

For Immediate Release
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CAPITAL TAX MEASURES MARK VICTORY FOR BUSINESS AND CHAMBER

TORONTO - Today's announcement by the provincial government to move quickly on the much aligned corporate capital tax for Ontario's most beleaguered sectors, will bring significant relief to some key Ontario business sectors.

The 2007 Ontario Economic Update and Fiscal Review acknowledged the serious challenges facing certain sectors of the economy including manufacturing and resource. In a welcome move, the government has announced the elimination of the corporate capital tax for those sectors as of January 1, 2008. All businesses will benefit from a 21% rate reduction of the corporate capital tax, retroactive to January 1, 2007.

"Quite frankly, this profit-insensitive tax should have been abolished long ago," explains Len Crispino, President & CEO of the Ontario Chamber of Commerce. "With today's announcement manufacturing and resource sectors will get significant relief. We hope it will help these troubled sectors weather the current economic storm."

In addition to consistently advocating for the elimination of the capital tax, the OCC has called for comprehensive tax reform. This reform would include lowering the high business property tax, accelerating depreciation for investments in new capital and productivity enhancing technologies, upgrading the provincial sales tax to a value-added-tax, and considering reducing the corporate income tax rates.

The OCC also welcomed the following measures contained in today's statement:

- The increased deduction threshold for small business;
- Funding for infrastructure improvements, specifically Ontario's commitment to fund its share of the costs associated with the new access road to the Detroit River International Crossing;
- The investments in skills development and re-employment of laid-off workers.

"Today's targeted announcements provide some immediate measures to stimulate the economy in Ontario, and to help the sectors most impacted by the challenges facing our economy," adds Crispino. "While some of these measures are short-term, it's our hope that they will help these industries while long-term solutions can be identified."

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The OCC represents over 57,000 businesses through 160 local Chambers of Commerce and Boards of Trade, and has been Ontario's business advocate since 1911. Its advocacy and policy initiatives focus on six areas key to the economic well-being of the province: health; education; energy; finance & taxation; transportation & infrastructure; and border issues.