in Figure 1.3.

Other payments to government

Survey participants reported other payments to government totaling $3.2 billion in 2007. The highest other payments was production royalties on oil and gas extraction of $2.9 billion. For every dollar of corporate income tax paid, the survey population paid an additional $1.46 in other payments to government. However, among the 15 participants that reported other payments, an average of $2.36 in other payments was reported for each dollar of corporate income tax paid.

Figure 1.3 Taxes collected by survey participants (detailed categories)

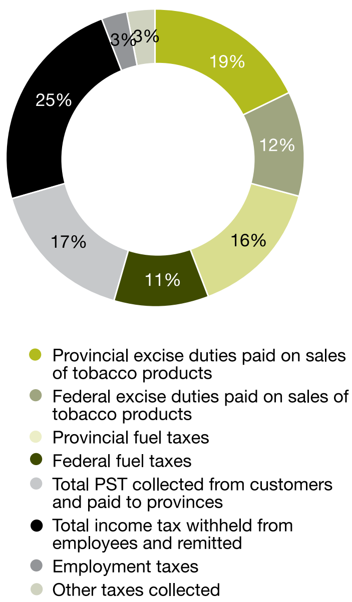
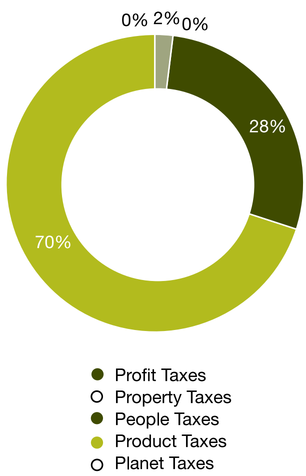


Figure 1.4 Taxes collected by survey participants (5Ps)



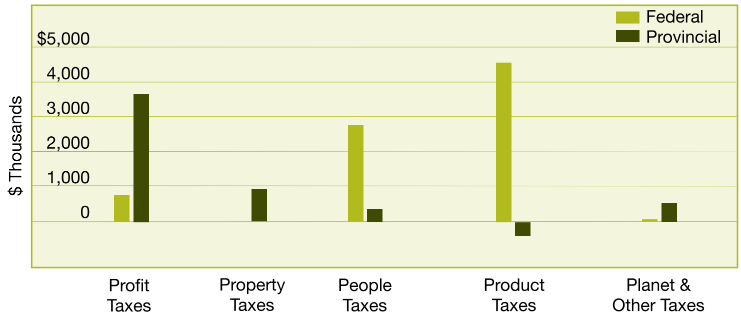
More than federal tax: a complex federal, provincial and territorial tax mix

The 2008 TTC survey was expanded to collect information on taxes and other payments to government allocated by provinces, in response to requests from various provincial Ministries of Finance. Appendix A lists Canadian federal, provincial and territorial business taxes. In addition to the 73 federal, provincial and territorial taxes, there are also municipal taxes on property and other areas imposed by the many local governments throughout Canada.

Of total taxes borne by participants, federal taxes comprise 49% and provincial and territorial taxes comprise 51%. Reviewing the TTC of survey participants based on the five categories of profit, people, property, product and planet as displayed in Figure 1.5 shows an interesting difference in the type of taxes that are chosen to be levied by the federal government compared to provincial and territorial governments.

Looking at federal taxes in isolation, businesses incurred 49% of their federal total tax contribution on product taxes and 34% on people taxes. As for the provincial and territorial taxes, survey participants incurred 78% of their provincial total tax contribution on profit taxes with 15% on property taxes.

Figure 1.5: Major categories of taxes split, borne and collected by federal and provincial burden



In comparing the TTC of survey participants generated at the federal level as well as for the provinces of Alberta, B.C., Ontario and Quebec, corporate income taxes comprised 25% of the total tax contribution in Alberta compared to 18% at the federal level and 11% in B.C
(see Figure 1.6).

Overall, having a multi-jurisdictional tax system translates to 295 potential taxation obligations, or “taxing points”, for businesses operating Canada-wide (excluding local government obligations). The sheer number of these “taxing points” represents a huge compliance obligation for businesses and imposes an enormous cost and risk on Canadian businesses, as well as a cost for the administration and enforcement to governments.

The number of taxing points also impacts on the ability of businesses to manage compliance risk as the business with collection responsibility generally bears the risk of error in relation to taxes that are collected and remitted to revenue authorities (for example, GST and excise duties).

The competitiveness of Canada’s business tax system not only affects big business. Small- and medium-sized businesses also bear a significant burden when it comes to unnecessary complexity and compliance costs.

This year’s TTC survey draws attention to the inefficiency of Canada’s business taxation system and suggests that meaningful reform could produce significant gains in efficiency for Canadian businesses and government. The survey makes it clear that reform is needed in at least two areas:

- the number of business taxes imposed across the country, in particular the number of smaller and less efficient taxes; and
- the harmonization of the base of similar provincial taxes – recognizing that the provinces will continue to compete on rates and thresholds.

Figure 1.6: Total tax contribution split by corporate income taxes and other taxes

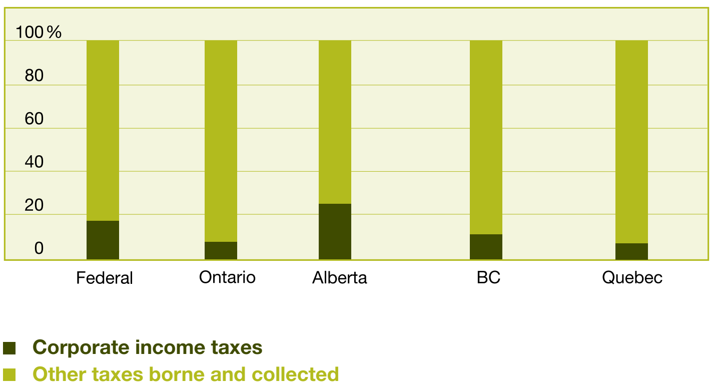
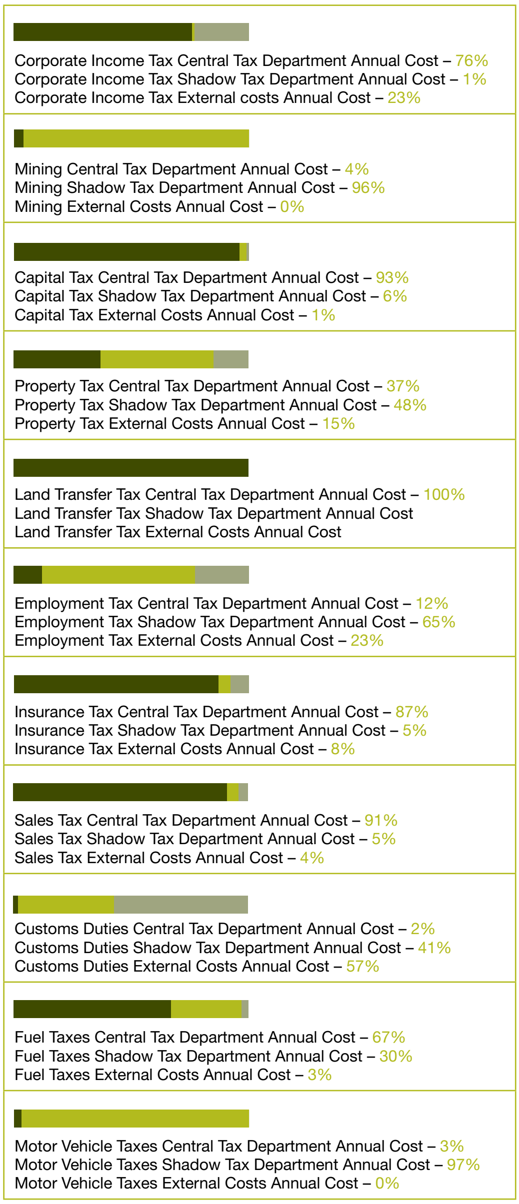


Figure 1.7 Compliance costs by tax – split between central tax department, shadow tax department and external costs



Legend
Central tax department
Shadow tax department
External costs

II. The Canadian tax system: layers of complexity and compliance costs for businesses

A key message from the 2007 TTC survey was that the Canadian tax system is complex and costly for business. Although recent tax reforms & harmonizations have arguably lessened the administrative burden on Canadian businesses, costs faced as a result of the complexity of our tax legislation, the number of different taxes a business can be subject to and Canada's multi-jurisdictional tax system continue to divert scarce resources from productivity-enhancing investment. In difficult economic times, it is crucial that businesses minimize their general and administrative costs, including those related to tax compliance.

