

March 2015: The member firms of the CEO Council contributed \$23.5bn in taxes borne, \$34.7bn in taxes collected and another \$6.2bn in other payments to government.

Total Tax Contribution

Surveying Canada's Leading Enterprises



Foreword

Welcome to the second annual Total Tax Contribution survey for the Canadian Council of Chief Executives (CEO Council). This survey collected data from 80 of Canada's largest businesses, representing a range of industry sectors for the fiscal year 2013. Participation grew by 27% (17 members), reflecting increasing corporate interest in tax transparency.

The survey results can inform ongoing dialogue about Canadian tax policy by shedding light on all contributions to all three levels of government in Canada.

Results show that the 80 participating CEO Council members are significant taxpayers, responsible for nearly 20% of all federal corporate tax revenue. In fact, the three levels of government together are the biggest beneficiary of payments from participating members (39.9%). Employees received 27.9% in the form of net-of-tax payroll compensation, 19.6% was retained for reinvestment in their businesses, and 12.6% was distributed to shareholders.

The Total Tax Contribution for the participants in 2013 was \$58.2 billion: \$23.5 billion in taxes borne and \$34.7

billion in taxes collected. A further \$6.2 billion in other payments, such as royalties, were made. Increased participation raised the Total Tax Contribution by \$17.6 billion over the prior year.

Corporate income taxes are only one part of companies' contributions to public finances. For every \$1 of corporate income tax paid, participating businesses paid an additional \$1.01 in other business taxes and \$0.53 in other payments to government. The average total tax rate is 33.9%, calculated as all taxes borne by a particular business divided by Canadian accounting profit before all taxes borne.

Beyond tax, the survey collects data about total employment numbers, compensation and the cost of tax

compliance. Tax compliance costs remain a burden to businesses. The survey identified 68 types of taxes and other payments contributed to the three levels of government. To comply, the 80 participating members spent \$3.9 million and maintained 17 full-time employees on average.

PwC thanks the CEO Council for their continuing support. The Canadian tax system must remain internationally competitive to help generate new, job-creating investment in Canada. We hope that the results of this survey will help support ongoing discussions about Canadian tax policy, complexity and competitiveness.

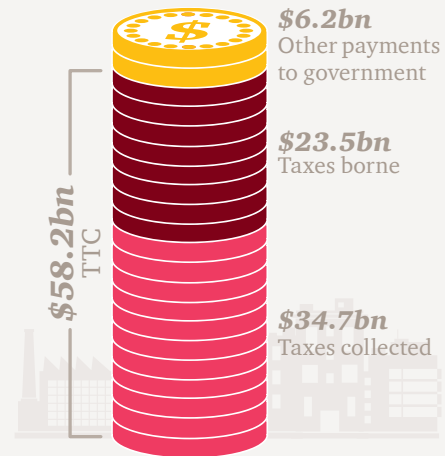
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Key findings

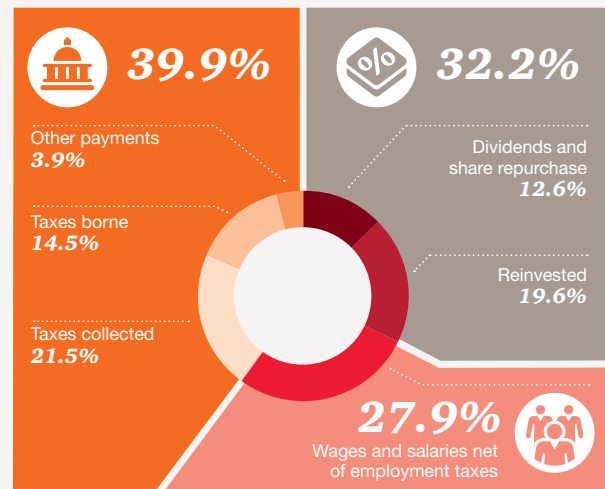
Total Tax Contribution

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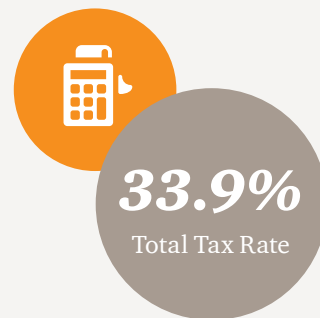
Value distributed

The three levels of government together are the biggest beneficiary of payments from the 80 participants (39.9%) – ahead of employees (net-of-tax wages) and shareholders (reinvestment in the business).



