

The Canadian Advantage: Competitive Business Costs and Low Taxes

Competitive costs and low taxes help to fuel the diverse economy on display in Canada's 10 provinces and three territories.

Steve Stackhouse-Kaelble (Location Canada 2015)



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Canada's Competitive
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Why pick a location in Canada? There are numerous factors that regularly vault the nation toward the top of international rankings of business-friendly environments — from Forbes to Bloomberg and beyond. Right at the top of the list are Canada's competitive business costs, starting with taxes.

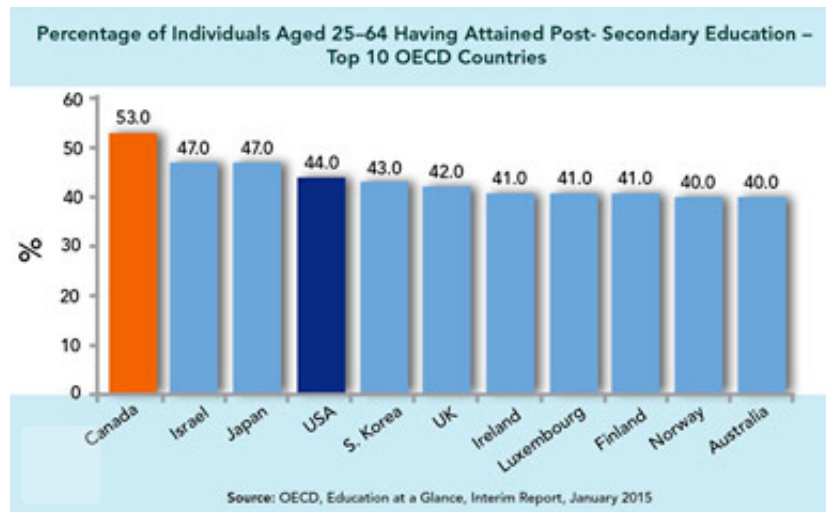
One KPMG report — which added up a range of business expenses from statutory labor costs to sales taxes — lauded Canada's tax structure as the most business-friendly in the developed world. Tax-related costs in Canada were

46.4 percent lower than in the United States, according to KPMG's "Focus on Tax," which also listed Toronto, Vancouver, and Montreal as the most tax-competitive of 51 major international cities.

That fact comes as a surprise to a lot of people, notes Glenn Mair, director at MMK Consulting Inc. in Vancouver. "It's an advantage that is often not understood or perceived," he says. "The tendency is to view Canada as being a high-tax jurisdiction, which certainly is not the case."

Though its tax advantages are not always widely appreciated, Canada definitely has a reputation for being technology-friendly, Mair says. "A real strength we see is the support for R&D activities, with permanent R&D credits both federally and in most provinces."

KPMG certainly noticed, declaring that Canada is best-in-class when it comes to the tax structure for R&D operations. According to KPMG's report, in addition to federal R&D tax incentives, "most Canadian provinces also offer provincial R&D tax incentives at rates that vary from 10 to 20 percent, with some of these tax credits being refundable." Meanwhile, according to KPMG, "Canada ranks first for digital services operations, primarily due to significant provincial incentives that provide financial support to video game producers and other digital media industries."



Percentage of Individuals Aged 25–64 Having Attained Post- Secondary Education – To Top 10 OECD Countries

Labor-related advantages also attract a lot of attention. Among members of the Organization for Economic Cooperation and Development, Canada has the most highly educated workforce. It's also a very diverse workforce, Mair adds. "Multilingual capabilities are a strong asset in the major cities in Canada," he says.

And the business environment also smiles upon those employers that feel the need to import certain types of expertise if necessary, he adds. "One advantage is the easier ability to bring in talented people from overseas to operate in Canada, compared to the U.S."