

March 2016: The 89 firms that took part in this survey contributed \$77.5 billion to public finances, comprising \$27.3 billion in taxes borne, \$41.2 billion in taxes collected and another \$9.0 billion in other payments to governments.

Total Tax Contribution

Surveying Canada's leading enterprises



Remarks

This is the third annual Total Tax Contribution survey of Business Council of Canada members. The survey collected tax data from 89 of Canada's largest businesses from all sectors of the Canadian economy for the 2014 fiscal year. The survey demonstrates the full extent of contributions made by large businesses to Canadian public finances and employment.

The 89 Business Council of Canada members that participated in the survey are significant taxpayers, responsible for nearly 20% of all federal corporate tax collected on business profit. The Total Tax Contribution for participants in 2014 was \$68.5 billion: \$41.2 billion in taxes borne and \$27.3 billion in taxes collected. Participants contributed an additional \$9 billion in other payments to governments.

Government takes the largest share of the total value distributed by the companies surveyed, receiving \$77.5 billion. Another \$75 billion went to payroll, with a large portion of that withheld and remitted to governments as payroll tax. The remaining share, \$54 billion, was retained for reinvestment in the business or distributed to shareholders.

The companies surveyed are major employers, responsible for 1.1 million well-paid Canadian jobs. On average, the companies surveyed paid their employees an annual wage of nearly \$65,000.

Tax on profits is only one type of contribution made to public finances. For every dollar of corporate income tax contributed, companies paid an additional \$4.94, including \$1.09 in non-profit type taxes and \$0.70 in other payments to governments. The remaining \$3.15 comprises taxes collected from customers and employees and remitted to governments.

Canadian businesses incur significant costs to comply with the Canadian tax regime. On average, survey participants employ 19 full-time equivalent staff and spend \$4 million annually to ensure proper remittance of 56 different taxes and 12 other payments.

The survey data remained mostly consistent when compared to last year's results. However, the economic headwinds facing the Canadian economy will likely be more visible in next year's survey.

The Canadian tax system must remain internationally competitive to help create and sustain job-creating investment in Canada. Survey results provide robust data to inform dialogue about Canadian tax policy, transparency, complexity, competitiveness, and to reflect the challenges businesses face.

PwC thanks the Business Council of Canada for their continuing support of this survey.

Lincoln Schreiner
PwC Canada

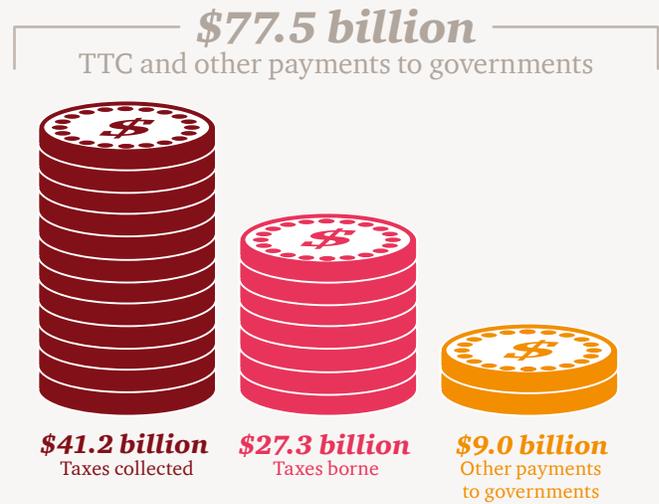
Andrew Packman
PwC UK



Key findings

Total Tax Contribution

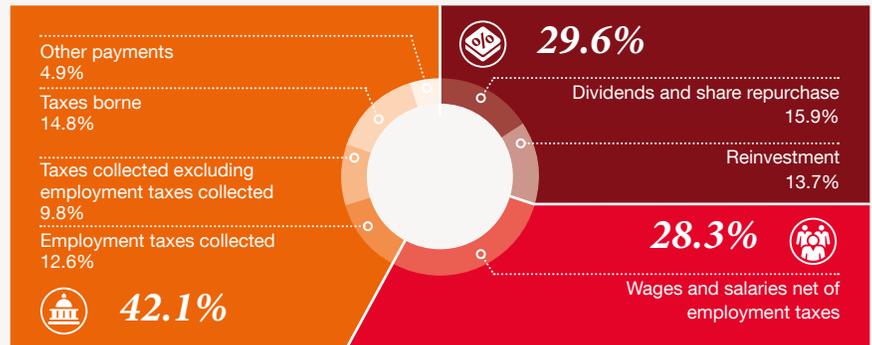
The Total Tax Contribution (TTC) for the participants in 2014 was \$68.5 billion: \$27.3 billion in taxes borne and \$41.2 billion in taxes collected. A further \$9.0 billion in other payments, such as royalties, were made.



