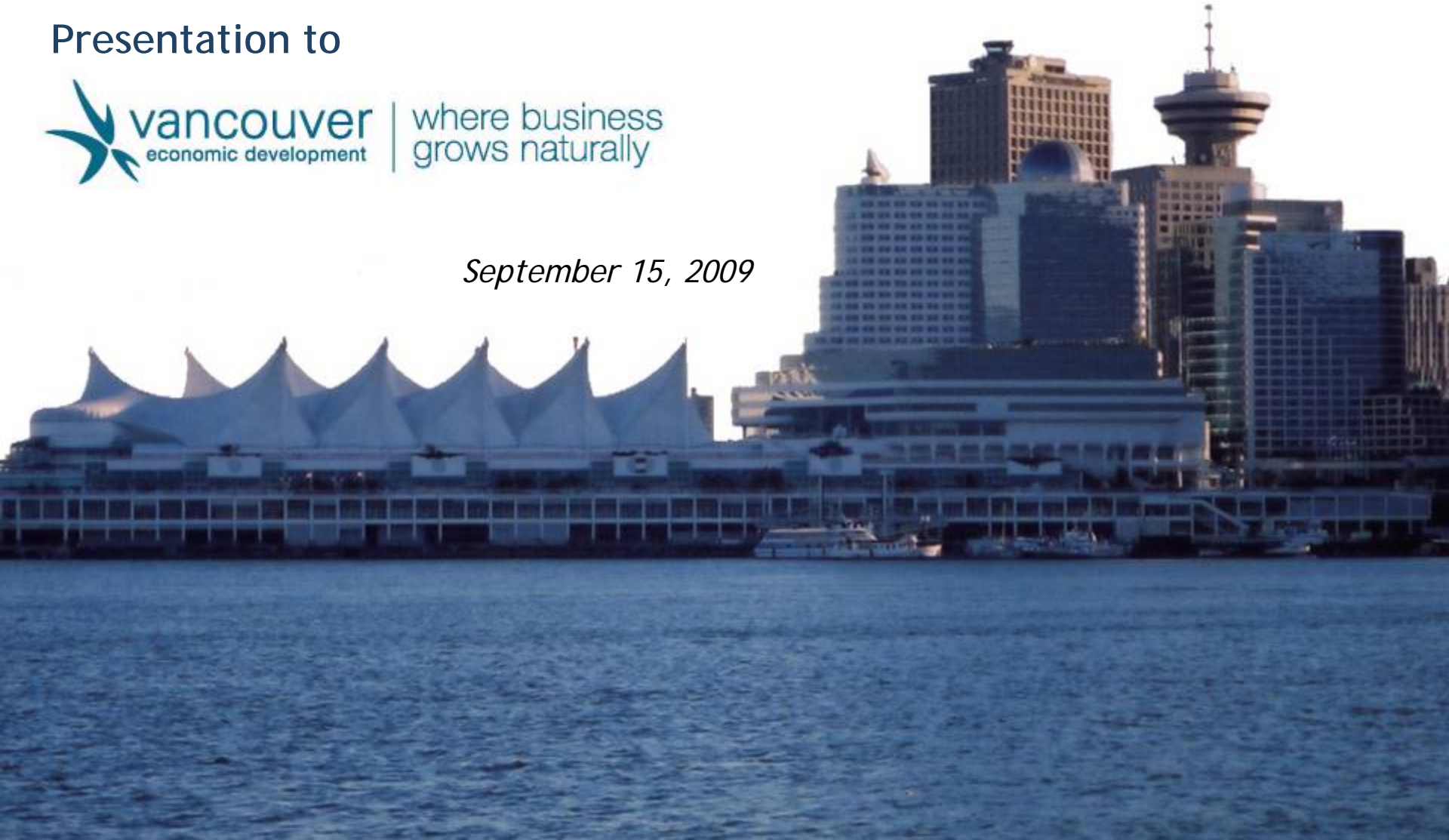


Doing International Business In British Columbia: The Competitive Advantage

Presentation to

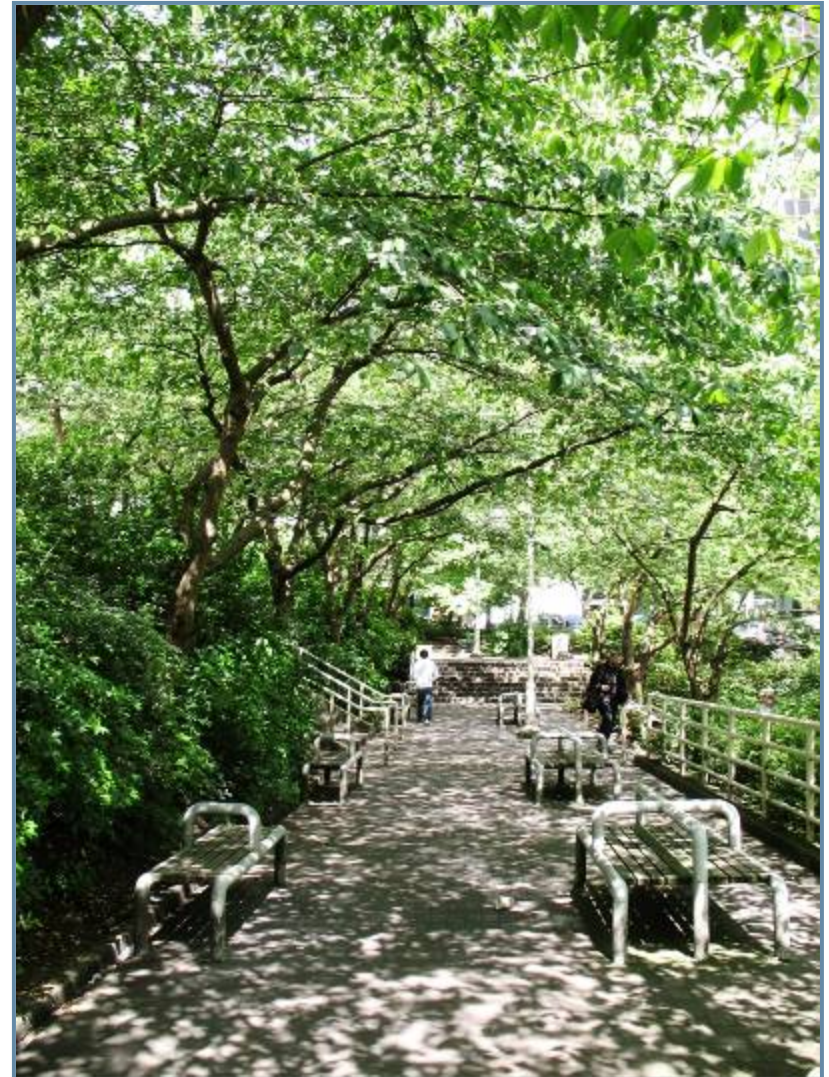


September 15, 2009



MARKETING VANCOUVER AND BRITISH COLUMBIA

- The International Financial Activity (IFA) Program
- Qualifying Activities
- Tax Comparison with Vancouver



IFA PROGRAM AND RECENT TAX REDUCTIONS

Provincial

Corporate taxes reduced in 2008 12% to 11%.
Further reductions to 10% by 2011 planned.

Federal

General corporate income tax rate will be reduced to 15% by 2012.

2009	19.0%
2010	18.0%
2011	16.5%
2012	15.0%

In 2012, the combined corporate tax rate for British Columbia companies will be 25%.

For companies registered in the IFA Program, the rate will be 15%.



THE IFA PROGRAM

The International Financial Activity (IFA) program is a unique tax incentive used to promote British Columbia (western-most Province of Canada) as a location for investment.

- The IFA program provides registered corporations with a refund of a corporation's provincial tax (11% as of July 1, 2008) paid on income from qualifying international activities.
- The legislative framework for the IFA program is the International Financial Activity Act (IFAA) of 2004.
- In most cases, non-arm's length as well as arm's length transactions qualify.
- A company can do business from any location in the Province, but most members are in Vancouver.
- For non-residents transferred to B.C. to work in an International Financial Business (IFB), 75% of B.C. personal tax is refunded for 5 years.

QUALIFYING ACTIVITIES

One side of the transactions is conducted with, for, or on behalf of a non-resident of Canada. In most cases, arm's length and non-arms length qualify.

Financial Activities

- Treasury and cash management: short-term securities trading, intra-corporate loans and deposits, foreign exchange, managing investments and financial portfolios
- Factoring and collecting trade accounts
- Asset management activities including managing investments and securities, providing financial advice, financial research
