

## Corporations Already Pay Virtually No Tax in BC

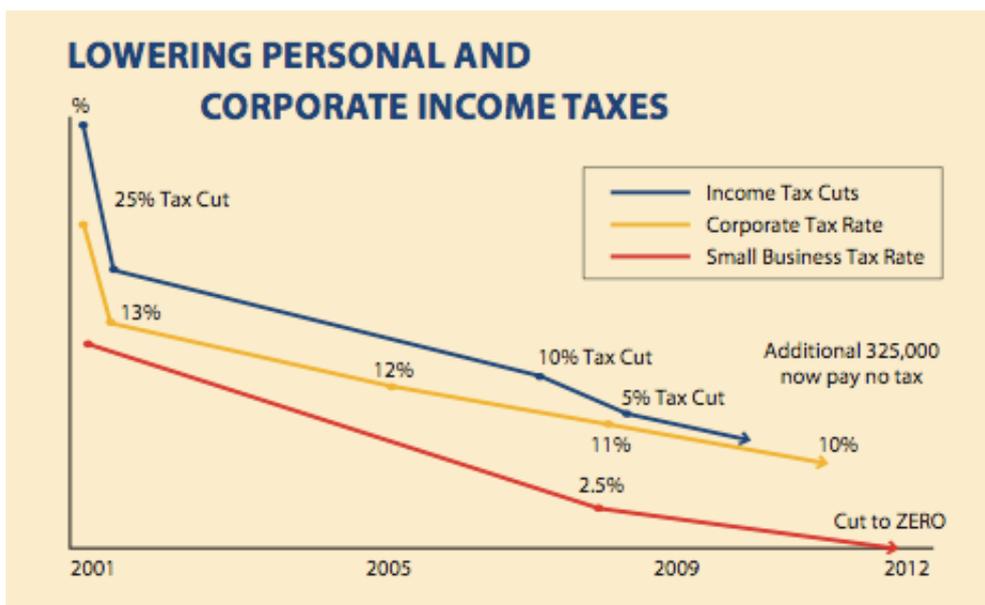
by Stephen Elliott-Buckley - Tuesday, October 05, 2010

<https://politicsrespun.org/2010/10/corporations-already-pay-virtually-no-tax-in-bc/>

Do you find it to be a compelling argument whenever the BC Liberals claim we need to reduce corporate income taxes, for whatever reason they toss out on any random day?

I knew the BC Liberal government was a big fan of corporations, reaping millions in campaign donations from them over each election cycle. But did you know that corporations in BC pay virtually no income tax?

You might re-assess the state of the province if you knew that corporations pay only 10% of their taxable income in taxes, and a quarter of that for small businesses making under \$500,000/year in taxable income. But more, in less than two years, small business will pay NO income tax [see this graph from the bottom of page 2 of the [2011 budget consultation document](#)]!



The core data is at the bottom, but here's a summary.

Small businesses pay 2.5% in BC income tax today. That number is down from 4.75% when the NDP left office, which itself was a tax cut from before the 2001 election, down from 8.5%. The drop from 4.75% to 2.5% happened leading up to the 2009 election as a gift from the governing Liberals.

So the NDP cut small business taxes almost in half before 2001, when they happened to lose the election: a wasted gesture.

The Liberals cut small business taxes almost in half before 2009, which paid off better for them.

The Liberals also gifted corporations with a back door tax cut by increasing the limit of what it takes to be a small business before the 2005 election from \$300k to \$400k, meaning business with income in that band saw a 50% tax cut because they were suddenly small businesses. Then as a celebration of being re-elected a second time, the Liberals increased the upper limit of small businesses by another \$100k.

What about big business then?

We saw the same kind of reduction of taxes by the NDP, from 16.5% in the 1990s, or one dollar in taxes payable for every six dollars in taxable income to 10% in January 2011, when it will be one dollar in taxes payable for every ten dollars in taxable income.

If you had some utopian notion that corporations should pay a significant amount of taxes to support public services, your vision is not matched by reality. In fact, corporate taxes can't be much lower in BC without being zero.

Did you plan to live in a society in which corporations paid no tax? When we think of Caribbean tax havens, that's what comes to mind. And if we don't change the trend, BC will be a corporate tax haven too, and not just for small businesses who will pay no corporate income tax in 2012.

By the way, since a few of my recent posts have included requests I've made under [BC's Freedom of Information Act](#), this topic is no exception. I asked for 70 numbers: for each of the last 10 years, how many corporations and individuals have paid no provincial income tax, broken down into seven categories of taxable income. So check back in six weeks to see the results of that request.

I encourage you also to make FOI requests under [BC's Freedom of Information Act](#) of anything that intrigues you about how the BC Liberal party is destroying the commons in BC.

And for more random context, the BC government expects to collect more money from tuition fees starting next September than from corporate income taxes.

If that works with your notion of justice in BC, sleep well. If it doesn't it's time to wake up and get busy.

What can you do?

Until October 15, 2010, the BC legislature's Finance Committee is accepting input from citizens and groups on next year's budget.

It's not a complex task. [Click on the link](#). Read the [consultation document](#) while re-spinning in your mind the gratuitous self-promotion from the government in the document; don't forget to look again at the chart on the bottom of page 2 showing how the government wants to stop collecting taxes from corporations as soon as possible.

Then put your ideas into the text boxes on the [online form](#).

But one word of warning about the 3 horrible choices we are given for extra revenue: fund new programs and services, reduce the debt, or cut personal income taxes. You can choose 0-3 of the choices. Don't

chose cutting taxes unless you want to help the government justify it's decade-long reckless tax cutting spree. Also, don't choose reducing the debt because that also gives cover to the government to avoid restoring the billions cut from programs and services to fund the previous tax cuts.

In the end, the BC Liberal government will do whatever it wants with our money. We elected them for a third time, after all. But by filling out your views in this online survey, you add new ideas to the debate that takes place in the Finance Committee and the media. The more people who submit progressive preferences for our budget, the harder it will be for the government to negate our priorities.

**British Columbia has two rates of income tax – a higher rate and a lower rate.**

**The income eligible for the lower rate is determined using the British Columbia [business limit](#). The British Columbia business limit is:**

- \$500,000 effective January 1, 2010
- \$400,000 effective January 1, 2005 to December 31, 2009
- \$300,000 from April 1, 2002 to December 31, 2004

**General Rate (higher rate)**

Effective January 1, 2011: **10.0%**

January 1, 2010 – December 31, 2010: **10.5%**

July 1, 2008 – December 31, 2009: **11.0%**

July 1, 2005 - June 30, 2008: **12.0%**

January 1, 2002 - June 30, 2005: **13.5%**

July 1, 1993 - December 31, 2001: **16.5%**

**The Small Business Rate applies for Canadian-controlled private corporations with active business income.**

**Small Business Rate (lower rate)**

Effective December 1, 2008: **2.5%**

July 1, 2008 – November 30, 2008: **3.5%**

January 1, 2001 - June 30, 2008: **4.5%**

July 1, 2000 - December 31, 2000: **4.75%**

July 1, 1999 - June 30, 2000: **5.5%**

January 1, 1999 - June 30, 1999: **8.5%**

via [Finance - Corporation Income Tax](#).