To further understand where businesses are spending their tax compliance dollars, the 2008 TTC survey was expanded to include a more detailed split of compliance time by tax. Participants were asked to provide compliance cost and time by type of tax instead of in total. In addition, compliance data was requested for each of the following areas:

- Central tax department – department focusing on tax compliance;
- Shadow tax department – those in other business functions such as accounting, finance, shared services, payroll, who also have a role in tax compliance; and
- External tax consultants.

Figure 1.7 shows the compliance costs for the major types of taxes split between the central tax department, shadow tax department and external tax consultants.

> "Tax functions spend 58% of their compliance costs and 37% of their compliance time on income taxes, despite it representing only 16% of total taxes borne and collected."

Compliance costs

Of the survey's 23 participants, 18 respondents (78%) reported $29.5 million of compliance costs in 2007, with an average cost of $1.6 million. The central tax department and shadow tax department costs comprised 80% of total compliance costs. Compliance costs for an individual company ranged from $75,000 to $6.1 million. The range of compliance costs reported by survey participants is shown in Table 1.1.

Some of Canada's larger businesses incur costs in excess of $5 million annually complying with their tax obligations. In addition to the cost of employing people, companies incur costs in relation to external tax consultants and other external costs in relation to:

- the implementation and maintenance of tax accounting systems to record and report on various taxes;
- training staff; and
- maintaining information sources on tax law.

Compliance time

Of the survey participants, 20 (86%) responded to the questions regarding tax compliance time. On average, companies spend 1,696 days (based on an eight-hour workday) or have 8 full-time equivalent employees dedicated to tax compliance activities (see Table 1.1). Compliance time for an individual company ranged from 10 days to 6,672 days.

Of the time spent on tax compliance, 53% was spent by the central tax department while 43% was spent by the shadow tax department. The shadow tax department plays a key role in compliance for many taxes such as property taxes, employment taxes, sales taxes and excise duties.

Table 1.1 Tax compliance figures reported by survey participants

Tax compliance reported by survey participants

Compliance costs	2007
Calculated for all participants as a group Total compliance costs	$29.5M
Calculated for all individual participant businesses Mean average of compliance costs for individual businesses	$1.6M
Calculated for all individual participant businesses Median average of compliance costs for individual businesses	$0.9M
Range of compliance costs for individual participant businesses	**Min** $75,000 **Max** $6.1M
Compliance time	
Calculated for all participants as a group Total compliance time	33,915 days/ 350 FTE
Calculated for all individual participant businesses Mean average of compliance time for individual businesses	1,696 days/ 8 FTE
Calculated for all individual participant businesses Median average of compliance time for individual businesses	1,181 days/ 5 FTE
Range of compliance time for individual participant businesses	**Min** 10 days **Max** 6672 days

Figure 1.8 Compliance costs by tax

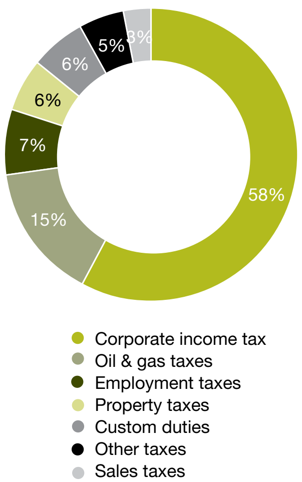
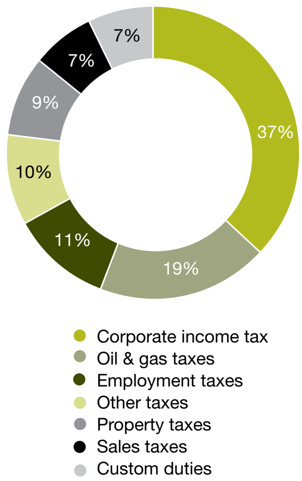


Figure 1.9 Compliance time by tax



Compliance costs & time by type of tax

Of total compliance costs, 58% related to corporate income taxes, 15% related to oil and gas taxes and 7% related to employment taxes. Figure 1.8 shows the compliance costs split between the major types of taxes.

Of total compliance time, 37% related to corporate income taxes, 11% related to employment taxes and 9% related to property taxes. Figure 1.9 shows the compliance time split between the major types of taxes.

The estimated time spent on corporate income tax compliance, at 37%, is significantly higher than the proportion that income taxes comprises of total taxes borne and collected of 16%. This suggests a greater complexity of the corporate income tax system relative to other taxes. The proportion of costs incurred in relation to corporate income tax emphasizes this even more strongly, with approximately 58% of total costs estimated to be incurred in connection with corporate income taxes.

In contrast, the estimated costs spent by complying with employment taxes of 7% is significantly less than the proportion that employment taxes comprises of taxes borne and collected of 24%. This is likely to reflect the fact that employment tax calculations are generally system based. In addition, much of the cost of complying with these taxes tends to be embedded within the business and is difficult to quantify.

Figure 1.10 Comparison of the average number of taxes borne and collected by businesses participating in the studies

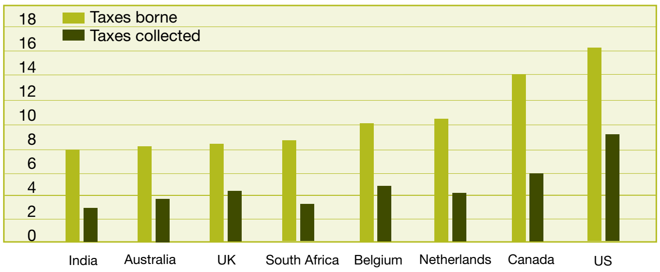
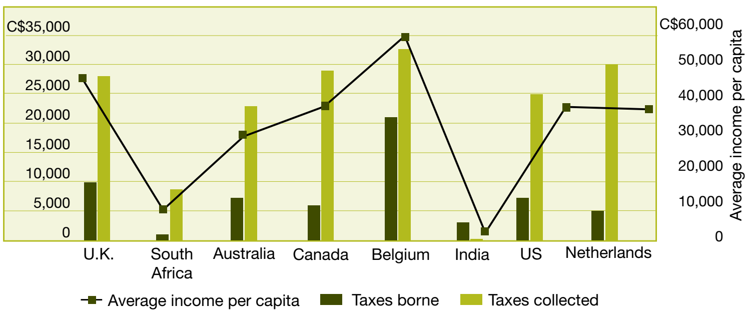


Figure 1.11 Comparison of the average employment taxes borne and collected per employee



III. International comparisons: Canada's total tax position

TTC surveys with leading business organizations have also been carried out by PwC in a number of other countries around the world, all using a consistent TTC methodology. This allows the results for members of the CCCE in Canada to be compared with the results for large business in Australia, Belgium, Netherlands, India, South Africa, the UK and the US. Table 1.2 outlines the major comparisons.

The complexity of the Canadian tax system relative to other countries surveyed is evident, with Canadian businesses subject to the second highest number of taxing points at 295, behind only the US. Canada has the second highest number of taxes borne and collected at 73, and survey participants in Canada reported the highest average number of taxes borne and collected at 14 and 6, only marginally behind those of US survey participants as indicated in Figure 1.10.