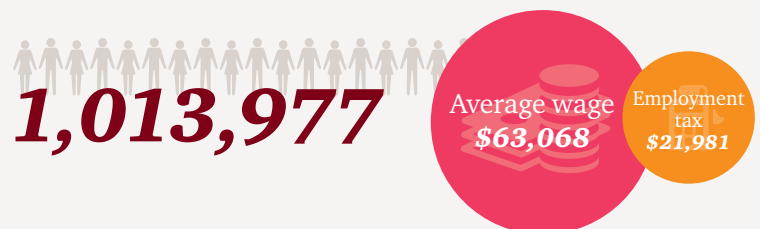
Total Tax Rate

The Total Tax Rate¹ is a measure of the total tax burden of participants. On average, 80 participants have a Total Tax Rate of 33.9%.



Employment

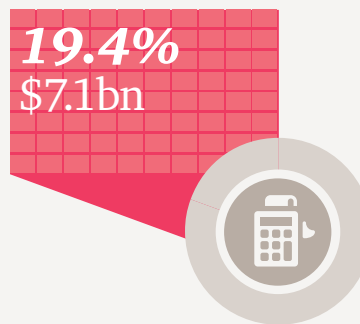
Survey participants provide well-paid jobs in Canada. They employed 1,013,977 people and paid an average wage of \$63,068. They also contributed an average of \$21,981 in employment taxes per employee.



1. The calculation is total taxes borne (corporate income (profit) tax plus all other taxes borne) (as the numerator) as a percentage of profit before all those taxes borne (as the denominator).

Federal Corporate Income (Profit) Tax

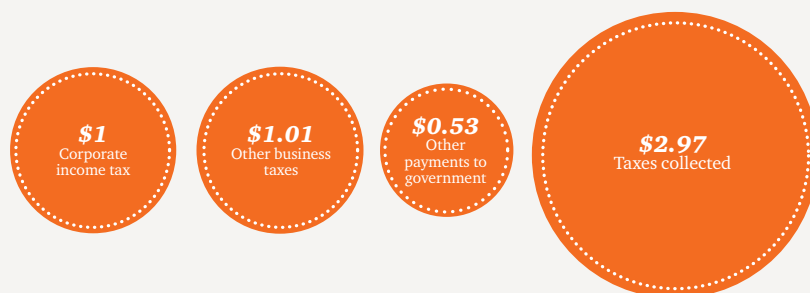
80 participants made a significant contribution to federal revenues, accounting for 19.4% (\$7.1bn) of total federal corporate income tax revenue.



Corporate income (profit) tax is not the only tax paid by the survey participants

For every \$1 of corporate income tax, survey participants paid a further \$1.01 of other business taxes and an additional \$0.53 in other payments to government.

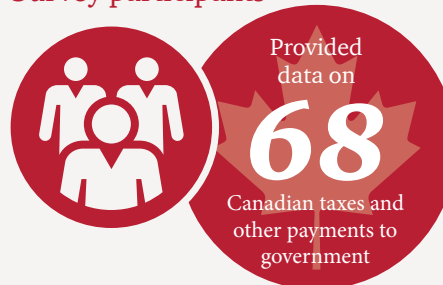
For every \$1 of corporate income tax participants pay, they collect another \$2.97.



Taxing points

Survey participants provided data on 68 Canadian taxes and other payments to government in fiscal year 2013.

