



NEWS RELEASE

Nearly 40% of Canadians who pay capital gains taxes earn less than \$100,000 a year

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For immediate release

VANCOUVER— Despite common misperceptions, capital gains taxes are not just paid by wealthy Canadians, and Canada already has a relatively high capital gains tax rate compared to other developed countries, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“Despite what many Canadians believe, most capital gains taxes are paid by ordinary Canadians and not the super wealthy, and raising this tax, would weaken Canada’s economic recovery,” said Alex Whalen, a policy analyst for the Fraser Institute and co-author of *Correcting Common Misunderstandings about Capital Gains Taxes*.

The study clarifies common misunderstandings about capital gains taxes, namely that only wealthy people pay them, and that Canada has a low capital gains tax rate compared to other developed countries.

The misperception that only wealthy people pay capital gains taxes results from the way income is measured. When the capital gain is included in income—for example, when a small business owner sells his or her business in order to retire—the share of capital gains taxes paid by those earning more than \$150,000 per year (in 2020) is 77.4 per cent.

Crucially, when the capital gain is not included in income, the share of capital gains taxes paid by those earning more than \$150,000 per year falls to 48.0 per cent, with the remaining 52.0 per cent being paid by Canadians earning less than \$150,000 a year.

In fact, the estimated share of capital gains taxes paid by those earning less than \$100,000 a year is 38.4 per cent, again, when the capital gain itself is excluded from income. Canadians earning less than \$100,000 a year pay a much greater portion of capital gains taxes than many believe.

“Raising the capital gains tax rate would weaken Canada’s ability to attract investment and adversely affect our economic recovery,” said Jason Clemens, executive vice president of the Fraser Institute and study co-author

“Canadians across the income spectrum—and the economy as a whole—would benefit from a lower, not higher, capital gains tax rate.”

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