Value distributed

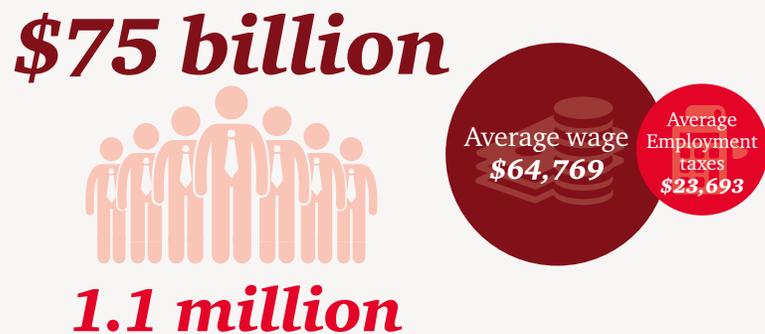
The three levels of government together are the biggest beneficiary of value distributed by the 89 participants (42.1%) – ahead of employees (net of payroll taxes withheld) and shareholders or reinvestment in the business.

Value distributed comprises earnings of the businesses adding back labour cost and all taxes borne and collected by the businesses.



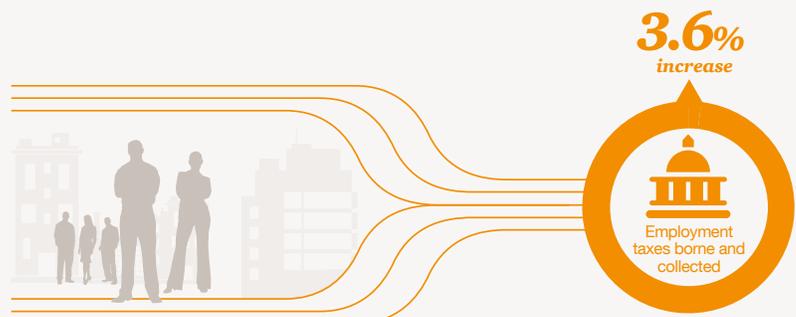
Employment

Participants are an important source of well-paid jobs in Canada. They provided employment to more than 1.1 million people and paid \$75 billion in gross wages and salaries, with an average wage of \$64,769. They also contributed an average of \$23,693 in payroll taxes per employee.



Employment trend between 2013 and 2014

The 89 participants contributed \$27.6 billion (2013: \$22.2 billion) in employment taxes borne and collected. On a like-for-like basis, employment taxes borne and collected have increased by 3.6% as a result of more employees and increased payroll.



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

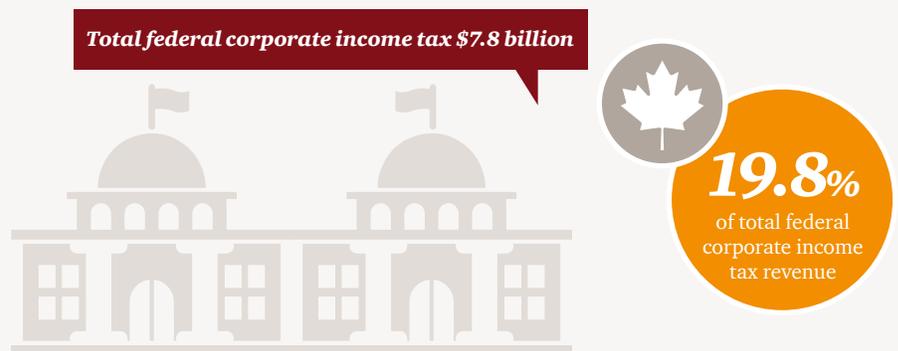
For every dollar of corporate income tax, survey participants paid a further \$1.09 in other business taxes and an additional \$0.70 in other payments to governments.

For every dollar of corporate income tax paid by the participants, another \$3.15 in taxes was collected, largely from customers and employees.



Federal corporate income (profit) tax

The 89 participants made a significant contribution to federal revenues, accounting for 19.8% (\$7.8 billion) of total federal corporate income tax revenue.



The Total Tax Rate

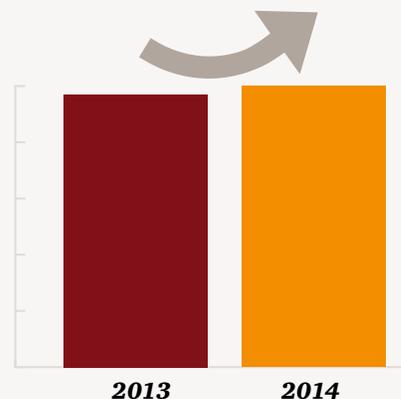
The Total Tax Rate¹ is a measure of the total tax burden of participants. On average, the participants have a Total Tax Rate of 35.4%.

