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Northwest Territories Proposes Higher Dividend Tax Credit

YELLOWKNIFE (28 September, 2006) – The Government of the Northwest Territories’ intends to increase the dividend tax credit for NWT residents investing in Canadian corporations, subject to anticipated federal increases, Finance Minister Floyd Roland announced today.

“Dividends paid by public corporations and large Canadian-controlled private corporations have incurred double taxation under the existing federal and NWT *Income Tax Acts*,” said Minister Roland. “The higher dividend tax credit will reduce the personal taxes individuals pay on taxable dividends.”

The proposed change will parallel measures announced in the May 2006 federal Budget designed to minimize the incidence of double taxation of dividends. The total personal income tax and corporate income tax on earnings distributed as dividends will be more comparable to the income tax paid on interest, income trust distributions or other flow-through structures.

Minister Roland said, “A more comparable treatment of dividends, interest and flow-through disbursements will also encourage organizations to base their legal structures on solid business reasons, rather than tax considerations.”

Further information can be found in the attached backgrounder or on the Department of Finance website at www.fin.gov.nt.ca.

For more information, contact

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