



# NEWS RELEASE

## Reducing Ontario's personal and corporate income tax rates to 8% would attract investment, top talent

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For immediate release

**TORONTO**—An eight per cent single-rate tax on personal and corporate income would make Ontario one of the most competitive pro-growth tax jurisdictions in North America, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Ontario’s economy has struggled for many years, partly because uncompetitive tax rates discourage businesses and entrepreneurs from moving here and investing in the province,” said Ben Eisen, director of the Fraser Institute’s Ontario Prosperity Initiative and co-author of *Time for Tax Reform in Ontario*.

For example, Ontario’s top combined personal income tax rate (53.53 per cent, the second highest rate in North America) dwarfs rates in neighbouring U.S. jurisdictions that compete for entrepreneurs, investment, and high-skilled workers, including Ohio (42 per cent), Michigan (41.25 per cent) and Pennsylvania (40 per cent).

The study shows that if Ontario replaced its current seven-tier tax rate system with a single personal income tax rate of eight per cent, Ontario would have the 12<sup>th</sup> lowest top marginal rate in North America (combined federal and provincial/state rates).

The study also shows that lowering Ontario’s corporate income tax rate from 11.5 per cent to 8 per cent would make the province’s combined federal/provincial statutory corporate income tax rate the 7<sup>th</sup> lowest in North America.

While Ontario, like most other Canadian provinces, recently enjoyed a corporate tax advantage over U.S. jurisdictions, tax changes south of the border have since lowered the U.S. federal corporate tax rate from 35 to 21 per cent, eroding the previous advantage for Canadian provinces.

Overall, the suggested tax reforms would cost approximately \$11 billion a year, and maintaining spending levels at 2017/18 levels, which was a six per cent increase over the previous year, would defray more than half the cost of the proposed tax reforms.

“Even modest spending restraint would create much of the fiscal room needed to pursue meaningful tax reform and relief that could help make Ontario a more attractive place for entrepreneurs, businesses, and skilled labour,” Eisen said.

“There’s no easy fix for reversing Ontario’s relatively poor economic performance, but in light of the new competitive pressures coming from the U.S., reforming the province’s high taxes is a good place to start.”

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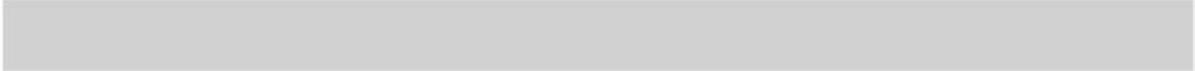
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