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# Trudeau government has failed to produce promised tax relief

*Jake Fuss and Milagros Palacios,*
*The Fraser Institute*

Providing tax relief for Canadian families has been a stated priority for the government of Prime Minister Justin Trudeau since it assumed office. However, despite any rhetoric to the contrary, the tax burden for the average Canadian family has increased over the last four years.

And it's clear now that Trudeau must change course if tax relief remains a goal for this government.

Since 2015, this government has enacted a series of tax increases on Canadian families. It introduced a carbon tax, raised payroll taxes and removed several personal income tax credits, including income splitting, the children's fitness tax credit and the public transit tax credit.

Whether you agree with those measures or not, these changes have increased the average family's tax burden.

Each year, the Fraser Institute measures the average Canadian family's tax burden to demonstrate how it's changed over time. Canadians pay many different taxes to federal, provincial and local governments. Some of these taxes are visible but many are hidden, which adds to the confusion about how much we actually pay.

Not only do we pay income taxes, we also pay property taxes, payroll taxes (including the Canada or Quebec Pension Plans tax), health taxes, sales taxes such as the GST, carbon taxes, taxes on gasoline, taxes on imported goods, 'sin' taxes and so on.

Adding up all the taxes isn't easy. But in 2019, we estimate the average Canadian family (consisting of two or more people) will pay $52,675 in total taxes—or 44.7 per cent of their $117,731 income. Of the total amount of taxes paid, 53.2 per cent will go to the federal government.

If you paid all your taxes for 2019 up front, you'd give the government every dollar you earned before June 14, which is what we call Tax Freedom Day. After working the first 164 days of the year for government, you're finally working for yourself and your family.

Tax Freedom Day in 2015 arrived two days earlier, on June 12. For the average Canadian family, the federal portion of their total tax bill has increased by 10.5 per cent over the last four years. So the federal tax burden for Canadian families is higher today than when this government took office in 2015.

And the total tax burden on Canadian families grows even larger after we account for the federal government's deficit problem.

Despite the increasing levels of taxation over the last four years, this government has not been able to fully finance its spending preferences. This year, the federal government is projected to spend nearly $20 billion more than it collects in revenue.

Who will pay that $20 billion?

Future taxpayers. A deficit today is nothing more than a tax deferred to a later date.

By kicking today's debt down the road, the federal government is passing the burden of repayment to young Canadian families. In fact, if Canadian governments at all levels raised taxes to balance their budgets instead of financing spending with budget deficits, Tax Freedom Day would arrive eight days later this year, on June 22.

The tax bill for the average family is rising and expected future tax increases will only exacerbate the issue.

Given the increasing tax burden on Canadian families, the government must re-evaluate its plans. So far, it has failed to deliver on the promise of meaningful tax relief.

# The Toronto Star

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## "Tax freedom day?" Not really

*Neil Brooks and Linda McQuaig*

Tax Freedom Day has come and gone. Feel any richer yet? Almost every cause has designated a day of the year to draw attention to its message, from World Leprosy Day to Chronic Fatigue and Immune Dysfunction Day. Few, however, have enjoyed the success of Tax Freedom Day, an event that routinely prompts loud laments about the heavy tax burden weighing on Canadians.

This is a remarkable achievement on the part of the Fraser Institute, the right-wing think tank that promotes Tax Freedom Day (according to Fraser, it was yesterday) and has succeeded in presenting it as simply a day of public education about taxes. Nothing could be farther from the truth.

If anything, it's a day of public misinformation, in which the tax burden is grossly exaggerated and the nature of taxes hopelessly distorted.

The institute bills "Tax Freedom Day" as the day when the average Canadian family has earned enough to pay off its tax bill for the year. Only then, it says, will Canadians stop "working for the government."

So does this mean that, for the rest of the year, Canadians will be working for Loblaws, Canadian Tire, Shoppers Drug Mart and other places we'll spend our money? Of course, when we shop at these enterprises, we don't think of ourselves as employees, but as consumers buying things we need and want.

But our taxes also pay for things we need and want—health care, education, pensions, highways, police and fire services, libraries—that we've decided through our democratic system to pay for collectively. If we paid individually for these benefits on the open market, they'd cost us a lot more. In what sense is paying for public services that benefit us all a denial of freedom?

In calculating when Tax Freedom Day occurs, the institute further distorts the picture. It bases its calculations on a family's "cash income," rather than the more meaningful measure of a family's "total income." This shrinks the size of the family's income and makes the tax burden therefore seem heavier.

So, for instance, the institute determined last year that Tax Freedom Day fell on June 28, leaving Canadians with the impression they spent almost half the year "working for the government." But if the institute had used the more meaningful measure of "total income," Tax Freedom Day would have fallen near the end of April—about two months earlier.

For most Canadians, Tax Freedom Day arrives even earlier. That's because most Canadians have less income and pay less tax than the "average" family cited by the institute. The average includes well-to-do families, who are few in number but who, in some cases, have really big incomes and therefore pay more tax.

The institute's own numbers show that, for low-income earners, Tax Freedom Day would arrive in late February; for the huge group of those who straddle the middle range of incomes, Tax Freedom Day would arrive by mid-April.

The institute also calculates that our taxes have risen by a staggering 1,550 per cent since 1961. Sounds dramatic. But the number is essentially meaningless; it fails to take into account inflation and the real increase in Canadian incomes. Once these factors are accounted for, a different picture emerges: the effective tax rate in Canada has risen by about 40 per cent—not 1,550 per cent—in the last few decades.

Of course, over those decades, some major government programs have been established, including universal health insurance and the Canada Pension Plan. Failing to mention the extra government benefits we now receive is like complaining the family's Loblaw's bill is 40 per cent higher, without acknowledging the family now gets a lot more groceries on each shopping trip.

Unions have attempted to draw attention to how little tax corporations pay, noting that Corporate Tax Freedom Day would fall in late January. The concept has been attacked as an attempt by unions to advance an ideological agenda.

Oddly, however, the media seem blind to the blatantly ideological agenda of the Fraser Institute. And so it is that the institute's Tax Freedom Day is given extensive media coverage each year, while Corporate Tax Freedom Day gets about as much attention as Chronic Fatigue and Immune Dysfunction Day.

Neil Brooks teaches tax law and policy at Osgoode Hall Law School. Linda McQuaig is a Toronto-based author and commentator.



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