Canada's total tax rate (TTR) was 27.6%, the lowest relative to the other countries. The low TTR for Canada can be explained through the presence of several businesses with losses before tax who do not pay income tax and the industry mix of survey participants. Several participants benefit from industry-specific regimes which result in a lower TTR.

The results reconfirm that the CCCE members are large and valuable employers, employing skilled, highly remunerated workers. Employment taxes borne and collected per employee is an indicator of the multiplier effect in taxes through jobs created. Canada had the third highest average figure for employment taxes borne and collected per employee at $34,443, behind Belgium and the UK. Refer to Figure 1.11.

Four other countries (Australia, South Africa, the UK and the US) also collected data on the cost of tax compliance in their TTC surveys. The cost of compliance borne by Canadian businesses at $1.6 million was comparable to that of other countries.

Table 1.2: International comparison of Total Tax Contribution survey results
(Data pertaining to 2007 unless otherwise noted)

	Australia	Belgium[1]	Canada	India	Netherlands[1]	South Africa[1]	United Kingdom[2]	United States
Size and shape of the tax system								
Number of taxes/categories of taxes[3]	55	78	73	23	31	23	22	56
Number of taxing points	169	N/A	295	N/A	3	30	22	> 89,476
Taxes borne								
Number of taxes borne[2]	50	63	58	21	23	16	18	28
Weighted average Total Tax Rate (TTR)	32.8%	52.1%	27.6%	35.1%	31.0%	34.3%	38.2%	42.8%
Corporate income tax as a percent of taxes borne	67.8%	44.2%	53.0%	70.6%	55.1%	66.1%	46.8%	61.6%
Taxes collected								
Number of taxes collected[2]	15	32	24	13	9	10	12	34
Other key measures								
Average taxes borne and collected as a % of revenue	14.7%	19.0%	15.1%	15.2%	23.4%	16.8%	21.6%	11.3%
Average employment taxes borne and collected as a percentage of wages and salaries	N/A	50.8%	29.9%	12.3%	N/A	26.0%	38.2%	34.5%
Average compliance costs[4]	$1.8M	N/A	$1.6M	N/A	N/A	$0.2M	$2.6M	$11.8M

1. Belgium's, South Africa's and Netherland's data pertains to calendar year 2006
2. UK's data pertains to calendar year 2008
3. For the U.S., this represents categories of taxes rather than individual taxes
4. Reported in Canadian dollars

1.3 The current economic state and implications on the Canadian tax environment

Faced with an unprecedented global economic crisis, businesses in Canada and around the world are responding with a myriad of efforts to ensure short-term survival and long-term success. In PwC's 12th Annual Global CEO Survey[2] released in February 2009, CEOs expressed the belief that a unique window of time is now open with an opportunity to coordinate globally, particularly in respect of tax, banking and capital markets. However, informed conversations require data to support or refute certain policy decisions. The data provided by TTC surveys, particularly in regards to the distribution of value created by a business or industry and trend analysis, may assist with the collaborative discussions regarding the future tax policy of Canada.

Striking a balance: the need for collaboration between businesses and government

CEOs expressed the desire for governments to strike a difficult balance, recognizing the importance of the right kind of collaboration particularly through government leadership; however, they remained concerned that over-regulation will threaten the growth of business. Despite these concerns, CEOs are willing to work with government on central issues. 78% of CEOs believe there is a need to collaborate with government and regulators.[3]

From a tax policy perspective, only 53.7% of Canadian CEOs confirmed currently collaborating with government and regulators. This was the second lowest percentage behind all major countries except the UK and 6.9% behind the global average.[4] Please refer to Figure 1.12.

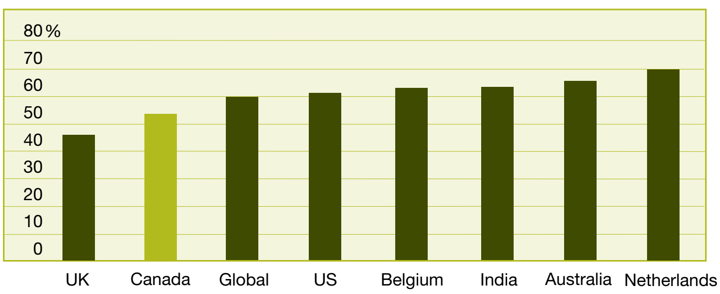
TTC enables further collaboration between businesses and governments by providing a full understanding of the TTC of businesses and enhancing the transparency of all taxes paid and collected by businesses. The study also sheds light on the complexity of the Canadian tax system and highlights the number of taxes relative to the amount of tax revenues generated by the government.

Examining the tax burden faced by businesses, domestically and abroad

In terms of key topics for collaboration with Governments, Canadian CEOs rank the clarity and stability of the tax rules and the statutory rate of corporate income tax as the two most important aspects of a country's tax regime. Canadian governments have been taking important steps in regard to the latter by decreasing the federal and provincial income tax rates and harmonizing provincial income and sales taxes.

In respect of the clarity and stability of the tax rules, "CEOs believe it is critical or important, sending a strong message that knowing exactly how much tax will be paid on a transaction is more significant than shaving a few dollars off the bill… CEOs are interested in knowing exactly what governments

Figure 1.12 Percentage of CEOs currently collaborating with governments and regulators (average per country)



expect and in being assured that policies will not change at short notice. Investment dries up most quickly when CEOs fear that policy changes could invalidate their business case." Collaboration between businesses and government is important to improve the transparency and potentially, stability, of a country's tax regime.

In the midst of the current economic situation, Canada has been acknowledged for its relative strength on fiscal performance and on financial regulation. While the Canadian government continues to make strides on the domestic tax front, there is the need for Canada's tax regime to be competitive on the international front by positioning changes in the domestic tax policy in the context of how other major countries are doing. A continued sound tax regime is particularly important in order for Canada's large businesses to maintain their competitive position and for Canada to continue to attract foreign investment.

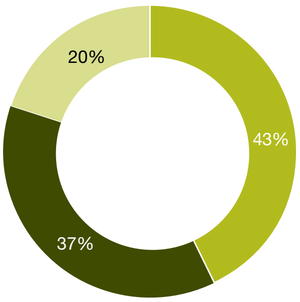
The results of an international comparison of the Total Tax Contributions of businesses in countries where TTC surveys have been carried out are disclosed in Section 1.2. Although Canada's total tax rate appears competitive relative to other countries, it is worthwhile to highlight the efficiency of the current tax composition in Canada. Certain taxes, such as capital and corporate income taxes, are known to be more distortionary or harmful to the economy than others such as sales taxes and payroll taxes. A study by the Department of Finance for the OECD (1997) concluded that corporate income taxes imposed a marginal cost of $1.55 for one additional dollar of revenue compared to $0.17 for an additional dollar of revenue raised through consumption taxes.[4] Applying this theory to the TTC, it appears that Canada's tax system, relative to other countries, continues to be weighted heavily towards inefficient taxes such as income taxes.

"…CEOs want more government leadership and action, and not only on economic and climate change issues. For instance, 57% of CEOs believe that governments should drive the convergence of global tax and regulatory frameworks."

PricewaterhouseCoopers 12th Annual Global CEO Survey 2009

[2] *PricewaterhouseCoopers 12th Annual Global CEO Survey 2009 (http://www.pwc.com/ceosurvey/download.html)*
[3] Ibid
[4] Ibid

Figure 1.13: Taxes borne and collected as a percentage of value distributed – 2007



Corporate taxes reduce the return on investment and, as a result, have been widely shown to a have negative impact on capital spending. A recent study by the Department of Finance shows that reductions to the corporate tax burden in Canada since 2000, namely in the manufacturing sector, have helped boost investment.[5] A recent study by the Fraser Institute indicated that Canada has the fourth highest reliance on income and profit taxes among OECD countries.[6] On the other hand, sales tax, which is one of the most efficient types of tax, represents a much lower percentage of total tax revenues in Canada than in other industrialized countries. Specifically, Canada ranks 24th out of 30 OECD countries in terms of its reliance on taxes on goods and services. The TTC results corroborate this – 53% of the cash taxes borne by participants in 2007 were in respect of corporate income taxes.

