



NEWS RELEASE

Alberta can regain tax advantage by reinstating 10% flat tax

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For Immediate Release

CALGARY—The Alberta government can reinstate a 10 per cent single-rate personal income tax and restore the “Alberta Tax Advantage” while incurring only a modest loss in revenue, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“If the Alberta government resurrected the 10 per cent flat tax, the subsequent increase in economic activity, including increased entrepreneurship, more business startups and higher levels of investment, would help mitigate the relatively modest loss in tax revenue,” said Ergete Ferede, professor of economics at MacEwan University, senior fellow at the Fraser Institute and author of *What Happens If Alberta Returns to the Flat Tax System?*

The Alberta government in 2015 replaced the province’s 10 per cent single-rate personal income tax—also known as the flat tax—with a “progressive” tax system, which now includes five different rates and a 15 per cent top rate.

According to the study, if Alberta gradually reinstated the 10 percent single-rate income tax over four years, the provincial government would collect about \$16 million less in personal income tax revenue in the first year following the reform. At the end of the fourth year, the personal income tax revenue loss would total approximately \$1.36 billion—or about 9 per cent less revenue than currently forecasted.

However, the tax reduction will likely lead to increased economic activity in the province, which could, in turn, help to offset the revenue losses from the tax reduction.

“By restoring the Alberta Tax Advantage, the government can help stimulate economic activity, which will increase prosperity among Albertans during the COVID recovery and beyond,” Ferede said.

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