

**Table 15-2**  
**Paper manufacturing — Reconciliation of net profit to taxable income and taxes payable**

|  | 2009                | 2010          | 2011         | 2012         | 2013       |
|--|---------------------|---------------|--------------|--------------|------------|
|  | millions of dollars |               |              |              |            |
| <b>Net profit</b>                                      | <b>-111</b>         | <b>1,386</b>  | <b>-6</b>    | <b>679</b>   | <b>953</b> |
| Plus: consolidation and conceptual adjustments         | 446                 | -3,706        | -510         | 263          | 82         |
| Plus: current taxes, including mining                  | 200                 | 225           | 272          | 178          | 126        |
| Plus: deferred income taxes                            | 59                  | -83           | 59           | -8           | 91         |
| Less: profit of tax exempt corporations                | 0                   | 0             | 0            | 1            | 0          |
| Deductible dividends                                   | 609                 | 181           | 185          | 237          | 731        |
| <b>Adjusted profit before taxes</b>                    | <b>-15</b>          | <b>-2,360</b> | <b>-371</b>  | <b>874</b>   | <b>521</b> |
| <b>Exemptions and deductions:</b>                      |                     |               |              |              |            |
| Book capital gains and losses                          | 653                 | -3,521        | 35           | -26          | 105        |
| Less: taxable capital gains                            | 493                 | 162           | 113          | 121          | 58         |
| Net difference, capital gains and losses               | 160                 | -3,683        | -79          | -147         | 47         |
| Resource allowance                                     | 0                   | 0             | 0            | 0            | 0          |
| Less: royalties  | ..                  | ..            | ..           | ..           | ..         |
| Net difference, resource allowance                     | 0                   | 0             | 0            | 0            | 0          |
| Earned depletion allowance                             | ..                  | ..            | ..           | ..           | ..         |
| Other exemptions and deductions                        | -721                | -448          | -204         | 30           | 156        |
| <b>Total, exemptions and deductions</b>                | <b>-561</b>         | <b>-4,130</b> | <b>-283</b>  | <b>-117</b>  | <b>202</b> |
| <b>Timing differences:</b>                             |                     |               |              |              |            |
| Depreciation   | 1,285               | 1,111         | 864          | 839          | 926        |
| Less: capital cost allowance                           | 681                 | 1,054         | 904          | 907          | 872        |
| Net difference, depreciation                           | 604                 | 57            | -41          | -69          | 54         |
| Natural resources expenses, (books)                    | 0                   | 0             | 0            | 0            | 0          |
| Less: natural resource expenses, (tax)                 | 2                   | 0             | 0            | 1            | 0          |
| Net difference, natural resources expenses             | -2                  | 0             | 0            | 0            | 0          |
| Charitable donations net difference, (books minus tax) | 0                   | 0             | -1           | -2           | 0          |
| Other timing differences                               | -186                | -427          | 1,584        | 427          | 526        |
| <b>Total, timing differences</b>                       | <b>416</b>          | <b>-369</b>   | <b>1,543</b> | <b>357</b>   | <b>581</b> |
| <b>Net taxable income</b>                              | <b>963</b>          | <b>1,401</b>  | <b>1,456</b> | <b>1,347</b> | <b>899</b> |
| Less: prior year losses applied                        | 280                 | 705           | 428          | 283          | 216        |
| <b>Taxable income (tax base)</b>                       | <b>683</b>          | <b>696</b>    | <b>1,028</b> | <b>1,064</b> | <b>683</b> |
| <b>Taxes:</b>  |                     |               |              |              |            |
| Tax otherwise payable                                  | 259                 | 266           | 391          | 404          | 260        |
| Surtax   | 0                   | 0             | 0            | 0            | 0          |
| <b>Less: Federal tax credits and deductions:</b>       |                     |               |              |              |            |
| Federal tax abatement                                  | 68                  | 70            | 103          | 106          | 68         |
| Small business deduction                               | 5                   | 5             | 5            | 5            | 5          |
| Manufacturing and processing profits deduction         | 37                  | 41            | 71           | 83           | 48         |
| Investment tax credit                                  | 11                  | 9             | 9            | 26           | 25         |
| Other credits  | 22                  | 22            | 44           | 51           | 38         |
| <b>Net part 1 tax payable</b>                          | <b>116</b>          | <b>118</b>    | <b>159</b>   | <b>132</b>   | <b>75</b>  |
| Other direct federal taxes                             | 0                   | 0             | 0            | 1            | 0          |
| <b>Federal tax payable</b>                             | <b>117</b>          | <b>118</b>    | <b>160</b>   | <b>133</b>   | <b>75</b>  |
| Provincial tax payable                                 | 87                  | 79            | 107          | 112          | 72         |
| <b>Total taxes</b>                                     | <b>203</b>          | <b>197</b>    | <b>266</b>   | <b>245</b>   | <b>147</b> |