



WHO PAYS INCOME TAX?

SEPTEMBER 2017

MARK MILKE, PH.D.

For the Canadian Taxpayers Federation

Taxpayer.com

ABOUT THE CANADIAN TAXPAYERS FEDERATION



The Canadian Taxpayers Federation (CTF) 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 117,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (SK and MB), 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 four 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 2015-16 the CTF raised *\$4.7-million* on the strength of *29,102 donations*. Donations to the CTF are not deductible as a charitable contribution.

ABOUT MARK MILKE

Mark Milke, Ph.D. is the author of four books and dozens of think tank reports published in Canada, the United States and Europe. Mark's policy work has touched on everything from taxes, civil rights, and private property to airline competition, insurance, aboriginal policy, government monopolies and the folly of crony capitalism. His first book was described by a *Vancouver Sun* editor as "written with style and wit, a must for the thoughtful, and a stimulus for the forgetful." Toronto Star columnist Carol Goar describes Mark as a "skilled researcher who uncovers information governments would prefer to keep hidden."

An independent policy analyst, Mark has been interviewed by the *New York Times* and *Wall Street Journal* and all major Canadian media. Mark is the president of the Sir Winston Churchill Society of Calgary and past chairman of the editorial board of the online magazine *C2C Journal*.

Mark's doctorate is from the University of Calgary. Mark lives in Calgary and beyond his data-driven work and historical accounts Mark is an active hiker, skier and runner with an interest in architecture, photography, cities, and history.

SUMMARY*

Taxes in Canada were lower in the 1970s as a percentage of GDP

In the most recent year for which data is available, all taxes and non-tax receipts amounted to 38.6% of GDP. Thus, the overall tax burden for Canadians was higher than even in the 1970s when the tax-to-GDP ratio ranged from 35.2% to 38.1% of GDP, a decade when Pierre Trudeau was (mostly) in power and known for his higher taxing preferences.

One-third of tax filers pay no income tax

In the latest year for which CRA data is available, 27.5 million people filed a tax return. Of that, over 9.1 million people or one-third of all filers paid no federal income tax that year. Thus 18.4 million tax filers paid all federal and provincial income tax.

In Quebec, where the province collects its own provincial income tax, of almost 6.5 million filers in (the latest year for which Quebec data is available) 2.4 million tax filers, or 37%, paid no provincial income tax.

Who pays most of the income tax? Not those under \$50,000

Of those Canadians who do file a return (taxable and non-taxable) almost 87% of the federal income tax is paid by those who earn \$50,000 or more; almost 88% of provincial income tax is paid by those who earn \$50,000 or more.

As for wealthier Canadians, defined here as those with incomes over \$100,000, such tax filers accounted for 8.4% of all tax forms filed, 33.2% of all taxable income, and 51.8% of all federal income tax paid and 54.5% of all provincial income tax paid.

As one would expect in a tax system where basic personal exemptions and multiple tax brackets shield lower income earners from paying income tax, Canada's tax burden is thus borne by middle-income and high-income earners. They pay the vast majority of all income taxes. Any notion that middle-class and wealthier Canadians do not pay their "fair share" is incorrect. They pay most of the income tax.

Want lower taxes on the poor and middle class? Attract the rich

A surprise is in store for those provinces that are relentless in their pursuit of higher taxes—Atlantic Canada and Quebec in particular: The poorer provinces rely heavily on taxing the poor for provincial income tax revenue. That's because, relative to other provinces, they have fewer wealthy taxpayers to share the burden.

For example, in 2014 in Atlantic Canada, those who earned less than \$50,000 faced a relatively high share of the total provincial income tax burden: Newfoundland and Labrador (17.2%); Prince Edward Island (30.3%); Nova Scotia (21.1%); New Brunswick (23.8%). Similarly high was Manitoba, where the figure was 21.6%.

