



NEWS RELEASE

6% single-rate personal and corporate income tax would restore Alberta's tax advantage

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For immediate release

CALGARY—For Alberta to become one of the lowest taxed jurisdictions in North America again—a position it held just five years ago—the province would require a six per cent single-rate personal income tax, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Alberta’s now-defunct tax advantages over other Canadian provinces and US states contributed to the province’s economic competitiveness and prosperity, but now those advantages are gone,” said Ben Eisen, director of the Fraser Institute’s Alberta Prosperity Initiative and co-author of *Can Alberta Restore Its Tax Advantage?*

Crucially, in just five years, Alberta went from having the lowest top combined (federal/provincial) personal income tax rate in North America to one of the highest, due to tax increases at the provincial and federal levels and tax cuts in the United States.

Consequently, even a return to the province’s former 10 per cent single personal income tax rate won’t restore the tax advantage on income tax rates. But if the provincial government reduced the rate to six per cent, Alberta—which now has the 10th highest personal income tax rate in North America (combined provincial and federal rate)—would have the 8th lowest and come within 2 percentage points of the handful of US states that do not even levy a state level personal income tax.

At the same time, lowering the corporate income tax rate to six per cent would move the province into a tie for lowest statutory rate in North America.

A more modest tax reform—lowering both personal and corporate income taxes to 10 per cent—would move the province back into the top 10 of jurisdictions with the lowest corporate tax rates.

“With the Alberta economy struggling, policymakers should consider reducing personal and corporate income tax rates to help attract entrepreneurs, investment and skilled-workers, which would grow the economy and increase prosperity for Albertans,” said Steve Lafleur, Fraser Institute senior policy analyst and study co-author.

*This study is part of a Fraser Institute series, **Re-Establishing the Alberta Advantage**.*

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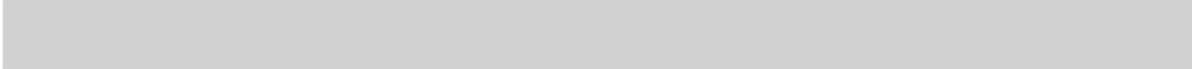
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