

Gas Tax Honesty Day Report

May 2019



Jeff Bowes
Research Director

Canadian
Tax  **pay**ers
FEDERATION

Table of Contents

About the Canadian Taxpayers Federation	3
Summary	4
Gasoline Tax Ranking	5
Tax Changes from Last Year	6
Carbon Tax	7
Tax on Tax	8
Tax Per Litre Breakdown	9
Tax per Fill-Up	10
American Gas Taxes	11
Methodology Notes	12

About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation is a federally incorporated, not-for-profit citizen's group dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national organization. Today, the CTF has 198,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (Saskatchewan and Manitoba), Ontario, Quebec and Atlantic. Regional offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries, online postings and publications to advocate on behalf of CTF supporters. CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to affect public policy change. Each week CTF offices send out Let's Talk Taxes commentaries to more than 800 media outlets and personalities across Canada.

Any Canadian taxpayer committed to the CTF's mission is welcome to *join at no cost* and receive issue and *Action Updates*. *Financial supporters* can additionally receive the CTF's flagship publication *The Taxpayer* magazine published three times a year.

The CTF is independent of any institutional or partisan affiliations. All CTF staff, board and representatives are prohibited from holding a membership in any political party. In 2017-18 the *CTF raised \$5.1-million on the strength of 31,205 donations*. Donations to the CTF are not deductible as a charitable contribution.

Summary

Gas Tax Honesty Day highlights the hidden taxes Canadians pay every time they fill-up. Gas taxes include the sales taxes you see on your receipt, but also up to four hidden per-litre taxes. Those per-litre taxes are the carbon tax, federal excise tax, provincial excise tax, and, in some regions, a transit tax.

Montreal has the highest gas taxes at 54.8 ¢/litre. Vancouver is close behind with gas taxes of 52.4 ¢/litre. Manitoba has the lowest gas taxes at 34.4 ¢/litre, followed closely by Saskatchewan with 35.4 ¢/litre and Alberta with 35.5 ¢/litre.

On average, Canadians pay 44 cents of tax per litre of gas, with taxes making up 34% of the pump price for gasoline on average.

Canadians need relief at the pump and eliminating the carbon tax would be a good start. Ending the practice of taxing tax would help too.

Carbon taxes on gasoline don't significantly reduce fuel consumption, they just cost Canadians more at the pump and therefore should be rejected. The federal carbon tax is scheduled to increase each year until 2022, when it will be 11 ¢/litre. A secret [briefing document](#) from the federal government showed that the federal government thinks a \$300 per tonne carbon tax is needed by 2050 to reach its greenhouse gas emission reduction targets. That would mean a 68 ¢/litre carbon tax on gas.

Every time you buy gasoline you pay tax on tax. The GST/HST is charged on top of the per-litre taxes. That means you pay sales tax on the per-litre taxes the government adds to the cost of the actual fuel. That tax on tax costs the average Canadian driver an extra 3.4 ¢/litre.

Gasoline Tax Ranking

Montreal has the highest gas taxes in the country with taxes of 54.8 ¢/litre. Vancouver is close behind with drivers there paying 52.4 ¢/litre in tax. Gas taxes are higher for those cities than the rest of their provinces because of transit taxes. The pump price in Vancouver is higher than in Quebec because of the considerably higher pre-tax gas prices.

Gas Tax Ranking					
	Province/City	Tax	Before Tax	Pump Price	Tax Portion
1	Montreal	54.8¢	81.3¢	136.1¢	40%
2	Vancouver	52.4¢	115.0¢	167.4¢	31%
3	Quebec	51.0¢	78.6¢	129.6¢	39%
4	Newfoundland and Labrador	48.4¢	85.3¢	133.7¢	36%
5	New Brunswick	46.9¢	83.6¢	130.5¢	36%
6	Victoria	46.4¢	111.2¢	157.6¢	29%
7	Ontario	43.6¢	82.5¢	126.1¢	35%
8	Nova Scotia	43.2¢	85.5¢	128.7¢	34%
9	Prince Edward Island	40.5¢	85.4¢	125.9¢	32%
10	British Columbia	40.1¢	101.8¢	141.9¢	28%
11	Alberta	35.5¢	85.5¢	121.0¢	29%
12	Saskatchewan	35.4¢	91.5¢	126.9¢	28%
13	Manitoba	34.4¢	90.7¢	125.1¢	28%

Tax Changes from Last Year

The federal government imposed a 4.42 ¢/litre carbon tax on Ontario, New Brunswick, Saskatchewan, and Manitoba. Newfoundland and Labrador imposed its own 4.42 ¢/litre carbon tax.

