

**Very High Support for C.D. Howe Proposals for
Corporate Group Taxation Reform**

BDO Dunwoody Weekly CEO/Business Leader Poll

By COMPAS in *Canadian Business*

For Publication March 19, 2009



COMPAS Inc.

Public Opinion and Customer Research

March 19, 2009

1.0 Overview

A recently released C.D. Howe paper on corporate tax reform struck a nerve with the CEOs and business leaders on the COMPAS business panel. The general proposal to allow parent companies to transact federal and provincial taxes for all their subsidiaries elicited support from 82% of the panel while being opposed by 8%.

The rationale for reform that elicited the most support was that the measure “would reduce the administrative costs of corporations, which currently undertake highly complex maneuvers to minimize their tax burden”—backed by 86% of the panel and opposed by 4%.

The rationale for embracing the C.D. Howe proposal that elicited the least support was that “the reform would create a level playing field among different types of corporations”—backed by 72% and opposed by 17%.

These are the key findings from this past week’s Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine under sponsorship of BDO Dunwoody LLP.



2.0 Strong and Widespread Support

The data evidencing strong and widespread support for the rationales underpinning the proposal and for the proposal itself are displayed in tables 2a and b. The spirit of panelists' concerns emerges in verbatim comments:

Taxes are a necessary evil for our society. The less complicated and more geared toward entrepreneurial business models the better for our economy.

So much time, effort and money is wasted to plan for tax effectiveness. Subsidiaries within a group rely on fellow subsidiaries and holding companies to manage their business and debt is generally tied to all corporations within the group. It makes so much sense to consider the entire group as one taxpayer.

Anything that simplifies the tax system and reduces complexity is welcome. The sooner we do this the better.

Generally speaking, I think the tax system is too complex. It seems that there may be some good opportunities to harmonize at least some of the tax information, forms and payments that are required.

The tax system is a jungle of nonsense. It requires massive simplification on an individual basis. Lumping activities and companies together hides ineffective and inefficient businesses.



Corporate Group Taxation Reform
BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in Canadian
Business for Publication March 19, 2009

Table 2a: (Q1) A recent C.D. Howe proposal calls for the reform of tax laws to allow a parent company to pay federal and provincial taxes for the entire group of subsidiaries, using the profits, losses, and tax credits available to its subsidiaries. Please score each of the following arguments for this reform on a 7 point scale where 1 means strongly disagree and 7, strongly agree.

	Mean	7	6	5	4	3	2	1	DNK
The reform would reduce the administrative costs of corporations, which currently undertake highly complex maneuvers to minimize their tax burden.	6.1	41	34	11	3	0	3	1	8
The proposed reform would encourage more investment by allowing quicker and fuller use of tax losses than at present.	5.8	34	31	18	5	2	2	2	8
The proposed tax reform would strengthen our international competitiveness by placing Canada among the U.S., the U.K, Germany, Japan, France, Australia, Sweden, and other advanced economic systems with simpler tax systems.	5.7	33	35	10	7	3	2	4	8
The reform would reduce corporate uncertainty because corporations would not need to undertake complex tax minimizing efforts that might not be accepted by the tax authorities.	5.7	30	35	12	9	2	2	3	8



Corporate Group Taxation Reform
BDO Dunwoody Weekly CEO/Business Leader Poll by COMPAS in Canadian Business for Publication March 19, 2009

	Mean	7	6	5	4	3	2	1	DNK
The proposed reform would encourage more corporate entrepreneurship and risk-taking by allowing quicker and fuller use of tax losses than at present.	5.6	33	29	17	6	2	4	4	7
The reform would create a level playing field among different types of corporations.	5.3	27	25	20	7	8	7	2	5

Table 2b: (Q2) Overall, please score the proposed tax reform on a 7 point scale where 1 means strongly disagree and 7, strongly agree.

Mean	7	6	5	4	3	2	1	DNK
5.7	29	36	17	6	3	1	4	6

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted March 12 – 13, 2009. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=108 are deemed accurate to within approximate 9.5 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