Survey participants



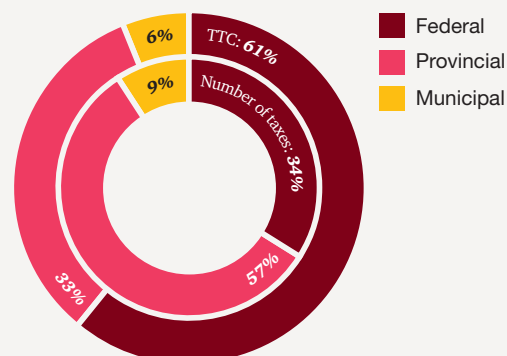
Compliance costs

Compliance costs impose a significant burden on survey participants. On average, the eighty participants spent \$3.9 million and employed 17 full-time employees to comply with Canadian taxes.



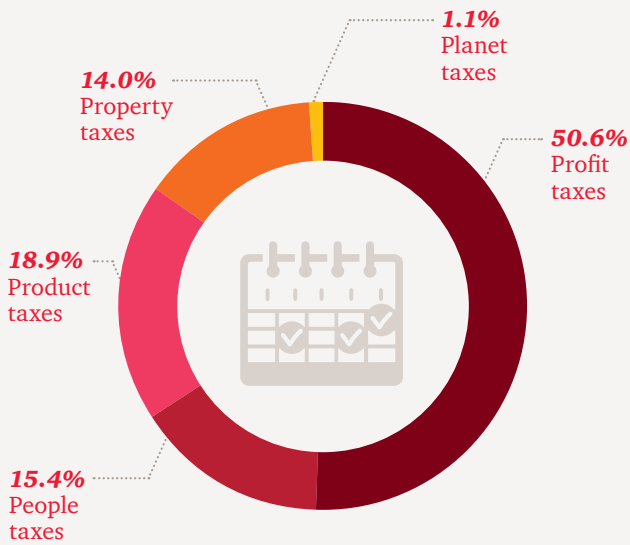
Total Tax Contribution by level of government

19 federal taxes are responsible for 61% of the Total Tax Contribution of the companies surveyed. At the provincial level, 33% of the Total Tax Contribution was collected from 32 different taxes in fiscal year 2013. The remaining 6% of the Total Tax Contribution is associated with municipal taxes. This means that the federal government collects more revenue from fewer taxes than provincial governments.



