



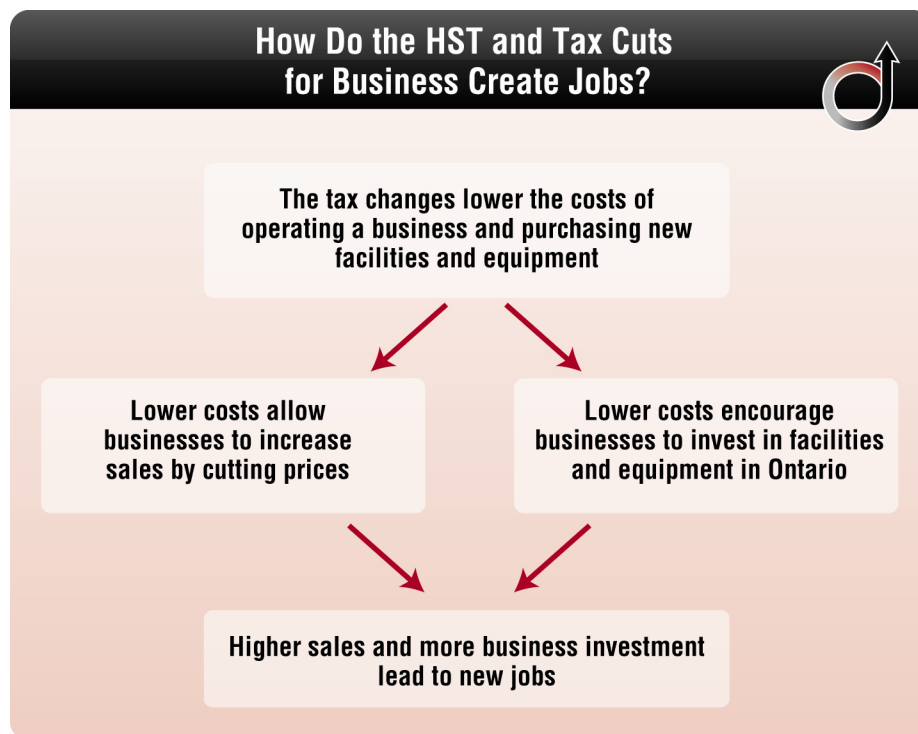
ONTARIO'S TAX PLAN FOR JOBS AND GROWTH

March 25, 2010

The McGuinty government's Tax Plan for Jobs and Growth, introduced in the 2009 Budget, will lead to more jobs and higher incomes and help sustain key priorities, such as health care and education, by creating a stronger, more competitive economy. The tax plan will make Ontario one of the most tax-competitive jurisdictions in the industrialized world for new business investment. Ontario's marginal effective tax rate (METR), which measures the tax burden on new business investment, will be cut in half by 2018.

The tax plan includes the Harmonized Sales Tax (HST), effective July 1, 2010, and provides significant permanent and temporary tax relief for people and businesses starting in 2010.

A study by tax expert Jack Mintz shows that the tax plan will provide large benefits to Ontarians. The study estimates that by 2020, the tax measures in the 2009 Budget, together with other recent tax changes, will lead to \$47 billion in incremental business investment, higher annual incomes of up to 8.8 per cent and nearly 600,000 net new jobs.



