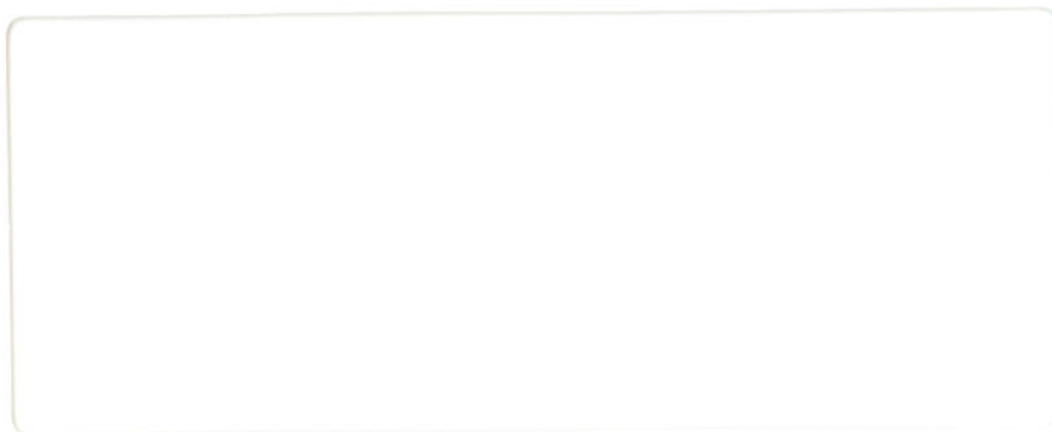


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**Net Taxation Trends
in the Canadian Economy,
1961- 1997**

By

P.S. K. Murty

90

July 22, 1998

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I Introduction

This paper deals with direct taxes, which include income taxes and contributions to pensions and social insurance. It does not cover indirect taxes such as sales taxes or property taxes. In 1997, total direct taxes in the Canadian economy were about \$200 billion while the indirect taxes were about \$123 billion.

Now that the federal government budget has been balanced and surpluses, which are otherwise called "fiscal dividends", are expected hereafter (see the extract from The Budget 1998 in Appendix I), policy makers, analysts, businesses, and other interested parties are directing their attention towards distributing these surpluses or fiscal dividends.

In this context, interested parties are putting forward different proposals as to how the government should distribute these fiscal dividends to taxpayers. Some argue that the tax cuts should be implemented across the board for all taxpayers. Others propose that the corporate sector of the Canadian economy should be given priority over other sectors. Yet some others like the Finance Minister consider that the personal sector should be given top priority in the implementation of tax cuts. (See the extracts from the Financial Post of April 8, 1998 in Appendix II and the Globe and Mail NATIONAL NEWS of July 17, 1998 in Appendix IIA). There may be others who argue that part of the fiscal dividend should be used to pay off the public debt, leaving another part for social programs with no tax cuts. Thus, different views are being expressed on the ways of distributing these fiscal dividends.

II The concept of sectors and "net taxation"

(i) Sectors

The concept of sectors is the same as the one used in the National Income and Expenditure Accounts as recently revised in the 1997 Historical Revision. However, it is briefly summarized below:

(a) Personal sector: All persons, households, non-profit organizations, unincorporated businesses and farmers;

(b) Corporate sector: All incorporated companies and government business enterprises, which operate for gain.

(c) Government sector: All levels of government (namely, federal, provincial, and local) and organizations mainly financed by government such as universities, colleges, hospitals and other health care entities which operate essentially on a non-commercial basis.

(d) Non-resident sector: While the previous three sectors are the resident sectors of the economy, this one represents "rest-of-the-world". All the three resident sectors deal with the "rest-of-the-world" outside the economic territory of the country. The transactions that take place between the resident sectors and the non-resident sector are grouped and measured in the Non-resident sector.

(i) "Net" taxation

Traditionally, at the macro level of analysis, total income taxes paid by the three different sectors of the economy (i.e. Persons; Corporations; and Non-residents) are examined and analyzed as a proportion of each sector's total income or the total Gross Domestic Product

of the country to observe the "gross taxation" trends. This type of analysis ignores the "government tax expenditures" which represent "government transfer payments" to these sectors (or transfer receipts from government by the recipient sectors of the economy) in various forms such as subsidies to Corporations, Family and Youth Allowances to Persons, and foreign aid to Non-residents. While "transfer payments" by sectors provide revenue to the government, the "tax expenditures" of the government sector add to the income of recipient sectors of the economy. In essence, these "tax expenditures" constitute the end result of the government's role of redistributing income by taking money from some and giving it to others in the form of transfers. The traditional type of analysis ignores this sort of redistributed income received by the recipient sectors of the economy. It reveals only one side of the story, namely, what each sector paid to the government by way of income taxes, but it does not reveal what the government gave back to each sector by way of "government transfer payments". Therefore, to capture the net effect of both types of transactions as well as the impact of structural changes in the outflows and inflows (i.e. payments to the government and receipts from the government), it is appropriate and relevant to use the "net taxation" concept for this study. In other words, government transfer payments have been deducted from the sectoral transfer payments to government to derive the "net" taxation of each sector instead of using the traditional "gross taxation" concept. The "net taxation" concept used here is believed to be more meaningful for the analysis of relative tax burden levels of all sectors in the Canadian economy. Because the data of both "transfer payments" to the government and "transfer receipts" from the government are used at the aggregate level, this discussion using "net" concept is

significant only at the aggregate level of each sector. The analysis of this study is therefore not applicable to any sub-groups of the sectors concerned such as specific industries in the corporate sector or different age groups in the personal sector, etc. More specifically, this paper examines in the next section, the "net" tax levels and their trends by each sector of the Canadian economy for the last four decades and highlights the relevant relationships at the aggregate sectoral level.

