



NEWS RELEASE

Flat 8 per cent personal income tax would save Albertans \$1,573 a year, on average

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For Immediate Release

CALGARY—Reversing the 2015 provincial personal income tax rate increases and instituting a flat eight per cent tax rate would help restore Alberta’s tax advantage while saving taxpayers \$1,573 a year, on average, finds a new report published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Over the course of the past decade, Alberta has gone from one of the most competitive tax jurisdictions in North America to one of the least competitive,” said Tegan Hill, associate director of Alberta prosperity studies at the Fraser Institute and co-author of *Undoing Alberta’s Personal Income Tax Hikes*.

As recently as 2014, Alberta had a single 10 per cent personal and corporate income tax rate. As a result, it had the lowest top statutory combined federal and provincial/state personal income tax rate and business income tax rate in North America. In 2015, however, the provincial government increased both personal and business income taxes.

While the business tax rate has since been reduced to eight per cent, the personal income tax rate increases remain. And Alberta is currently tied with Hawaii for the 10th highest top personal income tax rate in North America at 48 per cent.

Replacing Alberta’s five-bracket PIT system—introduced in 2015—with a single rate of eight per cent would put the province among the 15 lowest top combined PIT rates in North America.

Crucially, it would also save taxpayers affected by the tax changes (approximately 2.35 million Albertans) \$1,573, on average, annually.

Implementing a single tax would not only apply a uniform rate (8 per cent) to most major sources of income, including corporate and personal, it would eliminate most credits, deductions, and exemptions that complicate the provincial tax system and distort economic decisions.

Research has shown that a flat tax system also improves tax efficiency, reduces administration and compliance costs, and avoids the negative incentives that discourage additional entrepreneurship, work, savings, and investment.

“Rolling back the 2015 personal income tax increases and implementing an eight per cent flat personal income tax rate would help restore Alberta’s tax competitiveness and keep more money in the pockets of Albertans,” Hill said.

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