



**Tax Expenditures and Evaluations 2007 : 3**  
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**Table 2**  
**Corporate Income Tax Expenditures\***

|   | Estimates     |       |       | Projections <sup>1</sup> |       |       |       |       |
|---|---------------|-------|-------|--------------------------|-------|-------|-------|-------|
|   | 2002          | 2003  | 2004  | 2005                     | 2006  | 2007  | 2008  | 2009  |
|   | (\$ millions) |       |       |                          |       |       |       |       |
| <b>Charities, Gifts and Contributions</b>   |               |       |       |                          |       |       |       |       |
| Deductibility of charitable donations <sup>2</sup>  | 295           | 245   | 470   | 345                      | 385   | 410   | 400   | 405   |
| Deductibility of gifts of cultural property and ecologically sensitive land                   | 26            | 10    | 24    | 13                       | 14    | 14    | 14    | 14    |
| Deductibility of gifts to the Crown   | S             | S     | S     | S                        | S     | S     | S     | S     |
| Non-taxation of registered charities  | n.a.          | n.a.  | n.a.  | n.a.                     | n.a.  | n.a.  | n.a.  | n.a.  |
| Non-taxation of other non-profit organizations (other than registered charities) <sup>3</sup> | 175           | 160   | 150   | 140                      | 165   | 190   | 195   | 215   |
| Political contribution tax credit <sup>4</sup>  | S             | S     | S     | S                        | S     | S     | -     | -     |
| <b>Culture</b>  |               |       |       |                          |       |       |       |       |
| Canadian film or video production tax credit  | 155           | 155   | 185   | 180                      | 190   | 200   | 210   | 220   |
| Non-deductibility of advertising expenses in foreign media                                    | n.a.          | n.a.  | n.a.  | n.a.                     | n.a.  | n.a.  | n.a.  | n.a.  |
| <b>Federal-Provincial Financing Arrangements</b>  |               |       |       |                          |       |       |       |       |
| Income tax exemption for provincial and municipal corporations                                | n.a.          | n.a.  | n.a.  | n.a.                     | n.a.  | n.a.  | n.a.  | n.a.  |
| Transfer of income tax room to provinces  | 1,065         | 1,210 | 1,455 | 1,645                    | 1,830 | 1,945 | 2,040 | 2,165 |
| Logging tax credit <sup>5</sup>   | 22            | 16    | 55    | 42                       | 58    | 43    | 45    | 47    |
| <b>General Business and Investment</b>  |               |       |       |                          |       |       |       |       |
| Accelerated write-off of capital assets and resource-related expenditures                     | n.a.          | n.a.  | n.a.  | n.a.                     | n.a.  | n.a.  | n.a.  | n.a.  |
| Deferral through capital gains rollovers  | n.a.          | n.a.  | n.a.  | n.a.                     | n.a.  | n.a.  | n.a.  | n.a.  |
| Taxation of capital gains upon realization  | n.a.          | n.a.  | n.a.  | n.a.                     | n.a.  | n.a.  | n.a.  | n.a.  |
| Partial inclusion of capital gains <sup>6</sup>   | 2,370         | 2,050 | 2,815 | 3,575                    | 5,160 | 5,065 | 5,070 | 5,040 |
| Expensing of advertising costs <sup>7</sup>   | -110          | -150  | 5     | -5                       | 20    | 50    | 50    | 50    |
| <b>Atlantic investment tax credit</b>   |               |       |       |                          |       |       |       |       |
| Earned and claimed in current year  | 95            | 65    | 125   | 135                      | 140   | 145   | 150   | 160   |
| Claimed in current year but earned in prior years   | 190           | 96    | 160   | 280                      | 220   | 230   | 240   | 250   |
| Earned in current year but carried back to prior years  | 8             | 13    | 3     | 5                        | 5     | 5     | 6     | 6     |
| Total tax expenditure   | 293           | 174   | 288   | 420                      | 365   | 380   | 396   | 416   |
| <b>Scientific research and experimental development investment tax credit<sup>8</sup></b>     |               |       |       |                          |       |       |       |       |
| Earned and claimed in current year  | 1,855         | 1,715 | 1,910 | 2,135                    | 2,390 | 2,680 | 3,000 | 3,355 |
| Claimed in current year but earned in prior years   | 440           | 545   | 1,055 | 1,180                    | 1,320 | 1,480 | 1,655 | 1,850 |
| Earned in current year but carried back to prior years  | 99            | 97    | 98    | 99                       | 100   | 100   | 100   | 105   |
| Total tax expenditure   | 2,394         | 2,357 | 3,063 | 3,414                    | 3,810 | 4,260 | 4,755 | 5,310 |
| Write-off of capital assets before available for use  | n.a.          | n.a.  | n.a.  | n.a.                     | n.a.  | n.a.  | n.a.  | n.a.  |
|   | Estimates     |       |       | Projections <sup>1</sup> |       |       |       |       |
|   | 2002          | 2003  | 2004  | 2005                     | 2006  | 2007  | 2008  | 2009  |
|   | (\$ millions) |       |       |                          |       |       |       |       |
| Apprenticeship job creation tax credit  | -             | -     | -     | -                        | 145   | 200   | 205   | 210   |
| Investment tax credit for child care spaces <sup>9</sup>                                      | -             | -     | -     | -                        | -     | S     | S     | S     |
| <i>Small Business</i>   |               |       |       |                          |       |       |       |       |
| Deduction of allowable business   |               |       |       |                          |       |       |       |       |