HARMONIZED SALES TAX

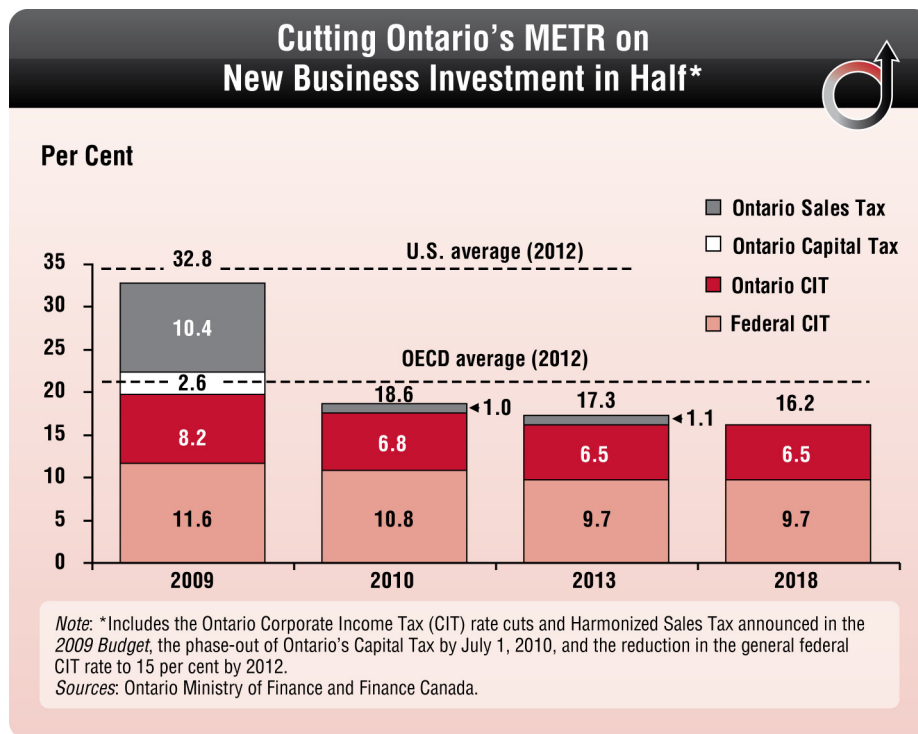
As of July 1, 2010, the Retail Sales Tax (RST) will be replaced with a modern value-added tax that will be combined with the federal Goods and Services Tax (GST) to create the federally administered HST.

The provincial portion of the HST will be the current eight per cent and the federal portion will be five per cent, for a combined HST rate of 13 per cent.

Eighty-three per cent of consumer purchases will not see a new tax; only 17 per cent of consumer purchases will be affected by the HST.

Currently, the RST is charged at each stage of production before a product reaches the store. This hidden tax increases costs to consumers and is a significant competitive disadvantage to businesses in Ontario.

Replacing the RST with the HST allows most businesses to be reimbursed for tax paid on their business inputs through the use of input tax credits. These credits will be paid to most businesses for the HST they originally paid on many of their purchases and capital investments, providing significant savings by lowering the tax burden on business.



TAX CUTS FOR PEOPLE

The government is providing tax relief for people totalling \$11.8 billion over three years by enhancing ongoing sales tax and property tax relief, permanently cutting Personal Income Tax (PIT) and providing direct payments to help Ontarians transition to the HST.

New Tax Credits

Two new tax credits are replacing the combined property and sales tax credits, starting in 2010, to help offset the impact of the HST. The new credits are refundable and provide tax relief to low- to middle-income people:

- Ontario Sales Tax Credit — this will provide sales tax relief of more than \$1 billion per benefit year to about 3.1 million families and individuals, starting in August 2010
- Ontario Energy and Property Tax Credit — in the 2010 Budget, the government proposes to introduce legislation to convert the Ontario Property Tax Credit to the Ontario Energy and Property Tax Credit. This tax credit would provide more than \$1.2 billion annually in energy and property tax relief to low- to middle-income individuals and families.

Personal Income Tax Cuts

Effective January 1, 2010, the tax rate on the first tax bracket was cut from 6.05 per cent to 5.05 per cent.