On Oct. 31, the Ontario government passed legislation cancelling the cap and trade carbon tax, after concerted pressure from the Canadian Taxpayers Federation to end the tax, including a public pledge signed by the premier. However, the federal government imposed its carbon tax in Ontario so there is an overall carbon tax increase from last year.

In both Prince Edward Island and Newfoundland and Labrador, the provincial governments were permitted to reduce excise taxes on gas to offset the increase from the carbon tax.

Nova Scotia introduced a cap-and-trade tax that adds about 1 cent to the price of gas. The cost to drivers of Quebec’s cap-and-trade tax increased slightly.

In British Columbia, the provincial carbon tax increased to 8.89 ¢/litre from 7.78 ¢/litre.

Changes Since Last Year			
Province/City	Provincial Excise Tax	Carbon Tax	Combined
British Columbia	-	1.11¢	1.11¢
Vancouver	-	1.11¢	1.11¢
Victoria	-	1.11¢	1.11¢
Alberta	-	0.00¢	0.00¢
Saskatchewan	-	4.42¢	4.42¢
Manitoba	-	4.42¢	4.42¢
Ontario	-	0.07¢	0.07¢
Quebec	-	0.57¢	0.57¢
Montreal	-	0.57¢	0.57¢
New Brunswick	-	4.42¢	4.42¢
Prince Edward Island	-3.42¢	4.42¢	1.00¢
Nova Scotia	-	0.94¢	0.94¢
Newfoundland and Labrador	-4.00¢	4.42¢	0.42¢

Carbon Tax

The federal carbon tax is 4.42 ¢/litre and is scheduled to increase every year until it reaches 11.05 ¢/litre in 2022. That’s bad enough, but a secret federal government *briefing document* said that to reach Canada’s climate target, the price would have to reach 66.3 ¢/litre by 2050. That would mean a carbon tax of over \$42 per 64 litre fill-up.

However, the carbon tax imposed by the federal government is not being applied equally. In Newfoundland and Labrador, Ottawa allowed the carbon tax to be offset by a cut to provincial gas excise taxes of 4 ¢/litre. In Prince Edward Island, Ottawa allowed an off-setting excise tax cut of 3.4 ¢/litre. It is also unclear whether Prince Edward Island will increase its carbon tax after 2020. Newfoundland and Labrador’s *federally-approved plan* says that “carbon tax rates will only increase based on changes to Atlantic parity that allows for rate increases.”

Provinces are also allowed to have cap-and-trade systems for which there are no required tax levels. Quebec and Nova Scotia have cap-and-trade systems. The federally approved Nova Scotia cap-and-trade system will only increase the price of gasoline by 0.94 ¢/litre. Quebec’s cap-and-trade system costs drivers 4.92 ¢/litre this year.

Federal Carbon Tax	
Year	Per Litre
2019	4.42¢
2020	6.63¢
2021	8.84¢
2022	11.05¢
2050	66.30¢

Current Carbon Taxes		
Province	Carbon Tax	Effective Carbon Tax
British Columbia	8.89¢	8.89¢
Alberta	6.73¢	6.73¢
Saskatchewan	4.42¢	4.42¢
Manitoba	4.42¢	4.42¢
Ontario	4.42¢	4.42¢
Quebec	4.92¢	4.92¢
New Brunswick	4.42¢	4.42¢
Prince Edward Island	4.42¢	1.00¢
Nova Scotia	0.94¢	0.94¢
Newfoundland and Labrador	4.42¢	0.42¢

Tax on Tax

Canadian governments will collect \$1.9 billion in tax on tax on gasoline and diesel sales this year.

Every time you buy gasoline you pay GST/HST on the per-litre taxes. The sales tax charge is calculated after all the per-litre taxes are added. Those taxes include the carbon tax, federal excise tax, provincial excise tax, and transit taxes.

With rising carbon taxes this will get even worse.

Tax on tax costs the average Canadian driver an extra 3.4 ¢/litre.