Data sources, limitations and methodology

(i) Sources

All the terms used in this study are the same as those used in the Canadian System of National Accounts. This is a macro study and needs the database of the entire Canadian economy. Such data are available only in the Canadian System of National Accounts, which covers the universe of the entire Canadian economy. The Sector Accounts available in this source provide, among other things, the sectoral breakdown of total incomes, "transfer payments to government" and "transfer receipts from government" to calculate the "net" taxes which this study proposes to examine. The National Accounts also provide various statistical tables such as Gross Domestic Product, which is a comprehensive measure of the value of goods and services produced in the economy. These data are based on an internationally accepted conceptual framework and are available for the last four decades (from 1961 to 1997) in the National Income and Expenditure Accounts and from 1961 to 1993 in the Input-Output Accounts.

(ii) Limitations

There are, however, two minor limitations to the data.

(a) At the present time, the data of unincorporated business and farmers are combined with the Personal sector in the Sector Accounts of the Canadian National Income and Expenditure Accounts. The same data are used here. The data for unincorporated business and farmers contain two elements, namely, that which is attributable to persons and that which is attributable to business. These two elements cannot be separated without considerable additional research into the structure and operations of this area of the economy.

(b) The second minor limitation relates to the data for subsidies. In the National Accounts, the subsidy data have not been split between incorporated and unincorporated businesses. As the Personal sector includes unincorporated business and farmers, and as the government subsidy payments include the portion relating to these categories, it is essential to have the data also split on the same basis for the purpose of this study. As this split is not available in the published data, estimates have been made using assumptions that the amount of subsidies for agriculture and owner-occupied housing are related to unincorporated business. The amount relating to the Personal sector has been estimated on this basis. The remainder of subsidy payments (i.e. after deducting the portion assigned to the unincorporated business from the total subsidy payments) is assumed to be for incorporated business, namely, the corporate sector. Further research is necessary to examine all subsidy programs and classify the numerous recipients between incorporated and unincorporated businesses. This research would require considerable time and resources to examine thousands of programs and transactions. In the meantime, however, the available data of the National Accounts have been split using the assumptions mentioned earlier. As the latest available Input-Output Accounts are only from 1961 to 1993, the relevant ratios of 1993 data have been used to estimate the subsidies relating to agriculture and owner-occupied housing industries for 1997 as shown in tables 1 and 2.

It is believed that these data limitations do not contribute to any significant distortion to the overall trends highlighted in this paper.

(iii) Methodology

The methodology used here is explained below for each sector. As the analysis relates to four decades from 1961 onwards, the data of five years, namely, 1961, 1971, 1981, 1991, and 1997 (which is the latest year for which data are available), have been organized into 17 analytical tables.

(a) Personal Sector

Tables 1 to 4 relate to the Personal sector. Table 1 shows the subsidies and their allocation to unincorporated businesses and corporations for the purpose of this study. The total direct taxes and other transfer payments to the government sector are summarized in Table 3 while the transfer receipts are shown in Table 2. The net tax burden of the Personal sector as herein defined has been calculated for each of the five years representing the four decades (namely, 60s, 70s, 80s, and 90s) in table 4.

(b) Corporate sector

Table 5 shows the three components, namely, total transfer payments to government, total transfer receipts from government, and the net corporate tax burden for the five years in question.

(c) Non-resident sector

The data of total transfer payments to government and total transfer receipts from government have been obtained from the Government Sector Accounts of the National Accounts. These items and the net tax burden of the Non-resident sector are shown in Table 6.

III Trend Analysis

A series of questions are addressed here.

(A) What is the total "net tax" burden and what has been the behavior of the relative sectoral shares of the total "net" tax burden during the last four decades?

(B) What are the proportions of "net taxes" to the sectoral incomes?

(C) What are the proportions of the "net taxes" to the total Gross Domestic Product?

(A) Magnitude of Net Tax Burden and Relative Sectoral Shares

In 1961, the "net tax" burden of all sectors in the Canadian economy was about \$2 billion.

(Table 7) The largest share was borne by corporations with about 68% of the total in that year. By contrast, the Personal sector's share was about 31% while the non-residents' share was only a negligible amount of about 1%. (Table 17).

By 1997, the position was reversed between corporations and persons. In that year, the total "net tax" burden in the Canadian economy was about \$84 billion with the Personal sector bearing the heaviest burden of about 75%. Corporate sector's share, which began to decline in the 1970s, had plummeted by 1997 to about 26% from the 68% level observed in 1961. In fact, the corporate share of the net tax burden in 1997 (26%) was less than the 1961 share of the Personal sector (31%). This reversal of the trend between the two domestic sectors of the economy is quite significant. (Chart A) The non-resident sector's share which was the lowest in 1961 with a positive figure of \$16 million (or about 1% of the tax burden) declined to negative territory (-\$29 million or about -0.3% of the tax burden) by

1971. This means, the outflows of government sector to non-residents by way of transfer payments far exceeded the tax inflows from non-residents. As foreign aid programs are covered in the government transfer payments to non-residents, this trend in the net tax burden is not surprising.

(B) Relationships to Sectoral Incomes

The relationships of net tax burden of corporate and personal sectors to their incomes are presented in Tables 8 and 9 respectively. In 1961, the corporate net tax burden was about 18% of its total income level. However, by 1997, this level of tax burden declined to about 10%. (Table 8) This declining trend in the net tax burden is observed in the gross payments also. In 1961, these gross payments by the corporate sector amounted to about 23% of their total income and they declined to about 13% by 1997. (See table 8)

In contrast, the Personal sector's net tax burden which was 2% of its income level in 1961 rose to 9% by 1997. (Tables 9 and 15) This increasing trend of the net tax burden is noticed in the gross payments also. In 1961, the gross payments by the Personal sector amounted to about 10% of the income and they rose to about 25% by 1997. Here again, a significant reversal of the trend between corporate and personal sectors is noticed. (Chart B)

(C) Relationships to GDP

The relationship of net tax burden to the total GDP is presented in tables 10, 11, and 12 for

each sector under examination. These relationships are summarized in Table 13.

