

NEWS RELEASE

B.C. health tax will cost workers nearly \$3,000 per year in foregone wages

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VANCOUVER—British Columbia’s new “health tax” will cost the average worker nearly \$3,000 a year in foregone wages, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“While the government’s new tax targets employers, it’s actually employees who will suffer with lower wages and other negative consequences,” said Steven Globerman, professor emeritus at Western Washington University and senior fellow at the Fraser Institute summarizing *Who Bears the Burden of British Columbia’s Employer Health Tax?*

Last year, the B.C. government replaced the Medical Services Plan (MSP) paid by British Columbians with the Employment Health Tax, which applies to employers with annual payrolls of \$500,000 or more, claiming the move would save individual British Columbians up to \$900 a year.

The analysis of the tax, however, found that employees will bear the burden of the new tax through lower annual wages, reduced work hours and fewer employment opportunities.

“When governments raise taxes on businesses, including small businesses, employers typically react by reducing their demand for workers, which in turn affects wages and the number of hours of work available,” Globerman said.

“While B.C. workers no longer directly see the MSP, they will still bear the burden of the new tax, only in a more opaque way.”

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