



NEWS RELEASE

More than 60 per cent of lower-income families in Canada now paying higher federal income taxes

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For immediate release

VANCOUVER—The majority of lower-income families in Canada with children are paying higher income taxes now because of the federal government’s tax changes, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Ottawa has enacted a series of tax changes that have actually raised income taxes on hundreds of thousands of Canadian families in the bottom 20 per cent,” said Charles Lammam, director of fiscal studies at the Fraser Institute and co-author of *Effect of Federal Income Tax Changes on Canadian Families Who Are in the Bottom 20 Percent of Earners*.

The study finds that the federal government’s tax changes, implemented since the 2015 election, have raised income taxes for the majority (61 per cent) of taxpaying Canadian families in the bottom 20 per cent of earners, which includes families with children with incomes up to \$66,448.

While the government reduced the second-lowest personal income tax rate (from 22 to 20.5 per cent), that rate reduction only applies to individual incomes between \$45,916 and \$91,831 so many families in the bottom 20 per cent did not receive any benefit from the tax rate cut.

At the same time, the federal government eliminated income splitting for couples with young children as well as a host of tax credits, including the children’s fitness tax credit and the public transit tax credit.

When taken together, these changes have increased income taxes on the majority of families in the bottom 20 per cent who are now paying \$269 more, on average, per year.

While not included in the study, which focuses specifically on taxes, the authors acknowledge that the federal government increased government transfers to families with children in the form of a higher Canada Child Benefit. It is critical, however, to differentiate between tax changes, which influence the amount of earnings workers keep for themselves, compared to government transfers.

“Tax relief leaves Canadians with more of their own money, which encourages self-sufficiency and incentivises success, which is distinctly different from relying on government transfers” Lammam said.

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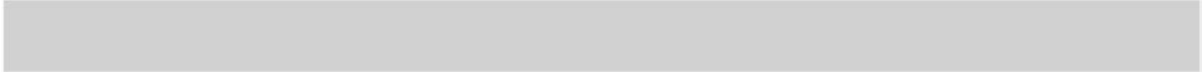
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