It is noticed that the total net tax burden was about 5% of GDP in 1961 and it almost doubled to about 10% by 1997. Within the sectors, the corporate sector's tax burden that was about 3% in 1961 showed a slight decline to 2.6% by 1997. However, the Personal sector's tax burden that was about 2% in 1961 increased to 7% by 1997. Here too, the reversal of the trend between corporate and personal sectors of the Canadian economy observed in the analysis of shares and relationship to income levels mentioned earlier has been confirmed. (Tables 14 and 16; and Charts C 1,C2, and C3)

IV Summary and Conclusions

In summary, then, during the last four decades, a definite shift has taken place in the tax burden from the Corporate sector to the Personal sector. This shift began to emerge from the 1970s. Corporations used to share the heaviest burden with about 68% in 1961. By 1997, this level of the corporate share shrank to about 26%. By contrast, the share of Personal sector, which was about 31% in 1961 shot up to about 75%. It is clear from this shift in trend that now, the heaviest tax burden is on the Personal sector. This trend is confirmed in the analysis of shares and also in other analyses such as the relationships to income levels and GDP. All in all, the non-resident sector is the net beneficiary due to the foreign aid programs as the outflows to that sector far exceeded the inflows to the government sector.

Besides bringing out these highlights, this paper laid the foundation for a new method of analyzing the statistical information by using the "net" tax burden concept. It is hoped that this analysis has provided some light for further discussion on the subject of distributing the fiscal dividend.

Finally, it should be mentioned here that the following comments by Finance Minister Paul Martin published in The Financial Post of April 8, 1998 (extract in Appendix II) regarding corporate tax cuts are noteworthy.

"Martin said the government won't get to dealing with corporate tax issue for "a long time." "Its first priority is cutting personal income taxes, Martin said".
"Our No. 1 focus is going to be personal income tax and that's where, as a government, we're going to be putting the bulk of our effort".

The underlying trends of the database examined in this study also convey the same messages as those contained in the above comments.



Information

Budget 1998

The 1998 Budget: Overview

The government's plan for a strong economy and a secure society is paying off. With the budget deficit about to be eliminated, the next fiscal challenge is to bring down the debt.

- The 1998 budget continues sound economic and financial management, including a new debt repayment plan.
- It proposes the *Canadian Opportunities Strategy* to provide Canadians with greater access to the knowledge and skills needed for the job opportunities of the 21st century.
- This budget marks the beginning of general tax relief, starting with those who need it most. Over the next three years, \$7 billion in general and targeted tax relief will be provided, primarily to low- and middle-income Canadians.
- Eighty per cent of new spending initiatives in this budget reflect two of the highest priorities of Canadians – access to knowledge and skills, and support for health and education through increased transfers to provinces.



A Strong Economy

Eliminating the Deficit

- The budget will be balanced in 1997-98 for the first time since 1969-70.
- The budgets for 1998-99 and 1999-2000 will also be balanced. This will mark the first time in almost 50 years that the federal government will have balanced its books for three consecutive years.
- Using comparable measures, Canada has the best fiscal balance among the Group of Seven (G-7) countries.

Reducing the Debt Burden

- The remaining fiscal challenge is to bring down the debt burden. Although the debt-to-GDP ratio – what is owed relative to what is produced – has started to fall, it is still too high.
- In 1996-97, Canada's debt-to-GDP ratio recorded its first significant decline in 25 years, falling to 71.1 per cent from 71.9 per cent in 1995-96. This decline means that economic growth began to outpace the growth of the debt, thereby reducing the burden of the debt on the economy. The debt-to-GDP ratio will decrease again in 1997-98 and will continue to do so in 1998-99 and 1999-2000.



Corporate tax issue on back burner, Martin says

BY ALAN TOULIN

Ottawa Bureau Chief The Financial Post

A corporate tax system in which all industries are treated equally is a laudable objective, but governments are going to want to continue using the tax code to favor certain activities and industrial sectors, Finance Minister Paul Martin says.

"The fewer amount of distortions in the system, the better off you are going to be. But when you look at things like research and development as an example, it becomes very clear there are areas the government ought to encourage," Martin told *The Financial Post* yesterday.

A two-year task force recommended Monday that Canada's corporate tax system be made neutral so no sectors or industries are treated more favorably than others.

The Mintz report on corporate taxation, besides calling for a neu-

tral tax system, said rates should be cut to match those in the U.S. Currently, industries such as oil and gas and mining receive more favorable tax treatment than manufacturing and service industries, the Mintz report says.

More even-handed taxation would be fairer and more efficient for the economy, says the report by University of Toronto economist Jack Mintz. His report says the corporate income tax rate should be cut to 33% from 43% to keep Canada competitive with other jurisdictions.

Yesterday, Martin emphasized that the report is not government policy but, rather, a tool to spark debate over the next two years. The Mintz report is slated to go to a parliamentary committee for hearings and further study.

Martin said the government won't get to dealing with corporate

tax issues for "a long time." Its first priority is cutting personal income taxes, Martin said. "Our No. 1 focus is going to be personal income tax and that's where, as a government, we're going to be putting the bulk of our effort."

But the government hopes the report will focus debate on which industries and sectors do merit support through the tax code.

"I want to make sure that there is a major consensus behind those areas," Martin said.

Many policy tools governments use for economic and regional development are restricted because of various trade agreements Canada has signed. The tax system is the one major tool Ottawa has to guide economic outcomes — but the Mintz recommendations would eliminate much of it.

The Mintz report emphasizes



Martin will first cut personal taxes.

that total corporate tax revenue won't change under its proposals.

"Looking at the winner's column,

those businesses which create jobs would see a reduction in their corporate tax rate," said Bruce McCarley, tax partner with Deloitte and Touche.

"Businesses in the non-manufacturing sector would be winners. They would see quite a substantial reduction in their rate of tax. Service industries could be looking at a reduction of about 10% on average."

The extractive and resource sectors could lose ground, McCarley said. "You are looking at a broadening of the tax base that is a restriction on the amounts that can be deducted for expenditures for developing those resources, for writing off capital assets."