Value distributed by businesses

Taxes borne and collected as a percentage of "value distributed" is an approximation of how businesses add value for their stakeholders. Value distributed is roughly calculated as all of the cash received by the business, less all cash operating costs excluding salaries and wages. The remaining cash is then distributed to various stakeholders, including governments, shareholders and employees. For the 2007 taxation year, taxes borne and collected and other payments to government comprise on average 37% of the value distributed to governments, while wages and salaries comprise 20% of value distributed to employees with 43% of profit after tax distributed to shareholders or retained for use in the business (see figure 1.13). However, as corporate profits continue to decline, the percentage of value distributed to shareholders would be expected to decline as well.

[5] Parsons, M. (2008), *"The Effect of Corporate Taxes on Canadian Investment: An Empirical Investigation",* Department of Finance Working Paper 2008-01
[6] J. Clemens, N. Veldhuis & M. Palacios, The Fraser Institute (2007), *"Tax Efficiency: Not All Taxes Are Created Equal",* Studies in Economic Prosperity

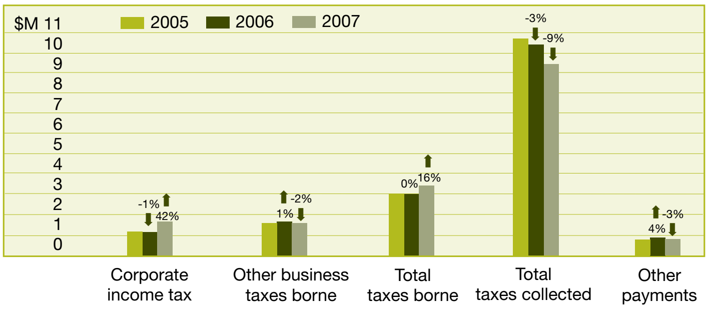
Current and future year survey results: the significance of trend data In turbulent economic times

The subject of Canada's tax regime remains high on the agenda of businesses and governments. In order to assess the impact on tax regime changes, the cash tax implications to businesses must be monitored on an annual basis to distinguish year-to-year changes and trends.

As TTC data has been collected for three taxation years, trend analysis for 2005-2007 can be presented. While the trends for these years are interesting, the tax rate reductions coming into effect and the impact of the current economic environment should present an entirely different picture of the tax burden of participants in 2008 and years forward. This trend was evident in the recently released results of the fourth annual TTC survey conducted by PwC for the Hundred Group in the UK. For the first time since the TTC survey was commissioned, the amount of taxes borne declined from prior years. The decline was primarily driven by a decrease in several taxes, including corporation tax which decreased in part due to lower profits before tax for participants.

There were 13 repeat participants in the 2008 survey for which trend data has been analyzed. The macro changes year on year are set out in Figure 1.14.

Figure 1.14: 2005, 2006 and 2007 Comparison of tax burden



Key trends include:

- Taxes borne between 2005 and 2006 remained fairly consistent; however the increase of 16% between 2006 and 2007 was driven by growth in corporate income tax of 42%. This compares to an decrease in profit before tax of 18%.
- Taxes collected have decreased by 3% between 2005 and 2006 and 9% between 2006 and 2007. This is primarily a result of a reduction in employment taxes of 49%.
- Other payments to government have increased by 4% between 2005 and 2006 and decreased by 3% between 2006 and 2007.

PwC recognizes that the economic crisis has significantly impacted Canada's large businesses. Participation has decreased this year as businesses focused on tackling the crisis. Nonetheless, PwC and the CCCE believe that the data gathered by the current and future TTC studies will continue to offer important insights to governments in shaping tax policy that will stimulate the future growth of Canada's businesses.

06 Section 2

Uses of Total Tax Contribution data

2.1 Total Tax Contribution and corporate responsibility reporting

Corporate responsibility (CR) reporting is becoming an increasingly vital aspect of management and disclosure practices. Topics such as the environment, social impact, community relations, and overall economic value are growing issues for management as a range of external stakeholders demand better performance and reporting in these areas. As the need for non-financial disclosure increases, major corporations are increasingly turning towards corporate responsibility reporting as a powerful management and communication tool.

One major pillar of corporate responsibility reporting involves the economic impact of an organization, sometimes referred to as market place contribution or economic value. Reporting within this area focuses on a corporation's value to the greater economy and society through the generation of a net economic contribution. Economic impact disclosure typically focuses on issues such as employment, government funding received, business relationships through the supply chain, sourcing, and total tax contribution. Measurement and disclosure of metrics in this area can be as important as reporting on the environmental, social, and community issues which are traditionally the focus of corporate responsibility reporting.

TTC is a vital metric for economic impact reporting and an increasingly common key performance indicator (KPI) for corporate responsibility management and disclosure. TTC is useful to external stakeholders as it demonstrates that the company is a contributor to the economy of the nation, and is hence contributing to the social system and social services of the nation. This is an important argument for a company to make, particularly when government subsidies, off-shoring, or foreign management create the perception that the company is not a vested part of the domestic economy. TTC will help a company demonstrate that it is an independent, functional and beneficial entity within the domestic economy, contributing to national society and the local community.

TTC is an increasingly common KPI in corporate responsibility reports and disclosure statements, particularly in the resources sectors such as oil & gas, mining, and forestry.

PricewaterhouseCoopers (PwC) is uniquely positioned among services firms to assist a corporation with TTC preparation and reporting. We have a multi-disciplinary team of tax and sustainability professionals who can assist a company with all aspects of tax preparation, disclosure, and corporate responsibility reporting.

For more information on corporate responsibility reporting, please contact:

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Associate Partner,
Sustainable Business Solutions
403 509 7338
Mel.j.Wilson@ca.pwc.com

Peter J. Johnson
Vice President,
Sustainable Business Solutions
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PricewaterhouseCoopers' Tax Function Effectiveness team can assist you to optimize the operational effectiveness of your tax department. This can include assistance with the development or refinement of a tax strategic plan or tax risk assessment.

In addition, our Tax Function Effectiveness services include:

- Tax accounting process design and re-engineering;
- Tax accounting technology solutions (e.g., tax engines, document management);
- Tax technology enablement;
- Tax function reviews;
- Tax function organization design;
- Process enhancement and documentation; and
- Internal controls remediation

By leveraging PwC's insight, perspective, guidance and thought leadership on tax function effectiveness, your organization can implement innovative solutions to transform your tax operations to meet or surpass expectations.

For more information on tax function effectiveness, please contact:

John Gotts
Tax Partner,
Tax Function Effectiveness
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john.gotts@ca.pwc.com.

2.2 Tax function effectiveness

An important reason for collecting TTC information is to obtain a better understanding of where the scarce resources of the tax function should be focused. Also, it is helpful for those managing risk to understand the magnitude of what is at issue.

This is an important first step in the development of a tax strategic plan and tax risk assessment. The information will allow for the determination of what taxes the tax function should be managing and those that should be managed by other parts of the business. This includes the identification of all taxes borne and collected by a business that the tax function is responsible for on a proactive basis, versus where it will support others on a reactive basis. For example, the indirect tax compliance process may be managed by the finance function. The results of the discussion should be clearly communicated to avoid misunderstanding as to who is responsible for what taxes.

Managing taxes within a large organization is an increasingly significant challenge. Delivering on tax reporting and compliance obligations, while at the same time managing risk and the tax rate, requires considerable management skills over and above the technical competencies traditionally associated with the tax function.

2.3 Uses of TTC – Industry Surveys

The tax regimes applicable to various industry sectors may differ due to items such as industry-specific tax credits, exemptions, accelerated deductions and other payments to governments. To adequately compare between industries, a measure should be used which incorporates all incentives or additional taxes levied by the corporate income tax and all other tax regimes that an industry is subject to. The disclosure of taxes borne, collected and other payments to government on a cash basis as used in the TTC methodology factors in all industry-specific regime differences to show a true picture of the competitiveness of the tax regime applicable to a certain industry.