- Dealing in securities
- Administrative support services related to financial activities
- Insurance, including captives
- Financial leasing

Non-Financial Activities

- Management services
- Patents: Life science and green-related
- Film distribution
- Equipment and data back-up

NEWER QUALIFYING ACTIVITIES

2009

- Patent activity expanded to include wastewater treatment and fuel cell technology.

2008

- Patent activity expanded to include patents related to power generation using forces of nature such as wind, solar and tidal.
- Management services: strategic management services provided by the head office of a corporation and human resource services (payroll, benefits management, recruitment and selection, and training and development).
- Non-securities corporations can trade in money market investments with a non-resident.

2006

- Income from activities related to certain life science patents eligible for a refund of up to 75% of provincial income tax to a maximum of \$8 million.

IFA SPECIALISTS

A company in the IFA program can apply to register an employee as an IFA Specialist.

- Specialists are entitled to receive up to 75% refund of B.C. tax on IFA eligible employment income for a maximum of five years. Maximum marginal tax rate drops from 43.7% to 32.675%.
- IFA Specialists must be transferred from outside of Canada to provide a specific expertise and have an employment agreement in place prior to arriving in Canada.
- The terms of the written contract of employment require that at least 70% of the individual's working time is devoted to performing international financial activities for the corporation.



VANCOUVER: LOW OVERALL TAXES

KPMG Total Tax Index - Services Business

Location	Total Tax Index
Vancouver with an IFC	65
Vancouver without an IFC	77
Calgary	72
Atlanta	93
Toronto	95
Denver/Houston	102
Chicago / Philadelphia / Boston / San Diego	105
New York	110
San Jose	112
Seattle	125

(KPMG, 2008)

QUESTIONS AND ANSWERS

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