In contrast, the provincial tax burden portion was substantially less for those with incomes of \$50,000 or less in: British Columbia (where 12.1% of all provincial income tax was paid by this cohort), Alberta (7.6%), Saskatchewan (11.4%) and Ontario (11.6%).

*Note that data in this study is based on the latest tax data available at the time of writing: Finance Canada data on general revenues as a percentage of GDP (2015 data); CRA tax data by income cohort (2014), and Quebec tax data (2013). Note that due to rounding of percentages, not all totalled percentages will add exactly to 100%.

INTRODUCTION AND PURPOSE OF THIS REVIEW

In recent years some have claimed Canadians are undertaxed. From the Occupy Wall Street movement to selected academics, politicians and others, some argue that taxes should be raised, either on specific cohorts (i.e., the “rich”) or on everyone. In some instances, such tax increases have already occurred at the provincial level including in: British Columbia, Alberta, Manitoba, Ontario and in the Maritimes. Depending on the province, governments have increased income, sales or business taxes or all of the foregoing.

This report will focus on one aspect of taxation in Canada: taxes on personal income.¹ It will do so with the sole purpose of illustrating the reality of such taxation and how the existing burden is apportioned. In specific and for much of the analysis, it will illustrate how much tax is paid and by whom. Taxpayers are divided into five cohorts to clearly illustrate the income tax burden.

The five groups of taxpayers are sorted by taxable income: Under \$50,000; \$50,000 to \$99,999; \$100,000 to \$149,999; \$150,000 to \$249,999; and above \$250,000. The data for this review is drawn mostly from the Canadian Revenue Agency’s annual compilation of tax data. Also, as Quebec collects its own provincial income tax directly, the CRA data for the nine provinces was supplemented by parallel Quebec data for that province’s taxpayers.

Context: Canada’s overall tax burden higher now than in the 1970s under Pierre Trudeau

First, some overall context: When all levels of government (federal, provincial, municipal and other) are considered, and all taxes and non-tax receipts (i.e., employment insurance contributions, fees and other) are accounted for, the tax burden for Canadians in 2015 stood at 38.6% of GDP (Figure 1).

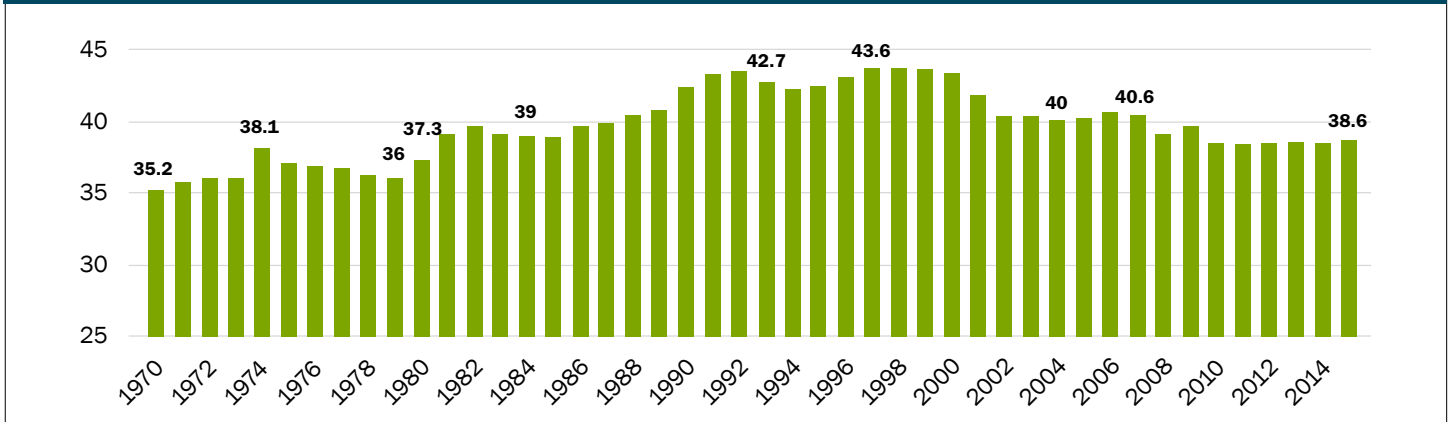
The tax burden in 2015 was thus higher than every year in the 1970s when the range was between 35.2% and 38.1% of GDP.