TTC can also be used to highlight the local, national or global contributions of an industry sector to government, both in taxes and other payments. For example, global TTC study for the mining sector was undertaken for the 2007 year to provide greater transparency over the overall contribution of mining companies to the public finances of the countries where they operate.[7] Mining companies extract natural resources and as a result are naturally the subject of intense scrutiny from government, non-governmental organizations and other stakeholders as regards to what they put back in return in the economies in which they operate. The mining industry, perhaps more than most other industries, remits large amounts of non-income taxes to various levels of government in the form of property taxes, payroll taxes, royalties, infrastructure funding and many more levies. TTC provides data, in a non-technical form that is relatively easy for stakeholders to understand, about the 'economic footprint' of mining companies through paying taxes and other contributions.

The disclosure of taxes borne, collected and other payments to government on a cash basis as used in the TTC methodology factors in all industry-specific regime differences to show a true picture of the competitiveness of the tax regime applicable to a certain industry.

[7] *Total Tax Contribution: PricewaterhouseCoopers LLP Global study for the mining sector.* Available at www.pwc.co.uk/eng/industries/mining.html

Figure 2.1: Composition of Taxes and Contributions to Government – Australia

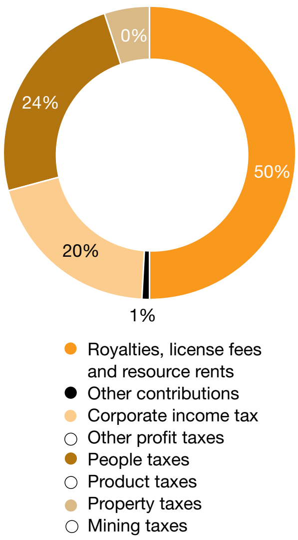
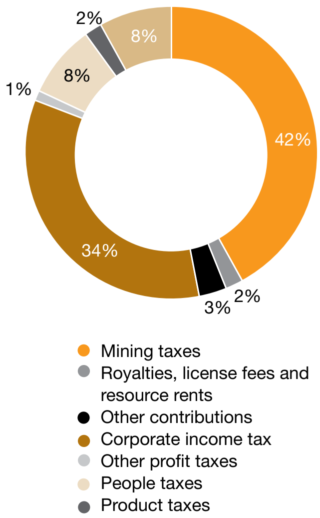


Figure 2.2: Composition of Taxes and Contributions to Government – Canada



The survey collected data from fourteen large global mining companies in respect of their December 31, 2007 or equivalent taxation year. Interesting results reported include:

- Revenue of US$196 billion;
- Wages and salaries paid to employees of US$13.5 billion;
- Total contributions to government of US$29 billion;
- On average, only 48% of taxes and contributions to government were in respect of corporate income taxes; and
- 28% of payments made by participants to governement were industry-specific amounts, such as mining taxes, royalties and production taxes.

Interestingly, the composition of the tax burden for Canadian mining companies differed significantly from other major mining territories. See Figure 2.2. In Canada, 42% of total payments to government were in respect of mining taxes, versus 0% in Australia. On the other hand, Australia relies heavily on royalties, license fees and resource rents as a source of revenue from mining companies. Since mining taxes are profits based, where royalties, licence fees, etc. are generally production based, the trend analysis of the government contributions of mining companies in Canada and Australia could provide interesting results given the recent decline in commodity prices and profitability of mining companies.[8]

[8] The intent is to repeat the global TTC mining survey for the 2008 taxation year. For further information on participation, or to discuss the merits of a local, national or global survey for your industry, please contact the authors of this report.

Section 3

Green taxes/fees: A shift in policy?

3.1 Green taxes/fees: A shift in policy?

The number of ‘green taxes/fees’ levied in various provinces across Canada has increased substantially in recent years and by all accounts will continue to increase in the coming years, following a global trend of green taxes/fees and escalating concerns about protecting our environment. While the amount of ‘green taxes/fees’, or ‘planet taxes’, reported by TTC participants was minimal for the 2007 taxation year (see Fig. 1.2 and Fig 1.4), significant government revenues are expected to be generated from ‘green taxes/fees’ based on current and estimated future payments (see Table 3.1).

The move to ‘green taxes/fees’ has not been led by the federal government, but rather by the provincial governments and therefore the application of the ‘green taxes/fees’ varies slightly from one province to another. This trend will only increase the complexity and cost of tax compliance faced by businesses in Canada. In that regard, co-ordination amongst the federal government and provinces should be encouraged to minimize the compliance burden while maintaining their policy objectives.

Provincial environmental fees transfer some of the costs associated with recycling and disposing of certain products away from governments and to the companies (stewards) that import or sell certain products, packaging, or printed matter covered by an environmental fee; and fund programs that encourage consumers to bring their obsolete equipment and hazardous waste products to collection sites for processing and recycling.

Ontario and Quebec have implemented ‘blue-box’ recycling programs whereby a fee is levied on the weight of printed matter and packaging materials, including plastics, steel and other metals, aluminum, and glass that a company introduces into the marketplace. The fees generated from this program are designed so that companies contribute 50 percent of the net municipal costs associated with operating residential recycling programs.

The provinces of British Columbia, Alberta, Quebec, and Ontario have established programs directed at companies that manufacture and market common household hazardous waste products and other materials such as paint, single-use batteries, antifreeze, pesticides, and fertilizers. The provinces of British Columbia, Alberta, Ontario, Saskatchewan and Nova Scotia also impose a fee (e-waste fee) on the sale to consumers in the province of designated electronic products: televisions, computers, computer monitors, printers, keyboards, and scanners.

The provinces of Quebec and British Columbia have introduced carbon taxes in an effort to reduce greenhouse gas emissions. Quebec was the first Canadian province to implement a carbon tax on energy producers and energy-consuming industries such as mining, steel, and cement companies. The revenues generated from the Quebec carbon tax are to fund renewable energy sources.

The British Columbia ‘revenue neutral’ carbon tax, effective July 1, 2008, is a consumer tax imposed on all businesses and individuals who, in British Columbia, purchase or use fossil fuels or burn combustibles for heat or energy. The British Columbia carbon tax applies to 19 fuel types (including gasoline, diesel, natural gas, heating fuel, propane, and coal), and 3 types of combustible products (peat and shredded and whole tires) used to produce energy or heat. It is intended that every dollar raised through BC’s carbon tax will be returned to individuals and businesses through a mix of personal and corporate tax reductions.

Although these taxes and fees are not yet imposed in every province, they, or an alternative, are being considered in all provinces. A number of these taxes/fees may gradually be put in place in more provinces in the near future. In addition, the applicable rates of taxes and fees continue to increase annually.

The move to 'green taxes/fees' in Canada is not a shift from the current tax regime, but are rather additional taxes and fees that are imposed on businesses and individuals. There is naturally an initial resentment to these additional 'taxes/fees'. However, the results of many polls conducted in connection with certain 'green taxes/fees' have indicated increased approval rating with these fees over time. This is, in large part, due to the education being provided to consumers with respect to the importance of the environment, the need to 'recycle responsibly' and by the fact that the revenues are not going to a province's general revenue account, but are designated for a specific purpose and are transparent.

At their current rates, the 'green taxes/fees' that are imposed in Canada and that are ultimately charged to the consumer have not, for the most part, caused people to change their habits. However, as the rates increase over time, this may change. Businesses are increasingly looking at ways to reduce the impact of 'green taxes/fees' including analyzing their supply chain and taking steps to reduce packaging. While the end purpose is good, governments need to be sensitive to the increase in an already heavy compliance burden placed on businesses.