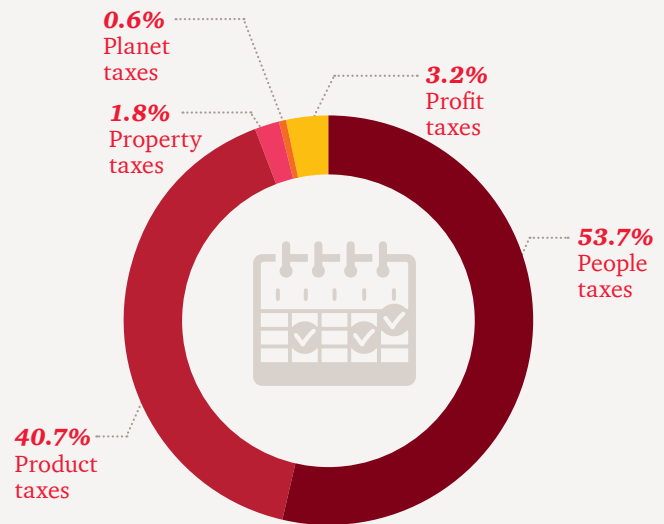
Taxes borne by percentage

Profit taxes are the largest share of taxes borne at 50.6%



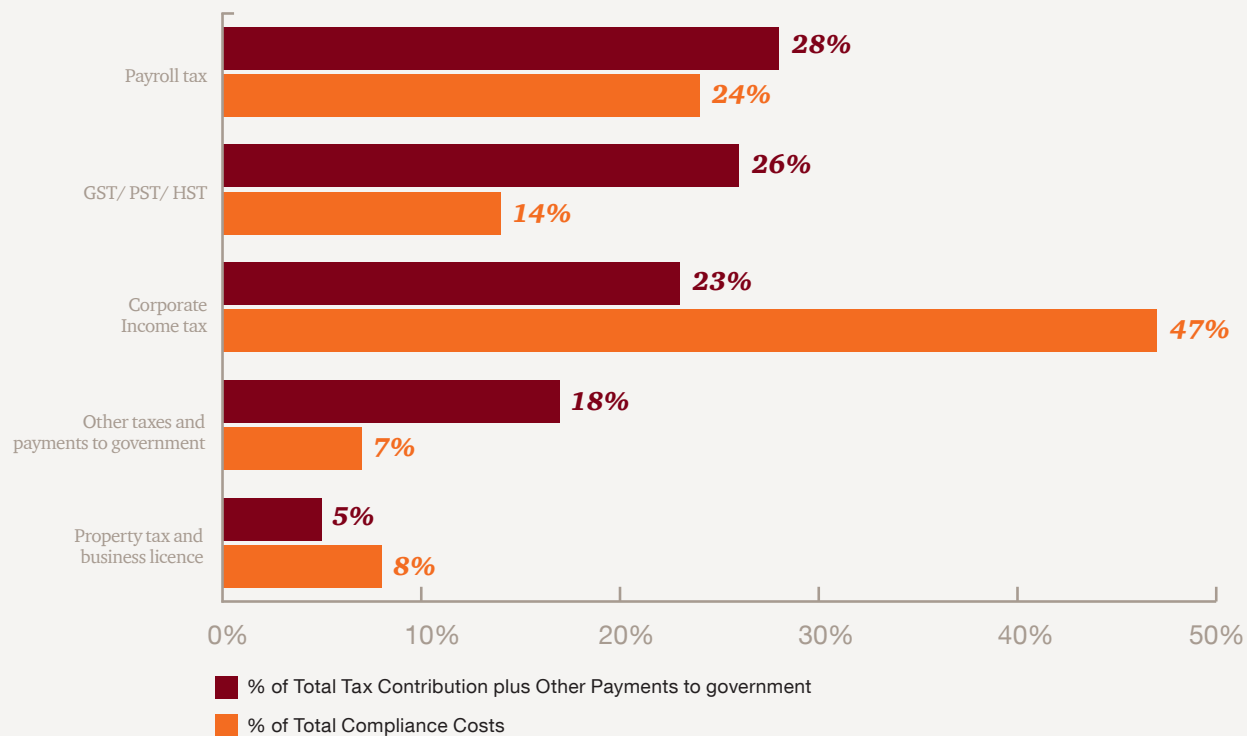
Taxes collected by percentage

People taxes are the largest share of taxes collected at 53.7%.



Tax Contribution vs compliance cost

Consumption tax is the most cost-effective tax, collecting 26% of Total Tax Contribution and other payments to government with only 14% of the total compliance cost. The corporate income (profit) tax is the most expensive tax to comply with, responsible for 23% of Total Tax Contribution and other payments to government and almost half of the total compliance cost.



About the CEO Council

The Canadian Council of Chief Executives (CEO Council) is a not-for-profit, non-partisan organization composed of the CEOs of Canada's leading enterprises. The CEO Council engages in an active program of public policy research, consultation and advocacy. The CEO Council is a source of thoughtful, informed comment from a business point of view on issues of national importance to the economic and social fabric of Canada.

CEO Council members represent all sectors of the Canadian economy. The companies they lead collectively administer \$6 trillion in assets, have annual revenues in excess of \$850 billion, and are responsible for the vast majority of Canada's exports, investment, research and development, and training. Find out more by visiting www.ceocouncil.ca

About PwC

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About Total Tax Contribution

The Total Tax Contribution methodology identifies taxes borne and taxes collected. Taxes borne by a company are a cost to the company and reflected in its financial results, e.g. federal and provincial corporate income (profit) tax, irrecoverable sales taxes.

Taxes collected are those generated by a company's operations, but do not affect its results, e.g. total income tax withheld from employees and remitted, and GST/HST collected from customers and remitted to the government. The company generates the commercial activity giving rise to the taxes and then collects and administers them on behalf of the government. We identified 68 business taxes and other payments to government in this survey under the Total Tax Contribution methodology.

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