

## 2007 Ontario Economic Outlook and Fiscal Review

### Key Messaging

**Eliminating the Capital Tax for the manufacturing and resources sector effective January 1, 2008.**

*The OCC is pleased with the tax relief announced in the economic statement*

*The elimination of the capital tax for the manufacturing and resources sector will help stop the bleeding while the government is working on long-term solutions to assist these sectors*

*The OCC has consistently advocated for the elimination of the capital tax as it will assist in stimulating investment in Ontario.*

*The OCC commends the government for eliminating the capital tax for the manufacturing and resource sector. However the OCC has asked the government to eliminate the capital tax for all business effective January 1, 2008.*

*The cost of investment would decrease significantly if the government were to immediately eliminate the corporate capital tax completely.*

*The capital tax is insensitive to whether a company is profitable or not and it punishes businesses investing in new capital assets.*

*Expediting the elimination of the capital tax would be a sound decision at a time when Ontario and Canada's governments are streamlining income tax collection, and when both governments are identifying opportunities to reduce red-tape.*

**Increasing the small business deduction threshold to \$500,000 from \$400,000**

*The OCC commends the government for increasing the small business deduction threshold to \$500,000 from \$400,000. This increase will allow more businesses to benefit from tax relief and as a result will benefit Ontario's economy.*

*The OCC has asked for a number of measures needed to stimulate the economy such as:*

- *a reduction of business property taxes;*
- *accelerate depreciation for investments in new capital and productivity enhancing technologies;*
- *upgrade the provincial sales tax to a value-added-tax;*
- *a reduction of provincial corporate income tax rates, including a further reduction in the manufacturing income tax rate.*

### **\$50 million in new investments toward Research and Innovation**

*The OCC commends the government for its commitment towards research and innovation in the province of Ontario.*

*Investment in research and innovation benefits the economy in Ontario and helps keep Ontario competitive.*

*The OCC looks forward to further announcements regarding the details of the \$50 million in new investments.*

### **\$40 Million in new resources allocated towards Employment Ontario**

*The OCC has been a strong advocate for Employment Ontario and commends the government for the expansion of this program as it will assist laid-off workers in getting back into the workforce.*