Businesses with heavy investment in research and development would also suffer under the Mintz proposals, since the amounts they can deduct will be reduced, McCarley said.

APPENDIX II A.

THE GLOBE AND MAIL NATIONAL NEWS FRIDAY, JULY 17, 1998

NATIONAL REPORT

**Martin favours income-tax cut**

CALGARY. Canadians will pay less personal income tax next year if the federal Finance Minister has his way.

In his first substantial comments on Ottawa's 1999 budget, Paul Martin said yesterday that he favours a tax cut as long as it doesn't push the government back into the red.

"I believe that we have got to get . . . personal income taxes down in this country," Mr. Martin said in an interview. He said he favoured income-tax relief over other cuts because it would benefit the largest number of people.

Unemployment-insurance premiums, the so-called payroll tax, could be trimmed again, he said.

Table 1: Subsidies and their allocation to unincorporated business and corporations								\$Millions
Year	Total subsidies	Unincorporated Business				Corporations		
		Agriculture	Owner-occupied		Sub-total			
		Subsidies	Housing subsidies					
		(Source: Input-Output Accounts)						
1961	369	29	10	39	330			
1971	860	193	75	268	592			
1981	9934	493						
		564						
		Total 1057	92	1149	8785			
1991	12854	685						
		3064						
		Total 3749	112	3861	8993			
1997	7984	Estimated 1948	based on 1993 data					
			32	1980	6004			

Table 2: Personal Sector (including unincorporated business and farmers) \$Millions										
Year	Current Transfer Receipts from Government			Employment		Public		Social		Total
	Subsidies: Subsidies:			insurance		Service		security &		
	Agriculture	Housing	Capital Assistance	Provincial		pensions		other		
	(Table 1)		Federal							
1961	29	10	7	1	494	100	1927	2568		
1971	193	75	3	19	891	357	5635	7173		
1981	1057	92	210	139	4757	1694	23755	31704		
1991	3749	112	370	167	17323	4907	66827	93455		
1997	1948	32	56	445	10876	6630	89510	109497		

Table 3: Personal Sector (including unincorporated business and farmers)									
Year	Current Transfers to Government		Contributions to social insurance and pensions	Other	\$ Millions				
	Direct taxes								
1961	2271		703	191				3165	
1971	10417		2690	962				14069	
1981	38565		13985	2191				54741	
1991	97154		35926	3289				136369	
1997	121326		46933	4066				172325	

Table 4: Net Tax Burden of Personal Sector (including unincorporated business and farmers)						
Year	\$Millions	Total transfer payments to government (Table 3)	Total transfer receipts from government (Table 2)	Net Tax Burden		
I	2		3	4 = 2 less 3)		
1961	3165		2568	597		
1971	14069		7173	6896		
1981	54741		31704	23037		
1991	136369		93455	42914		
1997	172325		109497	62828		

Table 5: Corporations and Government Business Enterprises										\$Millions
Year	Transfer payments to government - direct taxes		Transfer receipts from government		Capital assistance		Total		Net Tax Burden	
			Subsidies (Table 1)							
1	2		3		4				5	6=2 less 5
1961	1649		330		25			355		1294
1971	3346		592		268			860		2486
1981	12796		8785		1980			10765		2031
1991	15015		8993		2692			11685		3330
1997	29088		6004		1028			7032		22056

Table 6: Non-resident Sector \$Millions						
Year	Transfer payments to government:	Transfer receipts from government	Net Tax Burden			
	direct taxes	Current	Capital	Sub-total		
1	2	3	4	5=3 plus 4	6=2 less 5	
1961	109	97	-4	93		16
1971	272	301	0	301		-29
1981	1113	1152	1	1153		-40
1991	1514	3177	127	3304		-1790
1997	2440	2889	113	3002		-562

Table 7: Sectoral Share of Net Tax Burden in the Canadian Economy									
		\$Millions							
Year	Personal Sector		%	Corporations	%	Non-residents	%	Total	%
	(Table 4)			(Table 5)		(Table 6)			
1	2	3	4	5	6	7	8	9	
1961	597	31.30%	1294	67.90%	16	0.80%	1907	100.00%	
1971	6896	73.70%	2486	26.60%	-29	-0.3%	9353	100.00%	
1981	23037	92.00%	2031	8.10%	-40	-0.10%	25028	100.00%	
1991	42914	96.50%	3330	7.50%	-1790	-4.00%	44454	100.00%	
1997	62828	74.50%	22056	26.20%	-562	-0.70%	84322	100.00%	

Table 8: Net Tax Burden of Corporations and Government Business Enterprises									
in relation to their total income levels \$Millions									
Year	Total Income	Total transfer payments to government \$Millions	Total transfer receipts from government \$Millions	Total transfer receipts from government %	Net Tax Burden				
	\$Millions	\$Millions	\$Millions	%	\$Millions	%			
		Direct taxes	Table 5						
1961	7245	1649	355	22.80%	1294	17.90%			
1971	18504	3346	860	18.10%	2486	13.40%			
1981	102715	12796	10765	12.50%	2031	2.00%			
1991	166739	15015	11685	9.00%	3330	2.00%			
1997	216407	29088	7032	13.40%	22056	10.20%			

Table 9: Net Tax Burden of Personal Sector in relation to income levels									
Year	Total Income	Total transfer payments \$Millions (Table 4)	to government %	Total transfer receipts \$Millions	%	Net Tax Burden \$Millions	%		
1961	30552	3165	10.40%	2568	8.40%	597	2.00%		
1971	74531	14069	18.90%	7173	9.60%	6896	9.30%		
1981	289797	54741	18.90%	31704	10.90%	23037	8.00%		
1991	600658	136369	22.70%	93455	15.60%	42914	7.10%		
1997	696036	172325	24.70%	109497	15.70%	62828	9.00%		

