

NEWS RELEASE

Alberta's tax advantage is gone—corporate rates now lower in B.C., Ontario and Quebec

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For immediate release

CALGARY—Corporate and personal income tax hikes in Alberta last year have wiped away crucial tax advantages that helped fuel the province's economic prosperity for years, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Alberta used to enjoy some of the lowest tax rates in North America, which attracted investment and people to the province, but the current provincial government has quickly eroded that advantage by increasing taxes, which are hurting the economy,” said Ben Eisen, the Fraser Institute's director of provincial prosperity studies and co-author of *The End of the Alberta Tax Advantage*.

The study finds that in 2014, before the current government's tax increases, Alberta had the lowest corporate tax rate in Canada at 10 per cent.

In 2015, the new government raised it to 12 per cent, higher than British Columbia (11 per cent), Ontario (11.5 per cent) and Quebec (11.9 per cent).

Alberta also previously enjoyed the lowest combined top personal income tax rate in Canada—a single rate 10 per cent tax on all incomes. This was undone when the new government introduced five tax rates and increased the top rate by 50 per cent. This change was also implemented before the federal government introduced even higher personal income taxes.

The result?

Alberta's top combined (federal plus state/provincial) marginal personal income tax rate—which was the lowest in North America in 2014—is now the 16th highest among all provinces and U.S. states.

Crucially, competitive personal and corporate income tax rates lead to greater economic growth. For example, between 2001 and 2014 when Alberta's personal tax rates were among the lowest in North America, the province had the second highest rate of economic growth, averaging 3.3 per cent annually behind only North Dakota.

“Until recently, Alberta held a competitive advantage on personal and corporate income taxes, which helped drive the province's economic growth. That advantage is now gone,” said study co-author Steve Lafleur, a senior policy analyst with the Fraser Institute.

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