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



TTC trend between 2013 and 2014

On a like-for-like basis, the TTC in 2014 has remained broadly constant compared to 2013, an increase of 0.8%.



Participation

89 companies provided data for the TTC survey, representing 59% of the Business Council of Canada membership.



Compliance costs

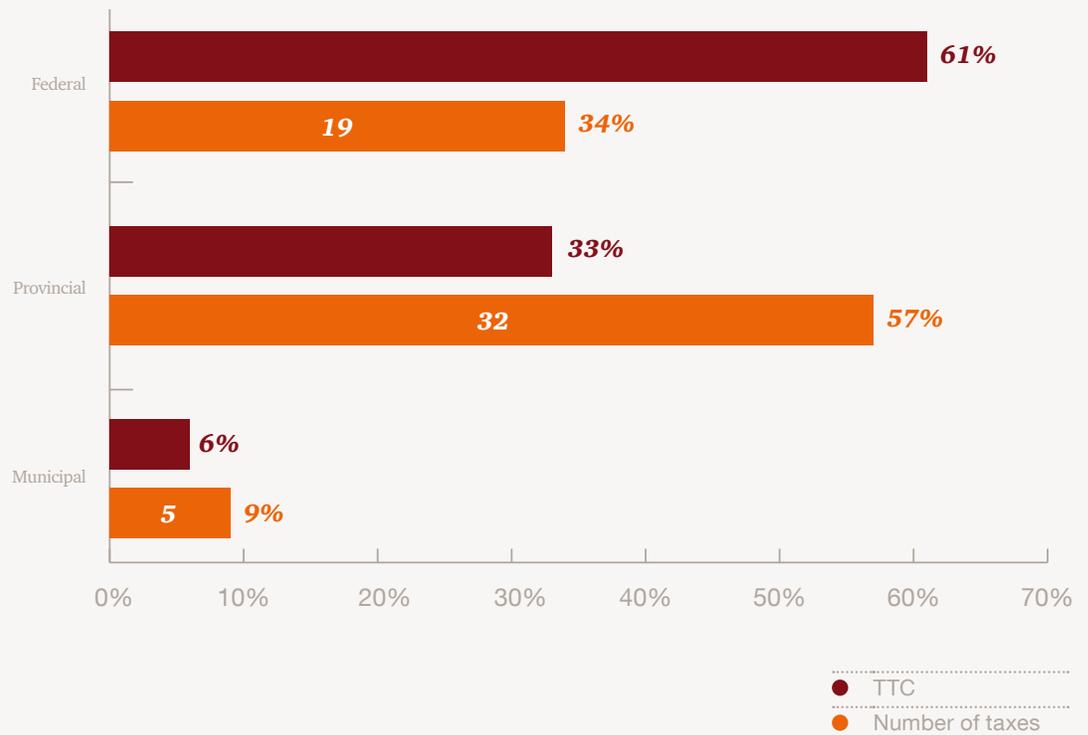
Compliance costs impose a significant burden on survey participants. On average, survey participants spent \$3.96 million and employed 19 full-time equivalent staff to comply with Canadian tax legislation.



Total Tax Contribution by level of government

Survey participants provided data on 56 Canadian taxes borne and collected and 12 other payments to governments.

The federal government collects more revenue from fewer taxes than provincial governments. Of the \$68.5 billion TTC, 19 federal taxes accounted for 61%, 32 provincial taxes accounted for 33% and the remaining 6% was collected through municipal taxes.



About the Business Council of Canada

The Business Council of Canada is a not-for-profit, non-partisan organization composed of the CEOs of Canada's leading enterprises. The Council engages in an active program of research, consultation and advocacy on issues of national importance to the economic and social fabric of Canada.

Member CEOs and entrepreneurs represent all sectors of the Canadian economy. The companies they lead collectively administer \$7.5 trillion in assets, have annual revenues in excess of \$1.1 trillion, and are responsible for the vast majority of Canada's exports, business investment, private-sector research and development, and employer sponsored education and training. Find out more by visiting thebusinesscouncil.ca

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About the 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 and irrecoverable sales taxes. Taxes collected are those generated by a company's operations, but do not affect its results,

e.g. payroll taxes withheld from employees and remitted and GST/HST collected from customers and remitted. We identified 68 business taxes and other payments to governments in this survey under the Total Tax Contribution methodology. Taxes are categorized into five tax bases, i.e. profit taxes, production taxes, employment taxes, property taxes and environmental taxes.

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