Since the 1970s, with the exception of 1980, the overall tax burden for Canadians has been higher in every year and in every decade relative to the lower-taxed 1970s.

It is critical to place some caveats around such comparisons. The taxes-GDP calculation is affected not only by whether the federal, provincial or municipal governments raise taxes but the strength of the Canadian economy. A “booming” economy will shrink the measurement of taxes (and fees) relative to GDP and governments may have even raised taxes during such periods but which is not obvious given a growing economy. Likewise, an economy in recession will make it look as if governments have suddenly raised taxes.

In any event, the figures do illustrate this point: For those who assert governments “must” raise taxes they unwittingly or intentionally assert that at 38.6% of GDP (as of 2015), Canadian governments cannot make do with the municipal, provincial and federal tax levels that are yet higher than during much of the 1970s —back when, at the federal level, a highly interventionist prime minister with a preference for higher taxes was in power.

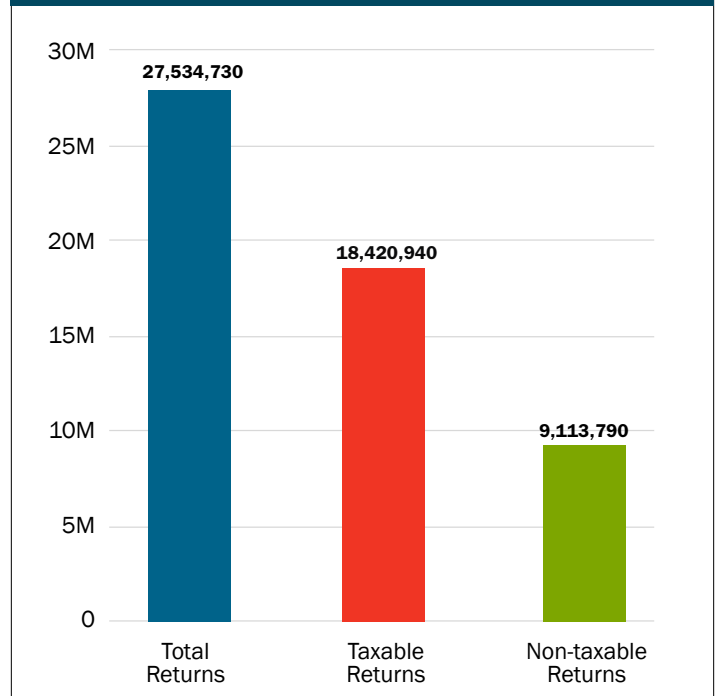
¹ Readers should note that the most recent data available to the author at the time of writing was Finance department data for taxes as a percentage of the economy dates from 2015; the most recent CRA income tax data is for the filing year 2014 while the most recent year for similar Quebec data is 2013.

Figure 1: Canada: General Government Total Tax and Non-Tax Receipts (% of GDP)

Source: Fiscal Reference Tables 2014 and 2016, Table 51

Who pays income tax? Recent data

With that context, consider the tax facts courtesy of the most recent data available. In 2014, over 27.5 million people filed a tax return. Of that, over 9.1 million people paid no income tax at all. That means 18.4 million tax filers paid all the federal and provincial income tax that year (Figure 2) while one-third of filers paid zero.² In Quebec, where the province collects its own provincial income tax, of almost 6.5 million filers in 2013, 2.4 million tax filers or 37%, paid no provincial income tax.

