

Notes to the Consolidated Financial Statements

8. INCOME TAXES

The effective income tax rate in the consolidated statements of earnings is reported at a rate different than the weighted average basic Canadian federal and provincial statutory income tax rate for the following reasons:

	2007	2006
Weighted average basic Canadian federal and provincial statutory income tax rate	32.6%	32.6%
Net decrease resulting from:		
Earnings in jurisdictions taxed at rates different from the Canadian statutory income tax rates	(4.4)	(5.2)
Non-taxable amounts (including capital gains/losses and dividends)		(0.7)
Impact of statutory income tax rate changes on future income tax balances	(2.5)	(2.2)
Impact of resolution of certain income tax matters from a previous year and other	(0.3)	(0.9)
Effective income tax rate before impact of non-deductible goodwill impairment charge	25.4%	23.6%
Non-deductible goodwill impairment charge		66.5
Effective income tax rate	25.4%	90.1%

Net income taxes paid in 2007 were \$222 (2006 – \$310).

The cumulative effects of changes in Canadian federal and certain provincial statutory income tax rates on future income tax assets and liabilities are included in the consolidated financial statements at the time of substantive enactment. Accordingly, in each of 2007 and 2006, a \$24 net reduction to the future income tax expense was recognized as a result of changes in the Canadian federal and certain provincial statutory income tax rates.

The income tax effects of temporary differences that gave rise to significant portions of the future income tax assets (liabilities) were as follows:

	2007	2006
Accounts payable and accrued liabilities	\$ 105	\$ 109
Other liabilities	170	172
Losses carried forward (expiring 2008 to 2027)	208	169
Valuation allowances	(28)	(54)
Fixed assets	(278)	(301)
Goodwill and intangible assets	(75)	(63)
Other assets	(210)	(230)
Other	27	51
Net future income tax liabilities	\$ (81)	\$ (147)

	2007	2006
Recorded in the consolidated balance sheets as follows:		
Future income tax assets		
Current	\$ 121	\$ 151
Non-current	91	68
	212	219
Future income tax liabilities	(293)	(366)
Net future income tax liabilities	\$ (81)	\$ (147)