

NEWS RELEASE

60% of lower-income families with children face higher federal personal income tax burden

February 08, 2022
For immediate release

VANCOUVER—Contrary to rhetoric from Ottawa, the majority of lower-income Canadian families with children pay higher federal personal income taxes due to tax changes made by the federal government since 2015, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“The federal government has repeatedly asserted personal income taxes were reduced to help alleviate financial pressure on families, when in fact, Ottawa has increased the personal income tax burden for many of those very families that can least afford it,” said Jake Fuss, senior economist at the Fraser Institute and co-author of *Impact of Federal Income Tax Changes on Canadian Families in the Bottom 20 Percent of Earners, 2022*.

In 2015, the government reduced the second-lowest personal income tax rate (from 22 per cent to 20.5 per cent)—but also eliminated income-splitting for couples with children under 18 and a number of tax credits, which more than offset the savings from the tax rate reduction.

As a result, 60 per cent of taxpaying families with children in the bottom 20 per cent of income earners (families with income below \$70,991 in 2019) paid more federal personal income tax. Specifically, they’re paying, on average, \$233 more compared with 2015.

The study compared federal personal income taxes for families with children in 2015 versus 2019 using a model by Statistics Canada, which includes information for more than 1 million Canadians in over 300,000 households with approximately 600 variables included for each individual.

“By promoting one income tax change and downplaying others, Ottawa paints an incomplete picture of the overall impact of their tax changes, which have imposed a higher personal income tax bill on the majority of lower-income families with children,” said Fuss.

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