Figure 2: Tax Returns Filed, 2014*

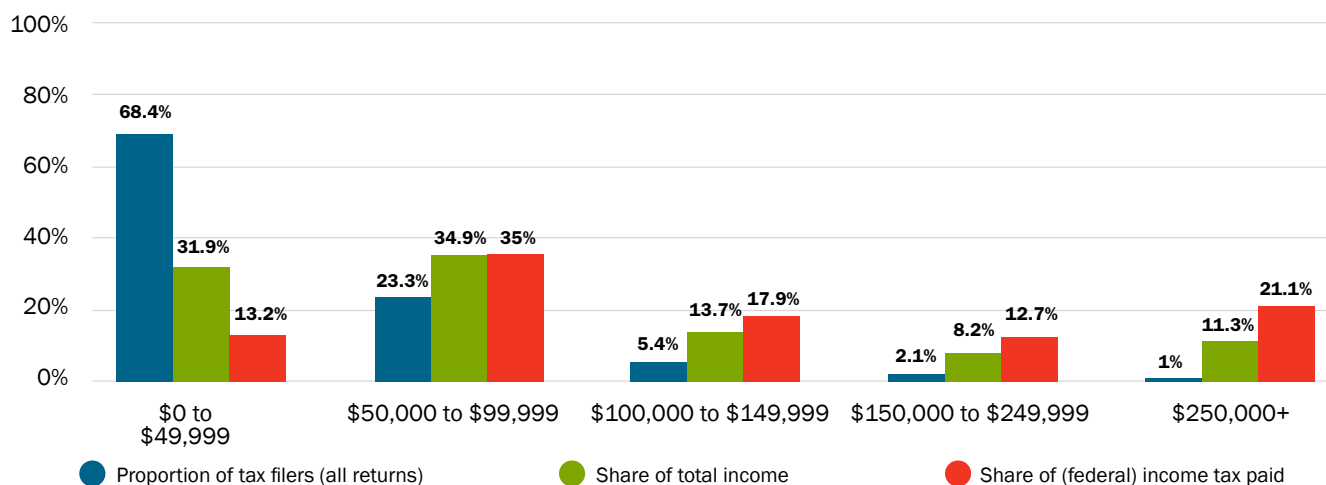
*Includes federal and provincial income tax; note this chart excludes Quebec provincial income tax numbers but would reflect federal income taxes paid in that province.

Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

² Note that the CRA data includes federal income tax filings from Quebec residents and thus the 17.7 million and the 6.4 million Quebec filers cannot be combined with federal filers as that would, in most cases, double-count the number of tax filers. Unlike other provinces, Quebec residents file two tax returns, one federal and one provincial. In other provinces, taxpayers file one albeit with the provincial taxes calculated separately. However, that federal/provincial tax return for the nine provinces has a standard definition of taxable income.

Earn less than \$50,000? You're not paying much for government

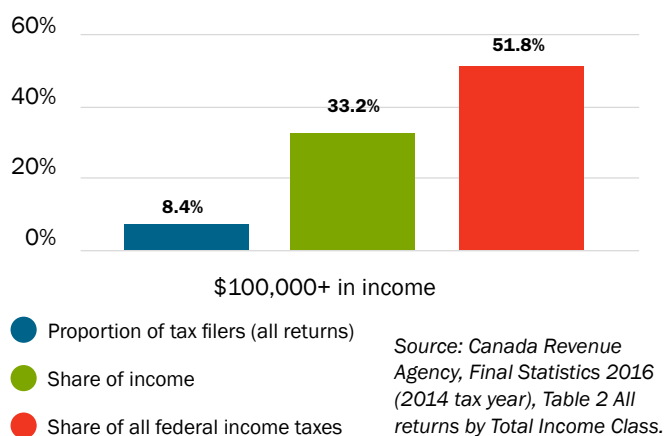
Figure 3a: Proportion of filers, Income and Federal Income Tax Paid by Cohort
(All returns, 2014)



Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

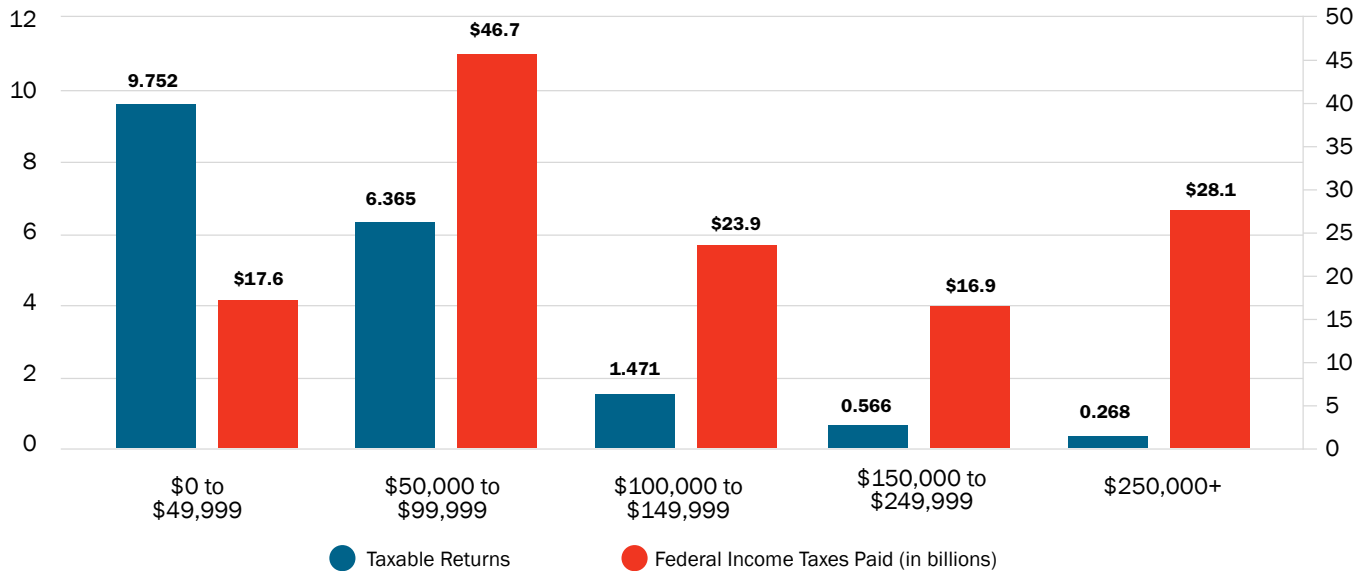
Six-figure incomes pay over half of all federal income tax

Figure 3b: \$100,000+ Incomes: Share of Tax Filings, Income, and Federal Income Taxes Paid (All returns, 2014)



Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

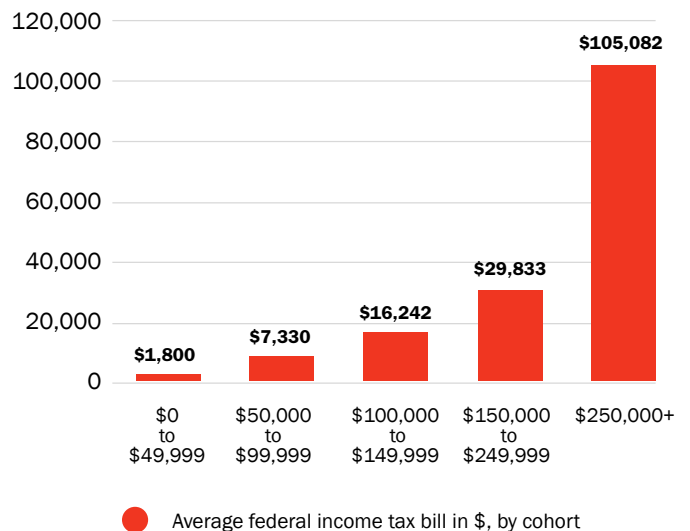
As Figure 3b demonstrates, in 2014, when all cohorts over \$100,000 are combined, it turns out those tax filers accounted for 8.4% of all tax forms filed, 33.2% of all income, and 51.8% of all federal income tax paid.