For more information on green taxes/fees, please contact:

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Table 3.1: Annual revenues generated from "green taxes/fees"

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Nova Scotia	New Brunswick, Newfoundland and Prince Edward Island	Northwest Territories, Yukon and Nunavut
E-Waste Fees	$30,694,121[1]	$ 27,336,229[2]	$ 5,649,681[2]	–	Begins April/09		$ 2,478,759	–	–
Hazardous Waste	$6,008,560 [2]	–	–	–	$28,355,0003		Pending	–	–
Carbon Tax	$ 285 M[1,4]	–	–	–	–	$ 200 M [3]		–	–
Blue Box	–	–	–	Projected	$66.5 M [1]	$54 M		–	–

1. Expected annualized revenues based on most recently available information.
2. Based on most recent annual reports
3. Projected annual revenues.
4. Projected revenues from BC's carbon tax from 2008/09 to 2010/11 is expected to be $1.849 billion.

30 Section 4

Looking forward

Looking forward

The results of the inaugural Contribution Total Tax Contribution study, released in 2007, revealed 3 key messages:

1. Corporate income tax is only one aspect of the business tax burden;
2. Large businesses make significant tax contributions; and
3. The Canadian tax system is complex and costly for business.

While these key messages remain true through to 2008, the additional data collected around tax compliance and the provincial tax burden in this year's survey complement and supplement these key messages.

A great deal of focus is placed on the federal corporate income tax rate in recent years; however, the TTC survey results show 51% of the taxes borne by survey participants were provincial taxes, and 47% is in relation to non-income taxes. Clearly, all taxes need to be considered in evaluating the contribution of large businesses to the provinces in which they operate and in the assessment of Canada's tax regime.

The complexity of Canada's tax system continues to burden businesses, particularly those operating in multiple provinces. Despite recent sales and income tax harmonizations, Canadian businesses can still be subject to up to 295 taxing points. The time spent annually on tax compliance is significant and often not correlated with the amount of tax paid. For example, the reported time spent on corporate income tax compliance, at 37%, is significantly higher than the proportion that income taxes comprises of total taxes borne and collected of 16%. Internationally, Canada fares well in terms of total tax rate, but clearly lags in complexity of tax compliance and the related cost and time.

The recent financial downturn has negatively impacted Canadian businesses. While the survey results for Canada are in respect of 2007 financial data, a recent TTC survey in the UK indeed portrayed a picture of declining tax contributions for the first time since the inaugural UK survey in 2003. Subsequent TTC surveys in Canada should provide interesting trend analysis of the impact of this downturn to Canadian businesses. The economic downturn presents additional motivation for governments and businesses to collaborate on tax and other regulatory issues to improve the Canadian economy.

32 Appendices

Appendix A: Summary of Canadian taxes on business
Appendix B: CCCE membership
Appendix C: Participation and data sensitivity
Appendix D: Glossary
Appendix E: Sample short report for survey participants

Appendix A:

Summary of Canadian taxes on business

Type	Borne	Collected	Type	Federal	AB	BC
Income Taxes						
1. Federal corporate income tax (including surtax)	✔		Profit	✔		
2. Provincial corporate income tax	✔		Profit		✔	✔
3. Ontario corporate minimum tax	✔		Profit			
4. Part XII.3 tax paid on investment income	✔		Profit	✔		
5. Special additional tax paid	✔		Profit			
6. Non-resident withholding tax		✔	Profit	✔		
7. Withholding tax paid – Part XIII		✔	Profit	✔		
8. Branch tax paid – Part XIV		✔	Profit	✔		
Capital Taxes						
9. Financial corporations/institutions capital Tax	✔		Property			
10. Provincial large corporations capital tax	✔		Property			
11. Corporation Capital tax resource surcharge	✔		Property			
Employment Taxes						
12. CPP contributions	✔	✔	People	✔		
13. QPP contributions	✔	✔	People			
14. Employment insurance	✔	✔	People	✔		
15. Payroll tax	✔		People			
16. Quebec Parental Insurance Plan (QPIP) contributions	✔	✔	People			
17. Payments to Commission des normes du travail	✔		People			
18. Payments to Fonds National de Formation de la main-d'oeuvre	✔		People			
19. Health & drug related taxes	✔		People		✔	✔
20. Worker's Compensation	✔		People		✔	✔
21. Personal income tax withholding		✔	People		✔	✔
Property Taxes						
22. Property taxes on owned property	✔		Property		✔	✔
23. Business taxes on leased property	✔		Property		✔	✔
24. Tax on special assessment levies	✔		Property		✔	✔
25. Land transfer taxes or real property transfer taxes on transactions in real property	✔		Property			✔
26. Business occupancy assessment tax	✔		Property			
Customs & Excise Taxes						
27. Customs duty	✔		Product	✔		
28. Federal duties on the sale of alcohol products		✔	Product	✔		
29. Provincial duties on the sale alcohol products		✔	Product		✔	✔
30. Federal excise duties on sales of tobacco products		✔	Product	✔		
31. Provincial excise duties on sales of tobacco products		✔	Product		✔	✔
32. Federal duties on tobacco exports		✔	Product	✔		
33. Federal fuel taxes	✔	✔	Product	✔		
34. Provincial Gasoline or Motive Fuel Taxes	✔	✔	Product		✔	✔
35. Federal duties on foreign insurance premiums		✔	Product	✔		
Taxes on Extraction Activities						
36. Orphan Fund Levy	✔		Profit		✔	
37. Mining taxes	✔		Profit			✔
38. Production Tax	✔		Profit			
39. Mineral Rights Tax	✔		Profit			
40. Mineral Land Tax	✔		Profit			✔
41. Oil & Gas Production Tax	✔		Profit			✔
Sales Taxes						
42. Provincial unrecoverable PST/HST/QST	✔	✔	Product			✔
43. Federal unrecoverable GST	✔		Product	✔		
Insurance Taxes						
44. Federal Insurance Premium Tax		✔	Product	✔		
45. Provincial Insurance Premium Tax	✔		Product		✔	✔
46. PST/RST on Premiums		✔	Product		✔	✔
47. Insurance Companies Tax	✔		Product			
Environmental Taxes						
48. Federal excise tax on fuel-inefficient vehicles	✔		Planet	✔		
49. Excise tax on automobile air conditioners for new vehicles	✔		Planet			
50. Environmental tire taxes	✔	✔	Planet		✔	✔
51. Environmental protection tax	✔		Planet			
52. Provincial recyling levies	✔	✔	Planet		✔	✔
53. Fees paid to Stewardship Ontario	✔		Planet			
54. Passenger vehicle rental tax	✔		Planet	✔		
55. Beverage container recycling fees	✔		Planet		✔	✔
56. Quebec Compensation to Municipalities for the recycling of designated materials (Regime de compensation)		✔	Planet			
57. Quebec charges payable for the elimination of residual materials		✔	Planet			
58. Prorated vehicle tax	✔		Planet		✔	
59. Annual duty payable to the Green Fund	✔		Planet			
60. Additional registration fee for large cylinder capacity vehicles	✔		Planet			
61. Specified duty on new tires	✔		Planet			
62. Blue Box Levy	✔		Planet			
63. Federal Air Travellers Security Charge	✔	✔	Planet	✔		
64. Contribution to the Indemnity Fund of Travel Agencies	✔		Planet			
Other Taxes						
65. Utilities taxes on business costs – electricity & water	✔		Product			✔
66. Utilities taxes on business costs – telecommunications	✔	✔	Product			✔
67. Utilities and cable television companies tax	✔		Product			
68. Taxes and levies collected by hotel and resort operators		✔	Product		✔	✔
69. Broadcast advertising tax	✔	✔	Product			
70. Logging Tax	✔		Profit			✔
71. Taxes incurred or collected by the company on business accomodation	✔	✔	Product		✔	✔
72. Federal motor vehicle licensing payments	✔		Planet	✔		
73. Provincial motor vehicle registration fee	✔		Planet		✔	✔
Number of taxes	**58**	**28**		**19**	**20**	**26**

Province/Territory											
	MB	NB	NF	NT	NS	NU	ON	PEI	QC	SK	YT
	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
							✔				
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	24	**17**	**25**	**15**	**18**	**13**	**26**	**18**	**36**	**24**	**14**

