

KEVIN O'REILLY—MLA FRAME LAKE
Personal Income Tax
Committee of the Whole—2018-2019 Operating Budget Review
Dept. of Finance—February 23, 2017

MR. O'REILLY: Okay. I want to move on to corporate income tax, which has taken a precipitous drop from the 2017-2018 Main Estimates of \$83 million down to \$31 million. So can someone explain what is happening here? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Yes, thank you, Mr. Chair. Mr. Chair, that is a result of one of the large payers having the ability to write off their infrastructure investments in one year, and that is what they chose to do for this particular year, so that is why you see a significant drop in the corporate income tax. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Well, I understood they could write it off against mining royalties, but they also have an opportunity to write it off against corporate income tax, as well. Is it double accounting? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Yes, thank you, Mr. Chair. My understanding is that they can write it off against both royalty and corporate tax, and they may have chosen to do so. I will confirm that, and I will share it with the Member. I will share it with committee. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: That causes me a little bit of concern, so what is it we can do as a government to make corporate income tax or taxes in general more predictable and stable? I will start with that, thanks, Mr. Chair?

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Mr. Stewart.

MR. STEWART: Thanks, Mr. Chair. It is a real challenge for us because we have a couple of factors that are at play here. One is that we do not have that many large filers in terms of the system, so the behaviour of any one of them in terms of a circumstance where they may be able to do more write-offs can have quite an impact.

The other issue is that corporations can go back and re-file for previous years, so there are always adjustments that are taking place, as well, and then, because we would have already received that money from the federal government, then they are clawing that back from us, for lack of a better term, in subsequent terms. So I think you'll never really see a ton of stability on the corporate tax side just because it's a small base and there are lots of ways that the system can go up and down, so it is just a reality that we face in our corporate income tax. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly.

MR. O'REILLY: Thank you, Mr. Chair. Yes, so I think earlier the Minister committed to talking to standing committee about the issue of revenues. I am hoping that he would agree to have a broader approach to this that could involve the public, as well. A couple of years ago, we did a revenue options paper. Is that something that the Minister is prepared to do again to engage the public on this issue of revenues? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. ROBERT MCLEOD: Yes, thank you, Mr. Chair. Mr. Chair, first of all, in the process we operate under, I want to have a conversation with standing committee, and then we will look at the possibility of having a broader discussion at that time. I know they and we always welcome comments to the Department of Finance on revenue options, whether we proceed with them or not. I mean, we have to have a look at them, but it is not like they can only comment when we go out for public discussion. Comments are always welcome, and then I am sure we get the odd one as to how we can increase revenue. I want to have a conversation with committee, and then we will go from there. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly.

MR. O'REILLY: Mr. Chair, this is going to be more of a comment. I appreciate the Minister's response, talking to the standing committee first, but I am certainly advocating for the public process, revenue options paper like was done a couple years ago, and I have continually given the Minister ideas about how to stabilize and make our revenues more predictable through a resource tax, capital tax. There are lots of different instruments out there. I think it is time we start to look at those. All of our effort so far have been on the expenditure side of the equation, and we need to start to focus more attention on the revenue side. Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Anything further from the Minister?

HON. ROBERT MCLEOD: There is, but I will accept that as a comment. Thank you, Mr. Chair.