Table 10: Net Tax Burden of Corporations and Government Business Enterprises									
Year	in relation to GDP		Total transfer		Total transfer		Net Tax Burden		
	GDP at market prices \$Millions		payments to government \$Millions	% (Table 8)	receipts from government \$Millions	%	\$Millions	%	
1961	41253		1649	4.00%	355	0.90%	1294	3.10%	
1971	98630		3346	3.40%	860	0.90%	2486	2.50%	
1981	360494		12796	3.60%	10765	3.00%	2031	0.60%	
1991	683239		15015	2.20%	11685	1.70%	3330	0.50%	
1997	856134		29088	3.40%	7032	0.80%	22056	2.60%	

Table 12: Net Tax Burden of Non-resident Sector in relation to GDP							
Year	GDP at market prices \$Millions	Total transfer payments to government \$Millions (Table 6)	Total transfer receipts from government \$Millions	%	Net Tax Burden \$Millions	%	
1961	41253	109	93	0.30%	16	0.03%	
1971	98630	272	301	0.30%	-29	-0.02%	
1981	360494	1113	1153	0.30%	-40	-0.01%	
1991	683239	1514	3304	0.20%	-1790	-0.30%	
1997	856134	2440	3002	0.28%	562	-0.06%	

Table 13: Net Tax Burden of all sectors in relation to GDP										
Year	GDP at market prices \$Millions	Net Tax Burden of Sectors		Persons		Non-residents		Total		
		Corporations \$Millions (Table 10)	%	\$Millions (Table 11)	%	\$Millions (Table 12)	%	\$Millions	%	
1961	41253	1294	3.10%	597	1.50%	16	0.03%	1907	4.63%	
1971	98630	2486	2.50%	6896	7.00%	-29	-0.02%	9353	9.48%	
1981	360494	2031	0.60%	23037	6.40%	-40	-0.01%	25028	6.99%	
1991	683239	3330	0.50%	42914	6.30%	1790	-0.30%	44454	6.50%	
1997	856134	22056	2.60%	62828	7.30%	-562	-0.06%	84322	9.84%	

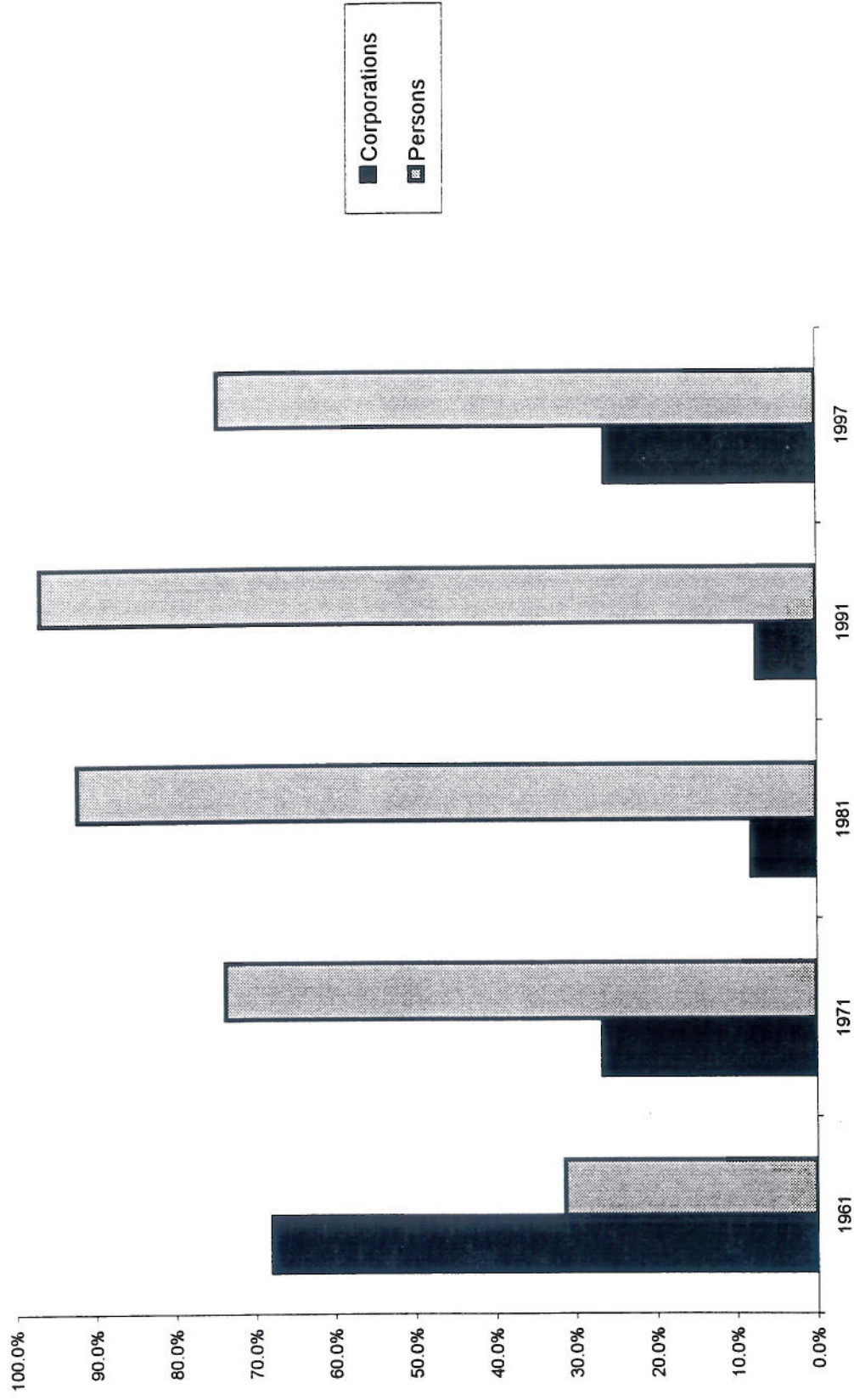
Table 14: Summary of Net Tax Burden in relation to GDP by sectors					
Year	Corporations (Table 10)	Persons (Table 11)	Non-residents (Table 12)	Total Tax Burden (Table 13)	
1961	3.10%	1.50%	0.03%	4.63%	
1971	2.50%	7.00%	-0.02%	9.48%	
1981	0.60%	6.40%	-0.01%	6.99%	
1991	0.50%	6.30%	-0.30%	6.50%	
1997	2.60%	7.30%	-0.06%	9.84%	