Appendix B: CCCE Membership

As of April 15, 2009

Company	CEO Member
Accenture Inc.	William F. Morris
AGF Management Limited	Blake C. Goldring
Agrium Inc.	Michael M. Wilson
Air Canada	Calin Rovinescu
Alberta Newsprint Company	Ronald N. Stern
Amaranth Resources Limited	Joseph L. Rotman
Andrew Peller Limited	John E. Peller
Aon Reed Stenhouse Inc.	Christopher S. Fawcus
ArcelorMittal Dofasco Inc.	Juergen Schachler
Astral Media Inc.	Ian Greenberg
ATCO Group	Nancy C. Southern
The Bank of Nova Scotia	Richard E. Waugh
Barrick Gold Corporation	Peter Munk
Barrick Gold Corporation	Aaron Regent
BCE Inc. and Bell Canada	George A. Cope
Bentall LP	Gary Whitelaw
BMO Financial Group	William A. Downe
Bombardier Inc.	Laurent Beaudoin
Bombardier Inc.	Pierre Beaudoin
Brookfield Asset Management Inc.	Jack L. Cockwell
Brookfield Asset Management Inc.	J. Bruce Flatt
Bruce Power	Duncan Hawthorne
CAE Inc.	Robert E. Brown
Canadian Chamber of Commerce	Roger Thomas
Canadian Council of Chief Executives	David M. Culver
Canadian Council of Chief Executives	Thomas d'Aquino
Canadian Council of Chief Executives	J. Edward Newall
Canadian Manufacturers & Exporters	David T. Fung
Canadian Pacific Railway Company	Fred Green
Canfor Corporation	Peter J. G. Bentley
Canfor Corporation	James F. Shepard
CanWest Global Communications Corp.	Leonard J. Asper
Cargill Limited	Len J. Penner
CCI Thermal Technologies Inc.	Harold A. Roozen
CGI Group Inc.	Serge Godin
CGI Group Inc.	Michael E. Roach
CHC Helicopter Corporation	Sylvain Allard
Chevron Canada Limited	Mark A. Nelson
Chrysler Canada Inc.	Reid Bigland
CIBC	Gerald T. McCaughey
Clearwater Fine Foods Inc.	John C. Risley
CN	E. Hunter Harrison
Common Ground Capital Inc.	Michael I. M. MacMillan
Counseil du Patronat du Québec	John LeBoutillier
Coril Holdings Ltd.	John K. Amundrud
Coril Holdings Ltd.	Ronald N. Mannix
Corus Entertainment Inc.	John M. Cassaday
Deloitte & Touche LLP	Alan N. MacGibbon
Desjardins Group	Monique F. Leroux

Company	CEO Member
Direct Energy	Deryk I. King
Dow Chemical Canada ULC	J. Jeff Johnston
Edco Financial Holdings Ltd.	N. Murray Edwards
E.I. du Pont Canada Company	Michael J. Oxley
E-L Financial Corporation Limited	Duncan N. R. Jackman
EnCana Corporation	Randall K. Eresman
Enerplus Resources Fund	Gordon J. Kerr
Ericsson Canada Inc.	Mark Henderson
Ernst & Young LLP	Louis P. Pagnutti
Fairfax Financial Holdings Limited	V. Prem Watsa
Federal Express Canada Ltd.	David Binks
Fednav Limited	Laurence G. Pathy
Finning International Inc.	Michael T. Waites
FirstEnergy Capital Corp.	Jim W. Davidson
Ganong Bros. Limited	David A. Ganong
General Electric Canada	M. Elyse Allan
Giant Tiger Stores Limited	Gordon Reid
The Great-West Life Assurance Company	D. Allen Loney
Greenfield Ethanol Inc.	Kenneth E. Field
Harris Steel Group Limited	John Harris
Harvard Developments Inc. - A Hill Company	Paul J. Hill
Hewlett-Packard (Canada) Co.	Paul Tsaparis
Holding O.C.B. Inc.,	J.-Robert Ouimet
Cordon Bleu International Ltd. and	J.-Robert Ouimet
Piazza Tomasso International Inc.	J.-Robert Ouimet
The Home Depot Canada and Asia	Annette Verschuren
HSBC Bank Canada	J. Lindsay Gordon
H.Y. Louie Co. Limited	Brandt C. Louie
IBM Canada Ltd.	Dan J. Fortin
Imperial Oil Limited	Bruce H. March
Industrial Alliance Insurance and Financial Services Inc.	Yvon Charest
Inwest Investments Ltd.	Hassan Khosrowshahi
Irving Oil Limited	Kenneth Irving
James Richardson & Sons, Limited	Hartley T. Richardson
Kaiser Resources Limited	Edgar F. Kaiser, Jr.
The Katz Group of Companies	Daryl A. Katz
Keg Restaurants Ltd.	David Aisenstat
KingSett Capital Inc.	Jon E. Love
KPMG	Bill Thomas
Kruger Inc.	Joseph Kruger II
Lawrence & Company Inc.	R. Jack Lawrence
Linamar Corporation	Linda S. Hasenfratz
Loblaw Companies Limited	Galen G. Weston
3M Canada Company	James W. McSheffrey
Maclab Enterprises	Marc de La Bruyère
Manulife Financial	Dominic D'Alessandro
Maple Leaf Foods Inc.	Michael H. McCain
Marsh Canada Limited	Alan W. Garner
Matco Investments Ltd.	Ronald P. Mathison

Company	CEO Member
McCain Foods Limited	Dale F. Morrison
MDS Inc.	Stephen P. DeFalco
Mercer (Canada) Limited	Jacques Théorêt
Microsoft Canada Co.	Phil Sorgen
MTS Allstream Inc.	Pierre Blouin
National Bank of Canada	Louis O. Vachon
Newfoundland Capital Corporation Limited	Harry R. Steele
NOVA Chemicals	Jeffrey M. Lipton
Open Text Corporation	Tom Jenkins
Palliser Furniture Ltd.	Arthur A. DeFehr
PCL Construction Holdings Ltd.	Ross A. Grieve
Pengrowth Management Limited	James S. Kinnear
Petro-Canada	Ron A. Brenneman
Polygon Homes Ltd.	Michael J. Audain
Power Corporation of Canada	André Desmarais
Power Corporation of Canada	Paul Desmarais, Jr.
Power Financial Corporation	R. Jeffrey Orr
PricewaterhouseCoopers LLP	Christie J. B. Clark
Reliance Comfort Limited Partnership	Roger Rossi
Research in Motion	James L. Balsillie
Richardson Financial Group Limited	H. Sanford Riley
Rio Tinto Alcan	Jacynthe Côté
Rogers Communications Inc.	Nadir Mohamed
Rothmans Inc.	John R. Barnett
Royal Bank of Canada	Gordon M. Nixon
ShawCor Ltd.	William P. Buckley
Shell Canada Limited	Brian Straub
Siemens Canada Limited	Guenther R. Scholz
SNC-Lavalin Group Inc.	Jacques Lamarre
The Standard Life Assurance Company of Canada	Joseph Iannicelli
St. Joseph Communications	Tony Gagliano
Stone Creek Resorts Inc.	Guy J. Turcotte
Sun Life Financial Inc.	Donald A. Stewart
Suncor Energy Inc.	Richard L. George
Talisman Energy Inc.	John A. Manzoni
TD Bank Financial Group	W. Edmund Clark
The TDL Group Corp.	Don Schroeder
Teck Cominco Limited	Donald R. Lindsay
TELUS	Darren Entwistle
Tenaris	Alberto Iperti
TransAlta Corporation	Stephen G. Snyder
TransCanada Corporation	Hal Kvisle
Tristone Capital Inc.	George F. J. Gosbee
Ultramar Ltd.	Jean Bernier
U.S. Steel Canada Inc.	Douglas R. Matthews
Wittington Investments, Limited	Anthony R. Graham
The Woodbridge Company Limited	W. Geoffrey Beattie
Yanke Group of Companies	Russel Marcoux
Yellow Pages Group Co.	Marc P. Tellier

Appendix C: Participation and data sensitivity

PricewaterhouseCoopers' TTC framework was used as the basis for collecting information on the total business taxes borne and collected in Canada by participants for their 2007 financial year.

