

MAJOR TAXES in MANITOBA (FEDERAL and PROVINCIAL)

SALES TAXES

Federal Goods and Services Tax

Individuals, businesses and other entities pay the 5% federal Goods and Services Tax (GST) on most goods and services.

Most businesses, including manufacturers and processors, qualify for full input tax credits on the amount of GST paid on purchases made for business purposes where the firm is not the final consumer.

There is also a GST credit for low-income households. The amount of the GST credit depends on a number of factors, including household income, number of dependent children, marital status, among other characteristics.

For more information about the federal GST, contact the Canada Revenue Agency at 1-800-959-5525 (business enquiries), 1-800-959-8281 (individual enquiries) or visit the website at www.cra-arc.gc.ca

Manitoba Retail Sales Tax

In Manitoba, there is a 7% Retail Sales Tax (RST) on most goods and certain services. The RST is calculated on the selling price, before GST (Goods and Services Tax) is applied.

There are several exemptions which apply to the manufacturing and processing industry.

For more information about the provincial sales taxation in Manitoba, contact Manitoba Finance – Taxation Division, (204) 945-5603 or visit the [Taxation Division website](#).

PAYROLL TAXES

Federal Canada Pension Plan

The Canada Pension Plan (CPP) is a federally levied and administered plan that provides retirement, disability and survivors' benefits, certain children's benefits and death benefits. Employees and employers, including the self-employed, must contribute to the plan.

For the 2010 calendar year, the CPP contribution rate, by both the employee as well as the employer on behalf of the employee, is 4.95% on maximum contributory earnings of \$47,200, less an exemption of \$3,500. The maximum contribution is \$2,163.15; for the self-employed, the maximum contribution is \$4,326.30 (2 times \$2,163.15).

For more information on the Canada Pension Plan call 1-800-277-9914 or visit Service Canada at www.hrsdc.gc.ca/eng/isp/cpp/cpptoc.shtml

Federal Employment Insurance

Employment insurance is levied at the federal level in Canada. Both the employee and the employer contribute to the plan, but the employer contributes an amount equal to 1.4 times the amount paid by the employee.

For the 2010 calendar year, the employment insurance rate is 1.73% on maximum insurable earnings of \$43,200. The maximum contribution for an employee is \$747.36 and the maximum contribution for an employer is \$1,046.30 (1.4 times \$747.36).

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For more information on Employment Insurance call 1-800-206-7218 or visit Service Canada at www.servicecanada.gc.ca/eng/ei/menu/eihome.shtml

Manitoba Health and Post-Secondary Education Tax Levy

The Health and Post-Secondary Education Tax Levy, known as the payroll tax, is a tax imposed on remuneration that is paid to employees. The payroll tax is paid by employers with a permanent establishment in Manitoba. Effective January 1, 2008, employers with total remuneration in a year of \$1.25 million or less are exempted (see note below). Associated groups (associated corporations/certain corporate partnerships) must share the \$1.25 million exemption based on the total of their combined yearly payroll.

Total Yearly Payroll	Tax Rate
\$1.25 million or less	Exempt
Between \$1.25 million and \$2.5 million	4.3% on the amount in excess of \$1.25 million (notch provision)
Over \$2.5 million	2.15% of the total payroll (the \$1.25 million is not a deduction)

Note: Employers that do not maintain a permanent establishment in Manitoba during an entire year are required to prorate the amount of the exemption or notch provision (as the case may be) for that year.

For more information on the Health and Post-Secondary Education Tax Levy, contact Manitoba Finance – Taxation Division, 101 - 401 York Avenue, Winnipeg, at (204) 945-5603 or visit the [Taxation Division website](#).

CORPORATE INCOME TAX

Federal Corporate Income Taxes

The basic federal corporate income tax rate in Canada is 38% and is assessed on national corporate taxable income. Corporations which are liable for provincial corporate income tax receive an abatement equal to 10%, reducing the basic federal rate to 28%.

The 2000 Federal Budget announced a gradual reduction in the general corporate income tax rate. Only business income not otherwise receiving preferential corporate income tax treatment qualifies for the lower rate.

The 2010 general corporate income tax rate is 18%. For 2011 the rate will be further reduced to 16.5%.

For Canadian-controlled private corporations claiming the small business deduction, the net tax rate before surtax commencing January 1, 2008 is 11%. The corporate surtax is zero, effective January 1, 2008.

For more information on the federal corporate income taxation in Canada, contact the Canada Revenue Agency, 325 Broadway, Winnipeg, 1-800-959-5525 or visit the Canada Revenue Agency website at www.cra-arc.gc.ca.

Manitoba Corporate Income Tax (2010)

The 12.0%* basic provincial corporation income tax rate in Manitoba is applied to corporation taxable income allocated to the Province. Corporations which are eligible for the federal small business tax rate reduction pay

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1.0%** on the first \$400,000 of corporation taxable income allocated to Manitoba, apportioned in accordance with federal provisions. Manitoba corporation income taxes are administered and collected by Canada Revenue Agency on behalf of the Province.

* Subject to balanced budget requirements, the rate will be further reduced to 11% in subsequent years.

** As of December 1, 2010 the small business income tax will be eliminated.

For more information on the corporation income taxation in Manitoba, contact Taxation, Economic and Intergovernmental Fiscal Research Division, Manitoba Department of Finance or call (204) 945-3757.

CAPITAL TAXES

Federal Large Corporations Tax

The Federal Large Corporations Tax was eliminated on January 1, 2006.

For more information on the Federal Large Corporations Tax, contact the Canada Revenue Agency, 325 Broadway, 1-800-959-5525 or visit the Canada Revenue Agency website at www.cra-arc.gc.ca.

Manitoba Corporation Capital Tax

Corporation Capital Tax (CCT) is a tax on the annual paid up capital of corporations that have a permanent establishment in Manitoba. Taxable corporations do not pay on their first \$10 million deduction.

For fiscal years beginning after January 1, 2007 the following table summarizes the tax rate reductions until the general CCT is eliminated December 31, 2010:

Total Paid Up Capital (PUC)*	Fiscal Years Beginning After January 1				After December 31, 2010
	2007	2008	2009	2010	
Up to \$10 Million	0%	0%	0%	0%	Eliminated
\$10 - \$20 Million	0.3%	0.2%	0.1%	0%	
> \$21 Million	0.5%	0.4%	0.3%	0.2%	

* For corporations with total PUC between \$20 million and \$21 million, tax will apply at the following notch rates for years beginning after January 1:

2007 - 2.5% of the total PUC greater than \$20 million plus \$30,000

2008 - 2.4% of the total PUC greater than \$20 million plus \$20,000

2009 - 2.3% of the total PUC greater than \$20 million plus \$10,000

2010 - 2.2% of the total PUC greater than \$20 million

Note: Corporations with fiscal year-ends that straddle December 31, 2010 will only pay tax for that portion of the year prior to that date.

For more information about the Corporation Capital Tax in Manitoba, contact Manitoba Finance - Taxation Division, 101 - 401 York Avenue, call (204) 945-5603 or visit the Taxation Division website.