

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 INCOME TAXES

EFFECTIVE INCOME TAX RATE

The Corporation's effective income tax rate is derived as follows:

YEARS ENDED DECEMBER 31	2014	2013
	%	%
Combined statutory Canadian federal and provincial tax rates	26.5	26.5
Increase (decrease) in the income tax rate resulting from:		
Non-taxable investment income	(3.4)	(4.4)
Lower effective tax rates on income not subject to tax in Canada	(4.0)	(2.0)
Earnings of investments in associates and in jointly controlled corporations	(1.3)	(1.0)
Other	1.4	(0.7)
Effective income tax rate	19.2	18.4

INCOME TAXES

The components of income tax expense recognized in the statements of earnings are:

YEARS ENDED DECEMBER 31	2014	2013
Current taxes		
In respect of the current year	585	775
Previously unrecognized tax loss, tax credit or temporary differences of prior period	9	—
Other	(33)	(11)
	561	764
Deferred taxes		
Origination and reversal of temporary differences	346	(18)
Effect of change in tax rates or imposition of new taxes	13	(13)
Write-down or reversal of previous write-down of deferred tax assets	(62)	—
Recognition of previously unrecognized tax losses and deductible temporary differences	(29)	(6)
Other	5	(49)
	273	(86)
	834	678

The following table shows aggregate current and deferred taxes relating to items not recognized in the statements of earnings:

	2014		2013	
DECEMBER 31	OTHER COMPREHENSIVE INCOME	EQUITY	OTHER COMPREHENSIVE INCOME	EQUITY
Current taxes	29	—	(14)	—
Deferred taxes	(168)	(1)	106	2
	(139)	(1)	92	2