The information collected from survey participations relates only to their Canadian financial and taxation data. Any foreign taxes have been excluded.

Participation

PwC carried out the second annual TTC survey under the sponsorship of the Canadian Council of Chief Executives (CCCE). The survey population included a cross-section of Canadian businesses. Of the 23 participants, 14 were listed on the Toronto Stock Exchange and 9 were Canadian-owned private businesses, partnerships or income trusts. Survey participants also covered a broad range of industry groups within the Canadian economy as show in Table A.

The CCCE membership and survey participants constitute a significant proportion of large business in Canada. The participants listed on the TSX have a market capitalization of over $279 billion. In addition, the survey participants comprised 17% of the S&P/TSX 60. Survey participants reported revenue from under $500 million up to $26 billion, with an average of $5.7 billion.

The total number of employees reported by survey participants for 2007 was 123,407. Number of employees ranged from under 1,000 to over 30,000 per participant. The average salary of employees covered by the survey was $96,777 significantly higher than the 2007 national average salary of Canadians of approximately $39,409[1].

Data sensitivity

The data provided by participants has been collated and aggregated with other participants' data and analyzed to produce this report. Individualized reports will be provided to each participating organization. All participant information shall remain confidential.

Survey responses were "sense checked" by PwC and a number of participants were queried on data submitted. In preparing this report, PwC has relied on the accuracy of the information provided and has not independently verified or audited this data and therefore makes no representations or warranties with respect to the accuracy of the source information supplied by participants for any consequential inaccuracies, omissions or errors.

[1] Approximation based on 2007 average weekly earnings for Canada from Statistics Canada, multiplied by 50 weeks.

Table A: Industry profile of survey participants

Retail
Banks
Telecommunications
Media & Entertainment
Mining
Transport
Chemicals
Oil & Gas
Tobacco
Utilities
Insurance & Other Finance

Table B: Revenue reported by survey participants

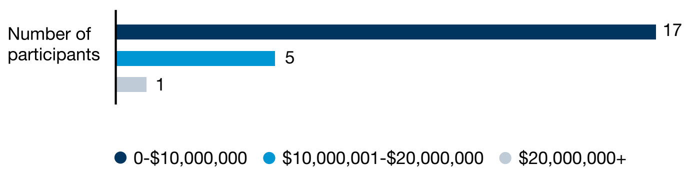
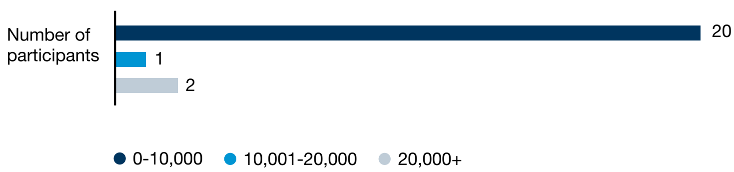


Table C: Number of employees reported by survey participants



Appendix D: Glossary

Term/Measure	Definition
Business taxes borne	Taxes that affect the income statement.
Business taxes collected	Taxes collected from customers and employees that are remitted to government.
Employment taxes borne and collected per employee	This measure may be useful in considering the multiplier effect in taxes of jobs created by Canadian business. In this calculation employment taxes borne and taxed collected are the numerator and the number of employees the denominator. Employment taxes borne are principally CPP, QPP, EI and workplace safety taxes. Employment taxes collected are principally income tax deducted.
Mean or simple average	The simple average or "arithmetic mean" is calculated by summing all the individual company observations and dividing by the number of those observations.
Median	The median is the middle value of data ordered from lowest to highest i.e. the middle observation.
Other payments to government	Compulsory payments such as levies, rents and royalties.
Tax	For the purposes of the Total Tax Contribution framework, PricewaterhouseCoopers has defined tax as "a compulsory levy, payable to the government (including state or local authorities, or an agency that remits funds to the government) by a business or individual which is used by the government or authority as part of public finance, but excluding payments for which there is a specific return of value, such as a license fee or rent paid to the government in respect of government property."
Tax compliance costs	Amounts incurred to prepare, compute and remit taxes borne and taxes collected.
Taxes borne and taxes collected as a percentage of revenue	Taxes borne and taxes collected as a percentage of revenue is another useful measure of what a business contributes to government taxation receipts. The numerator is total taxes borne and total taxes collected, as a proportion of Canadian revenue.
Taxing points	Taxing points refers to the number of separate taxation obligations across all federal, and provincial governments.
Total Tax Rate (TTR)	All business taxes borne as a percentage of profits before all business taxes borne (including corporate income tax and indirect taxes borne).

Appendix E: Sample short report for survey participants

What is your overall tax contribution?

PricewaterhouseCoopers survey for the Canadian Council of Chief Executives

Sample short report for participant businesses

Company: Sample Canco	**December 31, 2007**
Ranking of market capitalization among participants	14/23

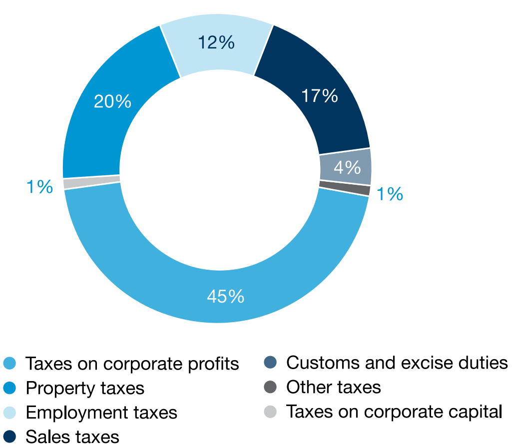
$'000	**Value**	**Rank***
Total business taxes borne	$420,411	16/23
Profit before business taxes	$1,212,607	8/23
Total Tax Rate – business taxes as a % of profit before business taxes	34.67%	3/23
Total taxes collected	$698,311	10/23
Total other payments to government	$2,375	20/23

Taxes borne & other payments	**$'000**
Taxes on corporate profits	188,389
Taxes on corporate capital	4,378
Employment taxes	50,508
Property taxes	85,142
Insurance premium tax	NA
Sales taxes	72,590
Customs & excise duties	16,782
Tobacco duties	NA
Alcohol duties	NA
Licences	253
Utility taxes	52
Taxes on travel and accomodation	182
Other taxes	2,135
Other payments to Government	2,375
Total	**422,786**

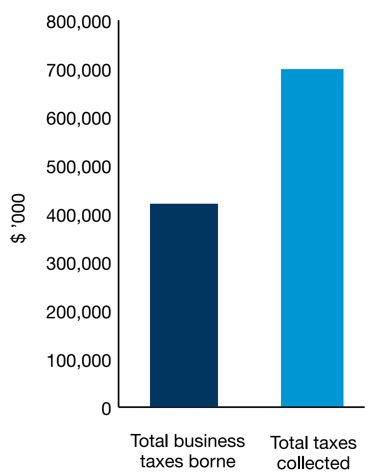
Taxes collected	**$'000**
Non-resident withholding tax	4,389
Employment taxes	252,687
Insurance premium tax	195,932
Sales taxes	245,303
Fuel duties	NA
Utility taxes	NA
Taxes on travel and accomodation	NF
Other	NA
Total	**698,311**

* Rank: values ranked in descending order.
NA = not applicable, NF = no figure provided

Total taxes borne



Total taxes collected



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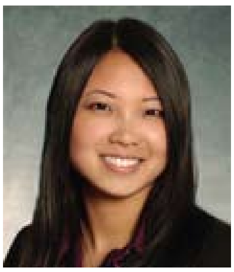

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