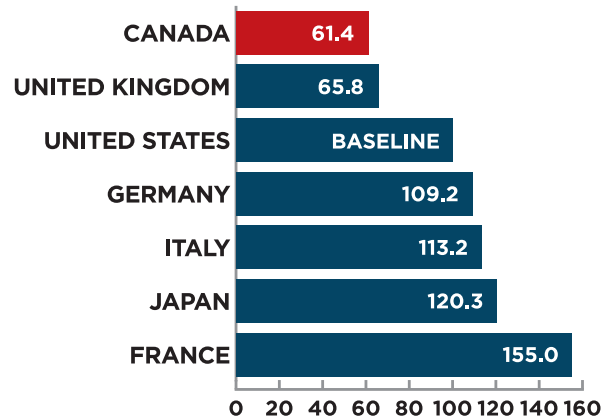






## MEDICAL DEVICES MANUFACTURING TOTAL TAX INDEX<sup>3</sup>, G-7 RESULTS (U.S. = 100.)



### LOW-COST HOT SPOTS

#### Business cost index of select Canadian cities (U.S. = 100):

<b>A</b>	Charlottetown	91.6
<b>B</b>	Moncton	91.9
<b>C</b>	Fredericton	92.6
<b>D</b>	Winnipeg	93.2
<b>E</b>	Montréal	94.2
<b>F</b>	Saskatoon	94.3
<b>G</b>	Toronto	95.0

### CANADA'S TAX HIGHLIGHTS<sup>2</sup>

- This production-oriented medical device firm makes modest investments in both product and process-related R & D. Canada's generous R & D tax credits cause its effective rate of corporate income tax to drop to 15.3 percent, the second lowest rate in the G-7.
- Canada's costs for statutory labour costs and other corporate taxes are also low, ranking third among the G-7 countries in both of these tax categories.
- Overall, Canada's total tax index for the model medical device firm is 61.4—lower than in all other G-7 countries and reflecting total tax costs 38.6 percent lower than in the United States.

### SUMMARY OF OPERATING PARAMETERS

BUSINESS OPERATION: MEDICAL DEVICES MANUFACTURING	
<b>Facilities requirements</b>	
Leased industrial site (16,187 m <sup>2</sup> )	4 acres
Size of factory (6,503 m <sup>2</sup> )	70,000 ft <sup>2</sup>
<b>Workforce</b>	
Management	6
Sales and administration	15
Production/non-dedicated product development	
• Professional, technical	32
• Operators	34
• Unskilled labourers	10
Other	3
Total employees	100
<b>Other initial investment requirements</b>	
Machinery and equipment - U.S. \$'000	\$14,500
Office equipment - U.S. \$'000	\$200
R & D equipment - U.S. \$'000	\$300
Inventory - U.S. \$'000	\$3,400
Equity financing - % of project costs	55%
<b>Energy requirements</b>	
Electricity: monthly consumption	140,000 kWh
Gas: monthly consumption (20,538 m <sup>3</sup> )	2,400 CCF
<b>Other annual operating characteristics</b>	
Sales at full production - U.S. \$'000	\$25,000
Materials and other direct costs - % of sales	30%
Other operating costs - % of sales	5%
Investment in tax-eligible R & D - % of sales	3.4%

<sup>2</sup> Calculations by MMK Consulting Inc. based on detailed data from *Competitive Alternatives, Special Report: Focus on Tax* as that report only published sector-level tax results.

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