Gas Tax on Tax Per Litre	
Province/City	Tax on Tax
British Columbia	1.7¢
Vancouver	2.2¢
Victoria	1.9¢
Alberta	1.5¢
Saskatchewan	1.5¢
Manitoba	1.4¢
Ontario	3.8¢
Quebec	5.1¢
Montreal	5.6¢
New Brunswick	4.5¢
Prince Edward Island	3.6¢
Nova Scotia	4.0¢
Newfoundland and Labrador	4.6¢
Canada	3.4¢

Gas and Diesel Tax on Tax Collected			
Province/City	Provincial	Federal	Total
British Columbia	-	\$131,500,000	\$131,500,000
Alberta	-	\$142,900,000	\$142,900,000
Saskatchewan	-	\$42,900,000	\$42,900,000
Manitoba	-	\$32,200,000	\$32,200,000
Ontario	\$491,700,000	\$307,300,000	\$799,000,000
Quebec	\$397,600,000	\$200,200,000	\$597,800,000
New Brunswick	\$48,400,000	\$24,100,000	\$72,500,000
Prince Edward Island	\$6,300,000	\$3,100,000	\$9,400,000
Nova Scotia	\$41,500,000	\$20,700,000	\$62,200,000
Newfoundland and Labrador	\$32,000,000	\$15,900,000	\$47,900,000
Canada	\$1,017,500,000	\$920,800,000	\$1,938,300,000

Tax Per Litre Breakdown

Taxes can account for up to 40% of the pump price. You won't see all the taxes on your receipt, but you may be paying up to six different taxes. This is the tax breakdown you won't see on your receipt.

Tax Per Litre of Gas								
Province/City	Provincial Excise Tax	Carbon Tax	Transit Tax	Provincial Sales Tax	Federal Excise Tax	Federal Sales Tax	Total Tax	Tax on Tax
British Columbia	14.5¢	8.9¢	-	-	10.0¢	6.8¢	40.1¢	1.7¢
Vancouver	8.5¢	8.9¢	17.0¢	-	10.0¢	8.0¢	52.4¢	2.2¢
Victoria	14.5¢	8.9¢	5.5¢	-	10.0¢	7.5¢	46.4¢	1.9¢
Alberta	13.0¢	6.7¢	-	-	10.0¢	5.8¢	35.5¢	1.5¢
Saskatchewan	15.0¢	4.4¢	-	-	10.0¢	6.0¢	35.4¢	1.5¢
Manitoba	14.0¢	4.4¢	-	-	10.0¢	6.0¢	34.4¢	1.4¢
Ontario	14.7¢	4.4¢	-	8.9¢	10.0¢	5.6¢	43.6¢	3.8¢
Quebec	19.2¢	4.9¢	-	11.2¢	10.0¢	5.6¢	51.0¢	5.1¢
Montreal	19.2¢	4.9¢	3.0¢	11.8¢	10.0¢	5.9¢	54.8¢	5.6¢
New Brunswick	15.5¢	4.4¢	-	11.4¢	10.0¢	5.7¢	47.0¢	4.5¢
Prince Edward Island	9.7¢	4.4¢	-	11.0¢	10.0¢	5.5¢	40.5¢	3.6¢
Nova Scotia	15.5¢	0.9¢	-	11.2¢	10.0¢	5.6¢	43.2¢	4.0¢
Newfoundland and Labrador	16.5¢	4.4¢	-	11.6¢	10.0¢	5.8¢	48.4¢	4.6¢

Tax Per Litre of Diesel								
Province/City	Provincial Excise Tax	Carbon Tax	Transit Tax	Provincial Sales Tax	Federal Excise Tax	Federal Sales Tax	Total Tax	Tax on Tax
British Columbia	15.0¢	10.2¢	-	-	4.0¢	6.2¢	35.4¢	1.5¢
Vancouver	9.0¢	10.2¢	17.0¢	-	4.0¢	6.6¢	46.8¢	2.0¢
Victoria	15.0¢	10.2¢	5.5¢	-	4.0¢	6.5¢	41.2¢	1.7¢
Alberta	13.0¢	8.0¢	-	-	4.0¢	5.9¢	30.9¢	1.3¢
Saskatchewan	15.0¢	5.4¢	-	-	4.0¢	5.9¢	30.3¢	1.2¢
Manitoba	14.0¢	5.4¢	-	-	4.0¢	5.9¢	29.3¢	1.2¢
Ontario	14.3¢	5.4¢	-	8.6¢	4.0¢	5.4¢	37.7¢	3.1¢
Quebec	20.2¢	6.3¢	-	11.2¢	4.0¢	5.6¢	47.3¢	4.6¢
Montreal	20.2¢	6.3¢	-	11.2¢	4.0¢	5.6¢	47.3¢	4.6¢
New Brunswick	21.5¢	5.4¢	-	11.8¢	4.0¢	5.9¢	48.6¢	4.6¢
Prince Edward Island	15.8¢	5.4¢	-	11.6¢	4.0¢	5.8¢	42.6¢	3.8¢
Nova Scotia	15.4¢	1.2¢	-	10.8¢	4.0¢	5.4¢	36.8¢	3.1¢
Newfoundland and Labrador	16.5¢	5.4¢	-	12.0¢	4.0¢	6.0¢	43.9¢	3.9¢

