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## *Simpler, Fairer Tax System Needed for Corporate Group Taxation: C.D. Howe Institute*

Toronto, March 5 – Providing a comprehensive group-taxation regime would bring fairness, simplicity and certainty of tax outcome for Canadian corporations, says a study released today by the C.D. Howe Institute. In *Cleaning Up the Books: A Proposal for Revamping Corporate Group Taxation in Canada*, Alexandre Laurin says Canada's current approach leads to higher administrative and transaction costs, unfairness among different types of corporations, uncertainty, and weakened international competitiveness.

These concerns, says the author, point to the need to consider a statutory framework allowing for the transfer of profits and losses among domestic members of a corporate group for federal and provincial tax purposes. He proposes a system in which each eligible subsidiary of a group would determine its own tax base separately including taxable profits, current-year non-capital tax losses and federal credits. These amounts would then be transferred, on paper, from the subsidiaries to the parent company, which would then pay taxes for the entire group based on the aggregated transferred amounts and its own tax attributes. Provincial taxes payable could be computed based on the existing interprovincial allocation formula.

The Commentary *Cleaning Up the Books: A Proposal for Revamping Corporate Group Taxation in Canada* is available at [www.cdhowe.org](http://www.cdhowe.org).

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*Cleaning Up the Books: A Proposal for Revamping Corporate Group Taxation in Canada*,  
C.D. Howe Institute Commentary No. 284, by Alexandre Laurin (March 2009). 17 pp; \$12.00  
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Ontario M5E 1J8. The full text of this publication is also available from the Institute's website  
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