NEWS RELEASE

Eliminating provincial capital gains tax would make Alberta more competitive with key energy-producing states such as Texas

December 18, 2018
For immediate release

CALGARY—To be more competitive with key energy-producing jurisdictions in the United States, Alberta should eliminate the provincial portion of the capital gains tax, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

Currently nine US states do not impose a state-level capital gains tax, including several key energy-producing states—Texas, Wyoming and Alaska—which directly compete with Alberta for investment, entrepreneurs and even highly-skilled workers.

“As the Alberta economy continues to struggle, attracting much-needed investment and entrepreneurs is vitally important,” said Jason Clemens, Fraser Institute executive vice-president and co-author of ***Reforming Capital Gains Taxes in Alberta***.

A capital gain occurs when property or an asset—for example, a stock or bond—is sold for more than its original purchase price. In Canada, income taxes are levied on half of the increased value (or gain).

Currently, Alberta’s combined federal and provincial tax rate on capital gains is 24 per cent. By removing the provincial portion of the tax, the province’s tax rate on capital gains would drop to 16.5 per cent (Ottawa’s remaining portion of the tax).

Previous research has also shown that capital gains taxes discourage beneficial activities such as saving, investing, risk-taking, business startups and the development of new products, services and technologies.

“By eliminating the provincial portion of the capital gains tax, Alberta could better compete with energy-producing states that are currently more attractive to investment,” Clemens said.

*This study is part of a Fraser Institute series, **Re-Establishing the Alberta Advantage**.*

(30)

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