



ERIN WEIR

for Saskatchewan NDP Leader

Business Tax Reform

Closing Loopholes and Creating Jobs

Targeting Jobs and Investment

The stated rationale for the Small Business Deduction is to promote investment and employment. However, there is no link to those objectives. Incorporated individuals investing nothing and employing no one receive this tax break.

Many large enterprises with millions of dollars in assets and hundreds of thousands in profits can claim it regardless of how much they invest or how many people they hire.

Specifically, Saskatchewan's Small Business Deduction allows Canadian-controlled private corporations to pay a provincial tax rate of 2% instead of 12% on profits up to \$500,000. The last provincial budget estimates that this tax expenditure reduces annual revenues by \$351 million.



Saskatchewan should limit the Small Business Deduction to \$100,000 of profit, enact an investment tax credit, and rebate workers' compensation premiums for newly hired employees for four years.

FIXING THE SASK. PARTY MESS

Before entering the leadership race, Erin worked for the United Steelworkers union, which has a strategic alliance with ACTRA, a major union of Canadian performers. He understands the economic, social and cultural importance of creative industries in Saskatchewan.

To rebuild a vibrant film industry in this province, Erin would:



Reinstate the Film Employment Tax Credit



Cooperate with all stakeholders in the industry to determine the best ways for the province to help to repair the damage done

ERIN WEIR

for Saskatchewan NDP Leader

The provincial government could retain more revenue and provide stronger incentives by limiting the deduction to genuinely small businesses and reallocating funds to targeted tax measures for businesses that actually invest capital and hire workers in Saskatchewan.



Limit Saskatchewan's Small Business Deduction to \$100,000 of profits

The last provincial budget estimated that the current deduction of up to \$500,000 reduces provincial revenue by \$351 million, implying that about \$3.5 billion of profits are taxed at 2% rather than 12%. With a threshold of \$100,000, more of these profits would be subject to the 12% general corporate tax rate or to personal income tax rates of up to 15% for individuals who choose not to incorporate for tax purposes. Between corporate and personal taxes, this policy would recoup at least \$200 million.



Provide a non-refundable tax credit equal to 2% of up to \$100,000 of capital invested by every corporation in Saskatchewan

The Government of Saskatchewan reports that 95,000 small businesses represent 98.5% of the province's businesses. The Canada Revenue Agency reports that 30% of small corporations have taxable income. Even assuming that this percentage is a bit higher in Saskatchewan and that all larger corporations are taxable, Saskatchewan might have 35,000 taxable corporations. If all of them claimed the full credit, it would cost \$70 million (i.e. $35,000 * \$2,000$).



Rebate Workers' Compensation Board premiums for the first four years of employment for newly hired workers

This policy would apply to incremental employment compared to the previous year's level, not to the hiring of new employees to replace departing ones. The rebate would be set at the average premium for each industry to avoid subsidizing dangerous employers.

The Workers' Compensation Board reports average premiums of \$750 per employee in 2011 (i.e. \$282 million of premium revenue for 377,004 workers covered). For costing purposes, assume that the number of employees covered increases by 10,000 each year, significantly above the recent trend. The rebate would cost \$7.5 million in the first year (i.e. $\$750 * 10,000$). It would reach a maximum annual cost of \$30 million in the fourth year.



Party Resolutions in Support of Erin's Plan

1 Provincial Convention Resolution, 1997

Be it resolved that the NDP support a tax policy that will provide for the promotion of job creation in Saskatchewan

2 Provincial Convention Resolution, 1989

Be it resolved that the Saskatchewan NDP will ensure that a fair share of revenue for the province is collected through taxes paid by corporations.

3 Provincial Convention Resolution, 2006

Be it resolved that the NDP government will provide a fair and supportive business tax level for small Saskatchewan based businesses.

4 Provincial Convention Resolution, 1999

Be it resolved that the NDP continue to make education and health its top priority and will ensure that there will be adequate taxation revenues to support them.

5 Provincial Convention Resolution, 2012

Be it resolved that the Saskatchewan NDP call on the provincial government to continue to provide a refundable tax incentive for film, video and television employment to leverage investment, employment and growth in the province's film, video and television sector throughout Saskatchewan.