



News

For Immediate Release

Contact: Isabelle Petibon
(514) 840-8067

(May 12, 2010)

Montréal Has Canada's Second Lowest Business Tax Cost, Placing Fourth Out of 41 Global Cities – KPMG Study

Canada's tax-friendly environment for business ranks second ahead of largest western economies

Canada has the second lowest tax cost for businesses among 10 countries studied by KPMG for a special report on tax in *Competitive Alternatives 2010*, the firm's guide to international business location.

Special Report: Focus on Tax assesses the general tax competitiveness of 95 cities in 10 countries, focusing on 41 major cities with populations greater than 2 million, and compares the total tax burden faced by companies, including income tax, capital tax, sales tax, property tax, miscellaneous local business taxes, and statutory labour costs.

The report ranks 41 major international cities, with Vancouver ranking first, Montréal fourth, and Toronto fifth. The second- and third-ranked cities are located in Mexico. Montréal moved up from sixth among a similar group of 35 large international cities studied in 2008.

“Montréal moved up in this year's ranking thanks to federal corporate income tax rate cuts over the last few years”, says Denis Lacroix, Partner, International Corporate Tax, KPMG's Montréal office. “Montréal's high ranking among international cities highlights one of the many benefits of doing business here.”

The report compares the total tax cost between countries and cities using a Total Tax Index (TTI) score for each location, expressed as a percentage of total taxes paid by corporations in the US. A lower score is better since it means lower tax costs for businesses.

By this measure, Montréal, with a score of 60.3, compares favourably with its counterparts in the US eastern corridor, such as New York City (101.9), Philadelphia (88.9), and Boston (87.9). Montréal also scores well relative to Toronto (67.6).

A similar advantage is shown for Vancouver (50.5), compared to its natural US counterpart Seattle, which scored at 92.1.

Although not included on the list of 41 large international cities, other Canadian cities, such as Halifax (55.2), also compare favourably with their US counterparts, such as Bangor, Maine (84.6). The other Quebec cities in the report also scored well, with Sherbrooke at 44.1 and Quebec City at 54.0.

In the country rankings, Mexico came in first, with Canada second, and the Netherlands third, followed by Australia, the United Kingdom, the United States, Germany, Italy, Japan, and France.

The report also compares tax costs between industries, which vary widely. In a breakdown by business sectors, Canada comes second in manufacturing with a score of 67.7, compared to 100 for the US, with Vancouver, Toronto, and Montréal placing in the top five cities. For the corporate and IT services sector, Canada ranks second behind Mexico and, again, the three major Canadian cities studied placed in the top five.

For the R&D sector, Montréal was the top ranked North American city and ranked second overall behind Melbourne, Australia. For this sector, the combination of federal and Quebec R&D credits and other incentives to foster key high-tech industries result in a TTI for Montréal of 13.1, representing a total tax burden more than 85 percent lower than the US baseline.

“Montréal’s high rank for R&D among international cities reflects Quebec’s commitment to developing its R&D sector,” says Carl Deslongchamps, Tax Business Unit Leader for KPMG’s Montréal office.

Results for Top 15 Major International Cities

Rank	City	Total Tax Index
1	Vancouver, CA	50.5
2	Monterrey, MX	59.8
3	Mexico City, MX	60.0
4	Montréal, CA	60.3
5	Toronto, CA	67.6
6	The Hague, NL	76.1
7	Amsterdam, NL	76.7
8	Manchester, UK	77.4
9	Melbourne, AU	78.9
10	Baltimore, US	81.8
11	Sydney, AU	82.8
12	Minneapolis, US	86.5
13	Boston, US	87.9
14	Philadelphia, US	88.9
15	Detroit, US	90.7

KPMG's *Competitive Alternatives 2010* report and its *Special Report: Focus on Tax* are both available at www.competitivealternatives.com/download.

—30—

Media Contacts:

Julie Bannerjea, Head of Media Relations, KPMG LLP

416-777-3243, email: jbannerjea@kpmg.ca

Or Isabelle Petibon, Marketing Manager, KPMG LLP

514-840-8067 or ipetibon@kpmg.ca

About KPMG

KPMG LLP, the audit, tax and advisory firm (kpmg.ca), a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative (“KPMG International”). KPMG International’s member firms have 140,000 professionals, including more than 7,900 partners, in 146 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

KPMG’s website is located at www.kpmg.ca.