Table 15: Summary of Net Tax Burden based on Sectoral income levels				
Year	Corporations (Table 8)	Persons (Table 9)		
1961	17.90%	2.00%		
1971	13.40%	9.30%		
1981	2.00%	8.00%		
1991	2.00%	7.10%		
1997	10.20%	9.00%		

Table 16: Summary of Net Tax Burden in relation to GDP				
Year	Corporations	(Table 13)	Persons	
1961	3.10%		1.50%	
1971	2.50%		7.00%	
1981	0.60%		6.40%	
1991	0.50%		6.30%	
1997	2.60%		7.30%	

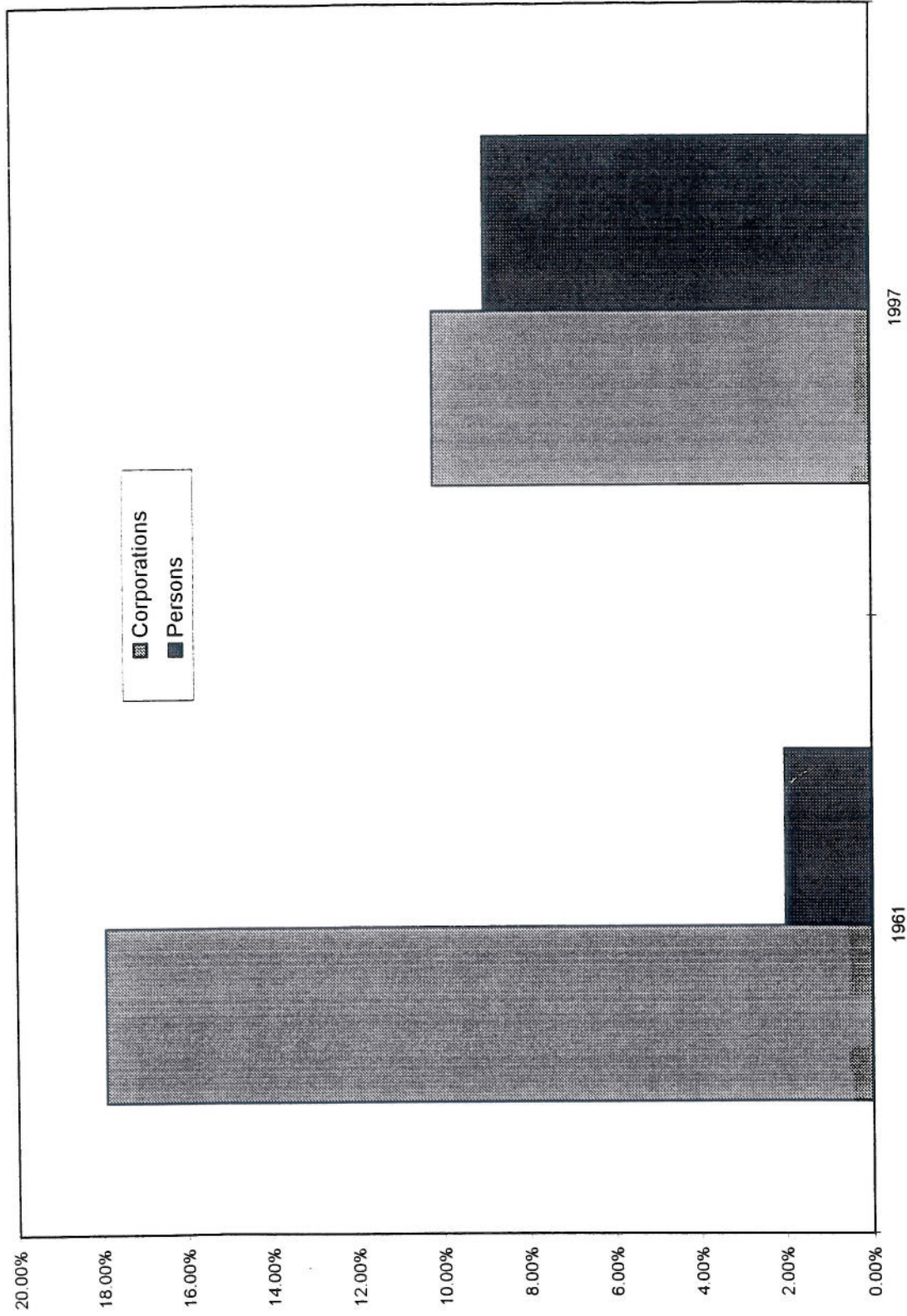
Table 17: Summary - Sectoral Share of Net Tax Burden in the Canadian Economy						
(Total Net Tax Burden of all sectors = 100)						
See also Table 7 for details						
Year	Corporations		Persons		Non-residents	Total
1961	67.90%		31.30%		0.80%	100.00%
1971	26.60%		73.70%		-0.30%	100.00%
1981	8.10%		92.00%		-0.10%	100.00%
1991	7.50%		96.50%		-4.00%	100.00%
1997	26.20%		74.50%		-0.70%	100.00%

