

RESULTS: Tax Competitiveness

Survey method: Web & Mail, Mandate 227
 Survey period: June, 2007
 Tabulation date: August, 2007
 Total response: 7,845

% Response

1. In general, which forms of taxation affect the growth of your business the most? (Select as many as apply)

- 53.6 Corporate income taxes
- 42.9 Personal income taxes
- 41.8 Sales taxes (e.g., GST/HST, PST)
- 62.8 Payroll taxes (e.g., EI, C/QPP, WCB, etc.)
- 47.2 Property/capital taxes
- 3.4 Don't know

2. How effective is each level of government at value-for-money in providing the services used by your business? (Select one for each line)

	Very effective	Somewhat effective	Ineffective	Don't know
Federal gov't	2.0	38.7	46.4	12.8
Your provincial gov't	1.8	40.7	45.9	11.6
Your local gov't	4.2	35.6	46.8	13.4

3. How effective is each level of government at creating a system of fair taxation? (Select one for each line)

	Very effective	Somewhat effective	Ineffective	Don't know
Federal gov't	1.7	35.0	54.8	8.5
Your provincial gov't	1.4	32.0	58.4	8.1
Your local gov't	2.4	28.1	58.0	11.5

4. In general, which approach should governments take to improve their budget strategy? (Select one answer only)

- 5.9 Focus more on spending increases
- 40.9 Focus more on debt repayment
- 45.7 Focus more on tax cuts
- 2.9 No changes needed; current approach is about right
- 4.7 Don't know

5. The federal government's budget surplus can be used to spend more, reduce taxes or pay down the debt. In what proportion should future federal surpluses be applied to the following areas? (Insert a percentage for each of the three items below. All percentage values should add to 100%.)

	Percentage
Pay down the federal debt	48
Reduce taxes	36
Increase program spending	16
TOTAL	100%

6. If the federal government were to reduce taxes, how would you rank the priorities of the following? (Select one for each line)

	High priority	Medium priority	Low priority
Employment Insurance premiums	41.2	39.1	19.7
Canada/Quebec Pension Plans premiums	19.0	47.5	33.5
Corporate income taxes	45.4	41.7	12.9
Personal income taxes	67.1	28.6	4.3
GST, HST	39.1	39.9	21.0
Fuel taxes, other excise taxes, duties and tariffs	61.4	26.6	12.0

7. If the federal government were to reduce corporate income taxes, what should be the priorities? (Select as many as apply)

- 70.7 Increase the small business deduction threshold to \$500,000 (currently \$400,000)
- 69.3 Further reduce the small business rate (currently 12%, scheduled to fall to 11% in 2009)
- 62.4 Further reduce the general corporate income tax rate (currently 21%, scheduled to fall to 18.5% in 2011)
- 43.0 Increase capital cost allowances
- 2.5 Other (Please specify) _____

8. The federal and provincial governments currently tax income of small corporations at a lower rate. At the federal level, for example, the first \$400,000 of income is taxed at 12%, while income above this threshold is taxed at 21%.

Have you held back the growth of your business to remain below the small business deduction (SBD) threshold? (Select one answer only)

- 19.3 Yes
- 68.0 No
- 9.9 Not applicable, my business is not incorporated
- 2.8 Don't know

9. Should governments have a multi-year tax relief plan?

(Select one answer only)

- 66.8 Yes
- 6.4 No
- 26.7 Don't know

10. If governments were to reduce taxes, what would your business do with the savings? (Select as many as apply)

- 38.8 Hire additional employees
- 53.1 Increase employee wages
- 32.2 Invest in additional employee training
- 16.5 Invest in research and development
- 66.3 Invest in new equipment
- 27.6 Convert tax savings to profits
- 52.9 Pay down debt
- 19.5 Increase charitable donations
- 25.0 Lower or maintain prices
- 2.8 Other (Please specify) _____

11. In general, how should responsibilities be divided between local and provincial governments? (Select one answer only)

- 10.2 Local powers should overlap with provincial responsibilities so that priority areas are well covered
- 78.6 Local powers should be strictly defined and separate from provincial responsibilities so that there is little duplication or waste
- 11.1 Don't know

12. In general, how should responsibilities be divided between provincial and federal governments? (Select one answer only)

- 10.7 Provincial powers should overlap with federal responsibilities so that priority areas are well covered
- 81.1 Provincial powers should be strictly defined and separate from federal responsibilities so that there is little duplication or waste
- 8.3 Don't know

13. How should user fees for government-provided services be set? (Select one answer only)

- 9.3 Fees should be priced above the actual cost of providing the service to reduce reliance on taxes
- 56.4 Fees should be roughly equivalent to the cost of providing the service
- 27.7 Fees should be nominal or not exist. The cost of providing the service should come from taxes
- 6.7 Don't know

14. Should municipalities have the authority to levy a range of new taxes in addition to property taxes? (Select one answer only)

- 5.9 Yes
- 90.1 No
- 4.0 Don't know

15. The issue of whether sales taxes should be made visible directly to the consumer or embedded in the prices of goods and services has recently been raised. The current practice of listing all sales taxes separately from the selling price of goods and services ensures that the buyer is aware of the sales taxes at the time of purchase. With tax-included pricing, the buyer would be aware of the full price of the good or service in advance of the purchase.

Should all applicable sales taxes be embedded in the pricing of the good or service? (Select one answer only)

- 24.5 Yes
- 70.7 No
- 4.8 Don't know