

BC Tax Facts

BC's taxes are too low, and we're paying the price.

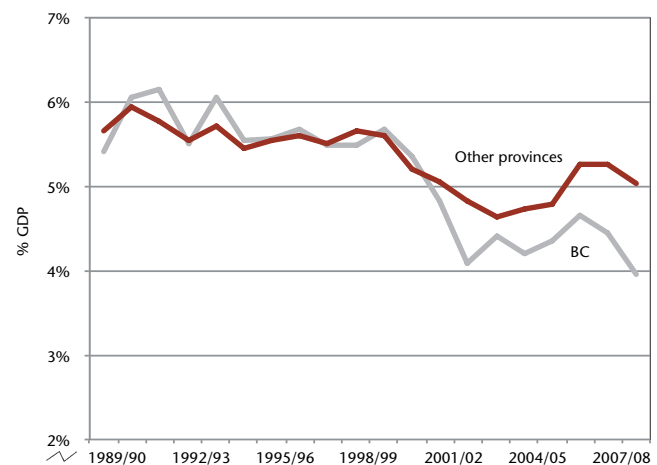
- » **Provincial government revenues and spending have dropped** compared to the size of BC's economy (GDP) since the 1990s. This was largely driven by tax cuts.
- » According to Statistics Canada, **BC is the most unequal province in Canada**, with the largest income gap between the bottom 20% of earners and the top 20%.
SOURCE: WWW.BCSTATS.GOV.BC.CA/RELEASES/INFO2012/IN1204.PDF
- » **Taxes have been shifted from corporations to families**, and from upper-income families to middle- and modest-income ones.
- » Progressive taxes are those where people with higher incomes pay a higher tax rate. That's how income taxes work. But when you combine all personal taxes (income, sales, property, and carbon taxes plus MSP premiums), it turns out that **our overall tax system is not progressive**. The richest 20% of BC households actually pay a lower total provincial tax rate than the rest of us. SOURCE: BIT.LY/1LMRPKE
- » Since 2000, **the richest 1% of BC households have seen their taxes cut by an average of \$41,000 per year**. That's more than the average annual incomes for the poorest 30% of households. SOURCE: SEE ABOVE.
- » **MSP premiums have doubled since 2000**. A two-earner family with an average household income of \$60,000 now pays more in MSP (\$1,536) than it does in BC personal income taxes (\$1,190). And the provincial government now collects more money from MSP premiums (BC's most unfair tax) than it does from corporate income taxes. SOURCE: BIT.LY/1S292UM
- » Meanwhile, **we're paying more out-of-pocket** for a host of public services, through school fundraisers, rising tuition and seniors care fees, etc., which impose a larger burden on lower-income families.

There is plenty of room to increase taxes without undermining economic "competitiveness."

- » The global accounting firm KPMG examined business taxes in 55 major cities in 14 countries. It turns out **Vancouver has the second lowest taxes after Chennai, India**. SOURCE: BIT.LY/P2EFXZ
- » A major international study by the International Monetary Fund (IMF) recently concluded that **higher taxes do not have a negative impact on economic growth**. The study did, however, find that high levels of inequality are bad for the economy. SEE: BIT.LY/QH7KXP
- » Some corporations and individuals would no doubt complain if BC raised personal and corporate taxes. Some would even threaten to move. But BC is a highly desirable place to live, work and invest. **There is virtually no actual evidence that tax increases lead a significant number of people to migrate away**. FOR EXAMPLE SEE: WWW.BOSTONREVIEW.NET/TESTING-TAX-POLICY

- » If BC collected the same amount in tax revenues (as a share of the economy, or GDP) as we did in 2000, **we'd have an additional \$3.5 billion each year to invest in public services.**
- » **BC's personal and corporate income taxes are among the lowest in Canada** (even for the highest income earners). Even if we just raised rates so we collected the same amount of personal income tax as other provinces (as a share of our economy, or GDP), we'd have \$2.4 billion more to invest in public services.
- » For more points responding to common anti-tax arguments, see: WWW.POLICYNOTE.CA/BC-HAS-PLENTY-OF-ROOM-TO-INCREASE-TAXES/

Provincial income tax revenue and health/drug insurance premiums as a share of GDP



Source: Statistics Canada. See www.policyalternatives.ca/bc-tax-options for details.

British Columbians are ready to have a conversation about tax reform.

- » At their root, **taxes come down to a simple question:** Which goods and services do we want to pay for together as a society, and which do we want to pay for privately as consumers?
- » In 2012, the CCPA conducted extensive opinion research into what British Columbians think about taxes, including a poll conducted with Environics Research. **It turns out we aren't nearly as divided on these issues as one might think.** SEE: WWW.POLICYALTERNATIVES.CA/BC-TAX-OPINION
- » **The overwhelming majority of British Columbians (90%) think there should be income tax increases for those at the top.** As to where those higher taxes should kick in, a clear majority (57%) says at \$100,000 per year of income. Most also think major corporations are asked to pay less tax than they should.
- » **Most British Columbians are also willing to consider the idea of paying slightly higher taxes themselves,** if it can bring about new or enhanced public services. Some examples are: more access to home and community-based health care for seniors, a \$10 per day child care program, stronger environmental protections, an affordable housing strategy, smaller class sizes in public schools, or....
FOR MORE INFORMATION, SEE: WWW.POLICYALTERNATIVES.CA/BC-TAX-OPINION

For more tax resources and options for progressive tax reform, visit:

www.policyalternatives.ca/fair-taxes

www.policyalternatives.ca/bc-tax-options



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office