Chart A. Sectoral Share of Net Tax Burden in the Canadian Economy

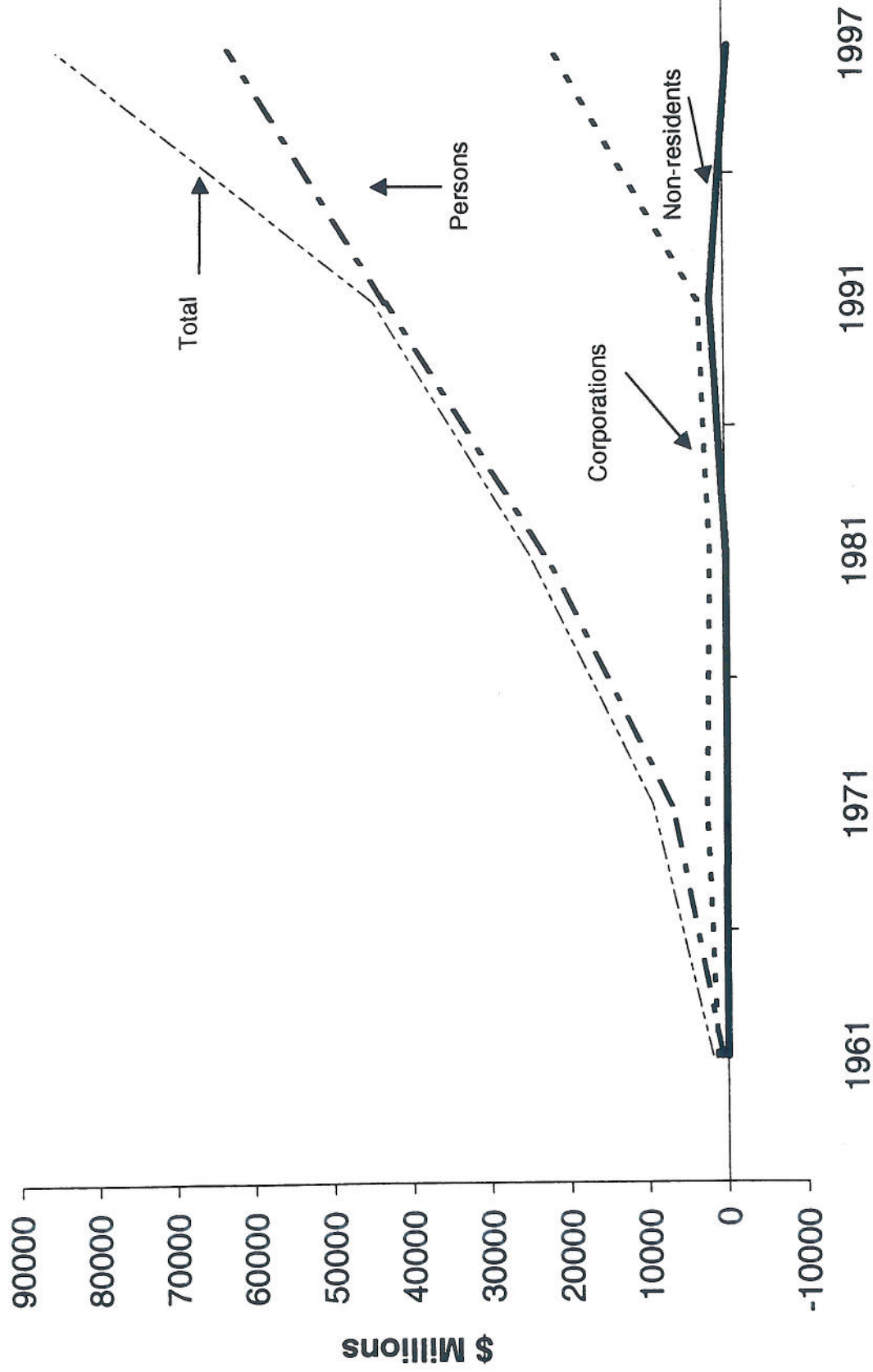


Note: Non-resident sector not shown because values are too small.

