

NEWS RELEASE

Federal income tax rate reduction could help create 110,000 new private sector jobs in Canada

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For immediate release

VANCOUVER—By reducing personal income tax rates, the federal government could facilitate the creation of 110,000 new private sector jobs, finds a new study released today by the Fraser Institute, an independent, non-partisan, Canadian public policy think-tank.

“Due to the unprecedented job losses caused by COVID-19 and the lockdowns, governments must enact policies to help grow the economy and create jobs, and tax policy is a good place to start,” said Ergete Ferede, professor of economics at MacEwan University and author of *Will Cutting Income Taxes Create Jobs for Canadians?*

Higher income tax rates reduce after-tax income, reducing the incentives to work and discouraging entrepreneurship, which hurts private-sector job creation.

According to the study, if the federal government reduced the top personal income tax rate from 33 per cent back down to 29 per cent (the rate before the 2016 tax hike), it would facilitate the creation of approximately 110,000 private-sector jobs the following year.

“If Ottawa wants to encourage private sector job creation and help spur the COVID recovery, it should consider reducing the top personal income rate.”

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