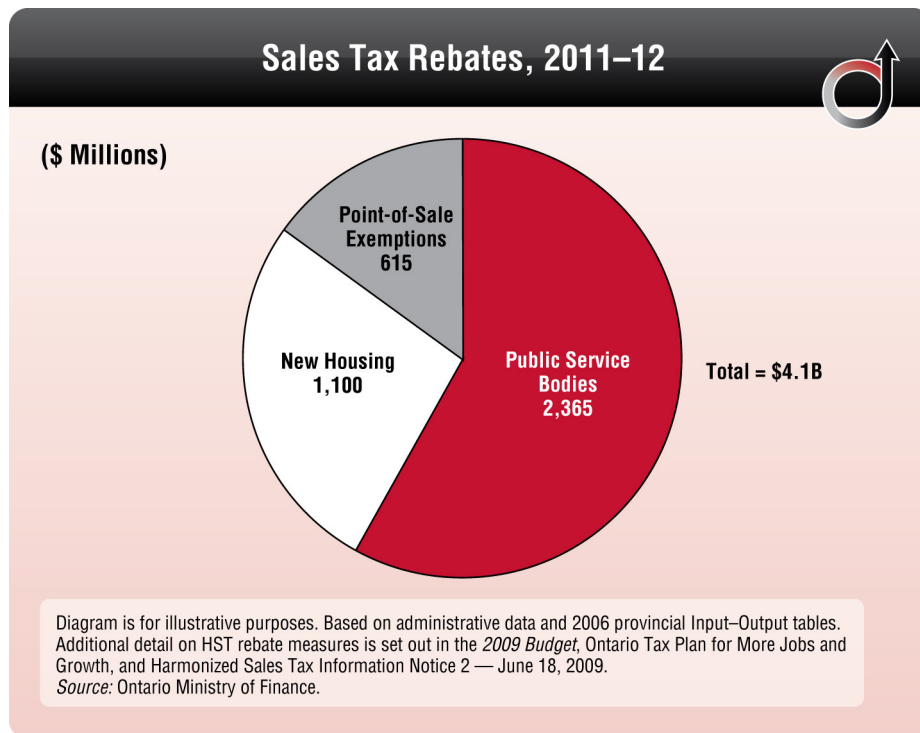
- 93 per cent of income tax payers will see a PIT cut, including about 90,000 lower-income tax filers who will no longer pay Ontario PIT
- Ontarians now benefit from the lowest provincial tax rate in Canada on the first \$37,106 of taxable income for 2010.

Transition Payments

Eligible Ontario residents aged 18 or over will receive Sales Tax Transition Benefit payments in June 2010, December 2010 and June 2011.

- Eligible families, including single parents, with adjusted family net incomes of \$160,000 or less, will get three payments totalling \$1,000
- Eligible single people with adjusted net incomes of \$80,000 or less will get three payments totalling \$300.

Ontario will also provide targeted HST relief to people and key public service bodies through point-of-sale exemptions and rebates. Point-of-sale exemptions mean that selected goods will only be taxed at the five per cent GST rate.



Senior Homeowners' Property Tax Grant

Eligible senior homeowners will continue to receive additional assistance with their property taxes through the Ontario Senior Homeowners' Property Tax Grant, which started in 2009. The maximum grant was doubled to \$500 in 2010, as announced in the 2008 Budget.

Through this grant, the government is providing \$1 billion over the next five years to more than 600,000 seniors with low to middle incomes who own their homes.

TAX CUTS FOR BUSINESS

Starting July 1, 2010, the government will be providing tax cuts totalling more than \$4.6 billion over three years for large and small businesses:

- The general Corporate Income Tax (CIT) rate will be lowered from 14 per cent to 12 per cent and then to 10 per cent over three years
- The CIT rate on income from manufacturing and processing, mining, logging, farming and fishing will be lowered from 12 per cent to 10 per cent
- The small business CIT rate will be cut from 5.5 per cent to 4.5 per cent
- The small business deduction surtax of 4.25 per cent will be eliminated.

These tax cuts are in addition to the more than \$1.6 billion in annual savings for businesses from the elimination of the Capital Tax on July 1, 2010.

Along with targeted tax measures announced in the 2009 Budget, Ontario's tax cuts will provide more than \$1 billion to small businesses over three years.

The Tax Plan for Jobs and Growth reduces Ontario revenue by more than \$4 billion in the first three years, net of federal transitional assistance of \$4.3 billion.

Assisting Businesses with the Transition to the Harmonized Sales Tax

As announced in the 2009 Budget, Ontario will provide up to \$400 million in one-time transitional assistance for small businesses to help them adapt to the HST, providing up to \$1,000 to businesses with less than \$2 million in annual taxable sales.

Measures implemented by the Ontario Tax Plan for More Jobs and Growth Act, 2009, include the wind-down of applicable provisions of the Ontario Retail Sales Tax Act and compensation for RST vendors as of March 31, 2010. The government is proposing to extend compensation to RST vendors up to a maximum of \$375 for the shortened RST collection period of April 1, 2010 to June 30, 2010.

Additional information on Ontario's Tax Plan for Jobs and Growth is available at www.ontario.ca/taxchange.

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FOR MEDIA INQUIRIES ONLY:

Alicia Johnston, Minister's Office, 416-325-3645
Scott Blodgett, Ministry of Finance, 416-325-0324

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