Chart B. Net Tax Burden Based on Sectoral Income Levels, 1961 and 1997



C1: Net Tax Burden of all Sectors



C2: Net Tax Burden of all Sectors in Relation to GDP

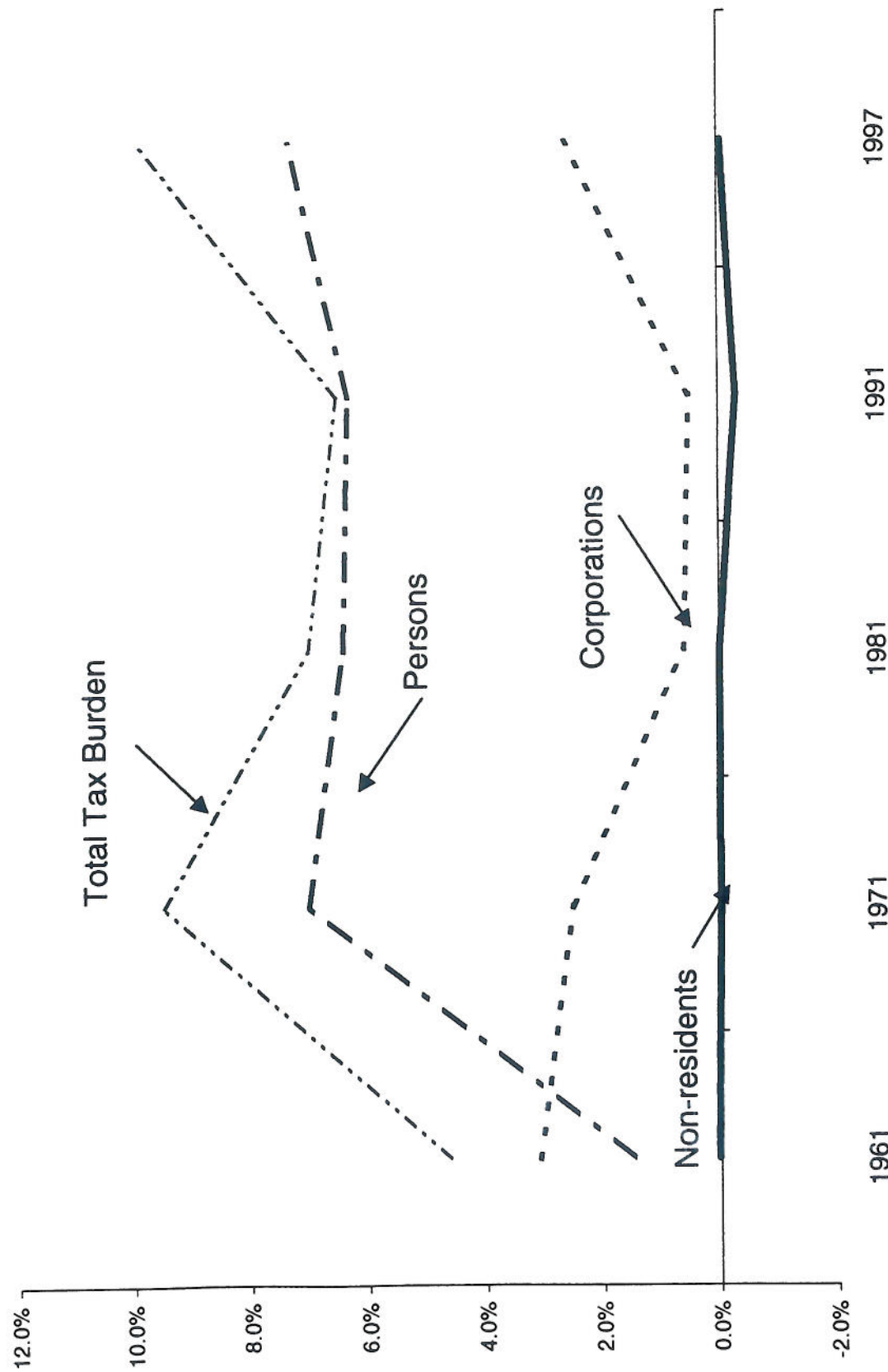
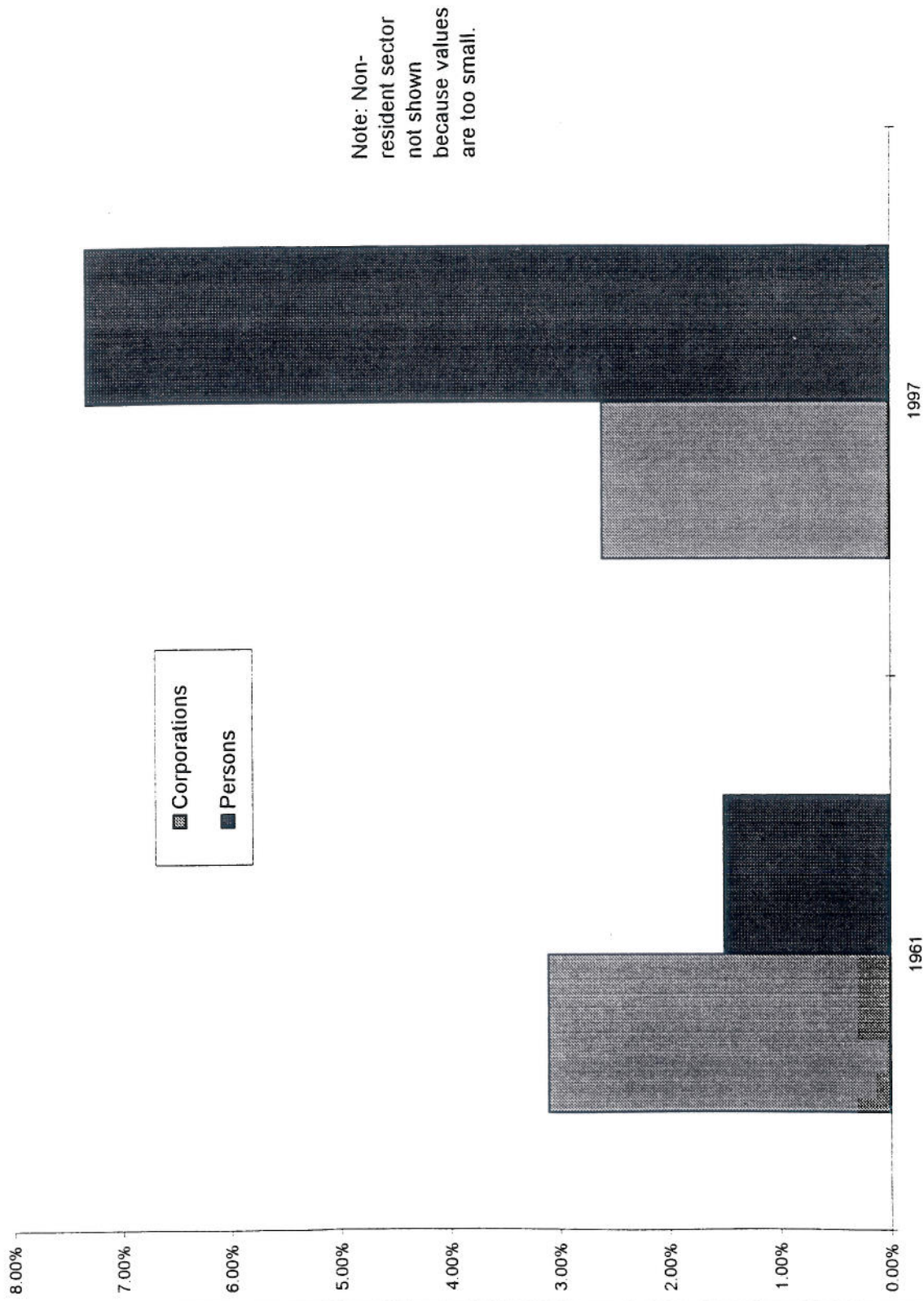


Chart C3: Net Tax Burden In Relation To GDP by Sectors, 1961 and 1997



TECHNICAL SERIES/CAHIERS TECHNIQUES
INPUT-OUTPUT DIVISION/DIVISION DES ENTRÉES-SORTIES
STATISTICS CANADA/STATISTIQUE CANADA

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