



# NEWS RELEASE

## Reducing business tax rate to 8% across Atlantic provinces would benefit workers; encourage growth and competitiveness in region

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For immediate release

**HALIFAX**—If provincial governments in Atlantic Canada reduced their corporate income tax (CIT) rates to eight per cent, they’d match the lowest rate nationwide which would result in significant benefits for people in the region. So finds a new study published today by the Fraser Institute.

“Lowering the corporate income tax rates across Atlantic Canada would allow the region to compete with its neighbours in Canada and the United States, and would benefit workers,” said Ben Eisen, a Fraser Institute senior fellow and co-author of *A Transformational Tax Policy for Atlantic Canada: Corporate Income Tax Relief*.

It finds that reducing the corporate income tax (CIT) rate in all four Atlantic provinces to eight per cent—which would match the current lowest rate in Alberta—would result in large economic benefits, including:

- **Economic growth:** CIT rate reductions would attract increased business investment to the region.
- **Higher wages:** The additional investment and jobs in the region would lead to higher wages, and higher living standards.
- **Benefits income earners across the wage distribution:** Research shows that the benefits of lower CIT rates are broadly shared across income levels.
- **Negligible loss of government revenue:** Reducing the CIT rate to eight per cent would result in a negligible loss of government revenue. Even without accounting for the offsetting effect of economic growth, provincial government revenue would decline by between 1.6 and 2.2 per cent.

The provincial corporate tax rates across the Atlantic provinces are currently the highest in the country, with Prince Edward Island at 16 per cent, followed closely by Newfoundland and Labrador at 15 per cent, and New Brunswick and Nova Scotia both at 14 per cent.

“Across Atlantic Canada, provincial tax systems are not well-designed to encourage growth. Policymakers shouldn’t just be tinkering around the edges; they should be pursuing fundamental policy change,” Eisen said.

“Reducing business taxes from the highest in the country to matching the lowest is a good example of such a change that would help businesses and workers across the region.”

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