Tax per Fill-Up

No one buys just one litre of gas. The average tax for a 64 litre fill-up in Canada is almost \$28, including over \$2 in tax on tax.

Tax on a 64 Litre Gas Fill-Up								
Province/City	Provincial Excise Tax	Carbon Tax	Transit Tax	Provincial Sales Tax	Federal Excise Tax	Federal Sales Tax	Total Tax	Tax on Tax
British Columbia	\$9.28	\$5.69	\$0.00	\$0.00	\$6.40	\$4.33	\$25.70	\$1.07
Vancouver	\$5.44	\$5.69	\$10.88	\$0.00	\$6.40	\$5.10	\$33.51	\$1.42
Victoria	\$9.28	\$5.69	\$3.52	\$0.00	\$6.40	\$4.80	\$29.69	\$1.24
Alberta	\$8.32	\$4.31	\$0.00	\$0.00	\$6.40	\$3.69	\$22.72	\$0.95
Saskatchewan	\$9.60	\$2.83	\$0.00	\$0.00	\$6.40	\$3.87	\$22.70	\$0.94
Manitoba	\$8.96	\$2.83	\$0.00	\$0.00	\$6.40	\$3.81	\$22.00	\$0.91
Ontario	\$9.41	\$2.83	\$0.00	\$5.72	\$6.40	\$3.57	\$27.93	\$2.43
Quebec	\$12.29	\$3.15	\$0.00	\$7.19	\$6.40	\$3.60	\$32.63	\$3.27
Montreal	\$12.29	\$3.15	\$1.92	\$7.56	\$6.40	\$3.79	\$35.11	\$3.56
New Brunswick	\$9.92	\$2.83	\$0.00	\$7.26	\$6.40	\$3.64	\$30.05	\$2.87
Prince Edward Island	\$6.20	\$2.83	\$0.00	\$7.01	\$6.40	\$3.51	\$25.95	\$2.31
Nova Scotia	\$9.92	\$0.60	\$0.00	\$7.17	\$6.40	\$3.58	\$27.67	\$2.53
Newfoundland and Labrador	\$10.56	\$2.83	\$0.00	\$7.44	\$6.40	\$3.72	\$30.95	\$2.97

American Gas Taxes

Gas prices in the United States are lower than in Canada, because of both lower pre-tax gas prices and lower taxes. Taxes in border states range from 15 ¢/litre to 24 ¢/litre in Canadian dollars, while in Canada taxes range from 26 ¢/litre to 39 ¢/litre.

The taxes below are as reported in the State Gasoline Tax Reports produced by the American Petroleum Institute. The pump prices are state averages reported by AAA.

Border States Gasoline			
In Litres and Canadian Dollars			
State	Gas Price	Tax Per Litre	Percent Tax
Washington	100.7¢	17.2¢	17%
Idaho	98.4¢	15.0¢	15%
Montana	100.6¢	17.4¢	17%
North Dakota	105.6¢	22.7¢	21%
Minnesota	102.3¢	22.0¢	21%
Michigan	97.9¢	16.7¢	17%
New York	99.4¢	14.7¢	15%
Vermont	101.6¢	18.0¢	18%
New Hampshire	111.5¢	18.3¢	16%
Maine	125.6¢	24.1¢	19%

Methodology Notes

- Prices are based on Kent Marketing Services Limited's data for April 2019.
<http://charting.kentgrouppltd.com/>
- American tax rates are from the *April State Gasoline Tax Reports* produced by the American Petroleum Institute (API). American pump prices are as reported by *AAA*.