



# NEWS RELEASE

## Canadians pay higher personal income taxes than Americans at virtually every income level

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For immediate release

**VANCOUVER**—Canadian workers across the income spectrum—and across the country—pay significantly higher personal income taxes than their American counterparts, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Income taxes are a major attractant—or deterrent—for entrepreneurs, businesses and workers looking to start a business, expand operations or relocate, and at virtually every level of income, Canada’s tax rates are uncompetitive with the U.S.,” said Robert P. Murphy, Fraser Institute senior fellow and co-author of *Canada’s Rising Personal Tax Rates and Falling Tax Competitiveness*.

The stark difference in tax rates between the two countries is due in part to recent personal income tax increases at the federal and provincial levels. For example:

- At **CAD\$50,000** of income: Among all 61 provinces and states in Canada and the U.S., the highest combined personal income tax rates are in the 10 Canadian provinces, from a high of 37.12 per cent in Quebec to 28.20 per cent in British Columbia.
- At **\$75,000** of income: Eight Canadian provinces are in the top 10, led by Manitoba (37.90 per cent). Ontario ranks 13<sup>th</sup> highest (29.65 per cent) and B.C. ranks 25<sup>th</sup> (28.20 per cent).
- At **\$150,000** of income: Again, the 10 highest combined tax rates are in the 10 Canadian provinces, from 41 per cent in Alberta to 50 per cent in Nova Scotia.
- At **\$300,000** of income: Once more, the top 10 highest combined rates at this income level are in the 10 Canadian provinces, ranging from 47 per cent in Alberta to 54 per cent in Nova Scotia.

Moreover, Canadian jurisdictions tend to define high income at much lower thresholds than the Americans. For example, Ontario’s top combined rate of 53.53 per cent applies to all income over CAD\$220,000, whereas New York’s top combined rate (45.82 per cent) applies to income over US\$1 million.

“Competitive personal income tax rates are key to a strong growing economy, and other things being equal, higher personal income taxes deter entrepreneurs, workers, and businesses,” Murphy said.


“Policymakers in Canada should evaluate personal income tax rates in Canada with an eye to tax rates paid in neighbouring and competing jurisdictions.”

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