Federal income tax: Which millions of taxpayers pay how many billions?**Figure 3c: Who Pays Federal Income Taxes? Millions Paying and Billions Paid**
(Taxable returns, 2014)

Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

Of those *who paid* federal income tax in 2014, about 9.8 million people (those with taxable income less than \$50,000) paid \$17.6 billion in federal income tax. Roughly 6.4 million people (those with incomes between \$50,000 and \$99,999) paid \$46.7 billion in federal income tax.

Those who earned between \$100,000 and \$149,999 (1.5 million tax filers) paid \$23.9 billion in federal income tax; 566,000 Canadians who earned between \$150,000 and \$249,999 paid \$16.9 billion. Lastly, 268,000 tax filers whose incomes were above \$250,000 paid \$28.1 billion in federal income tax.

Figure 3d: Average Federal Income Tax Bill, in \$ (Taxable returns, 2014)

Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.
 **Calculations of averages based on taxable returns only.

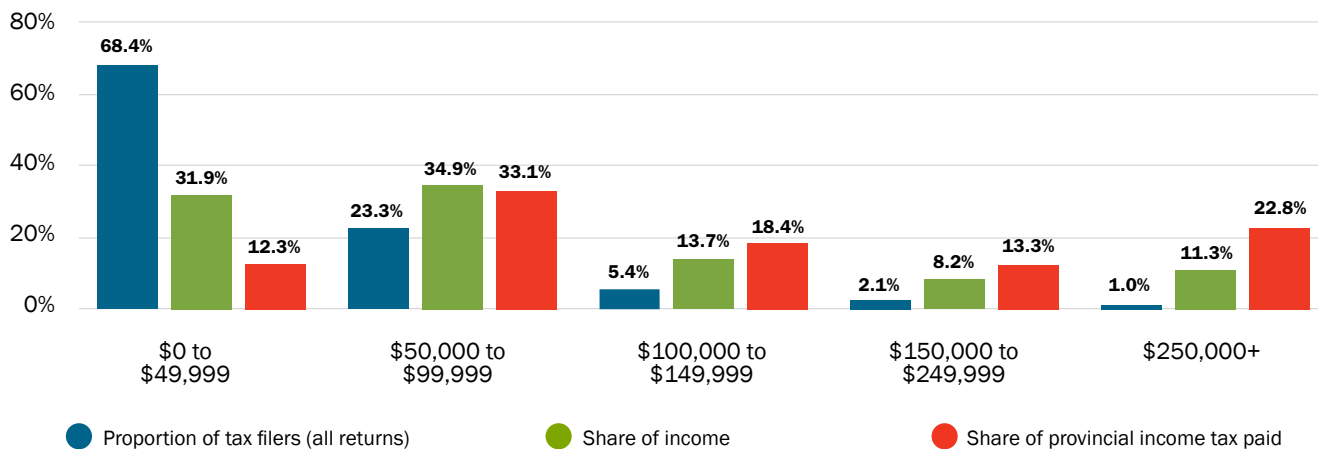
One would expect such ratios in a system where a basic personal exemption from personal income tax exists (and which also helps³ exclude almost nine million tax filers from any income tax).

from \$1,800 for those under \$50,000 in income to \$105,082 for those earning \$250,000 or more. While averages, they illustrate which cohort pays federal income tax and to what degree vis-à-vis others.

Thus, broken down by an average and by cohort, Figure 3d illustrates the average federal income tax bill in each cohort for those who were paying income tax.⁴ The average bill ranges

In the provinces: Earn over \$50,000 and pay nearly 88% of provincial income tax

Figure 4a: Proportion of filers, Income and Provincial Income Tax Paid* (All returns, 2014)



*Calculations exclude Quebec figures as Quebec collects its own provincial income tax.

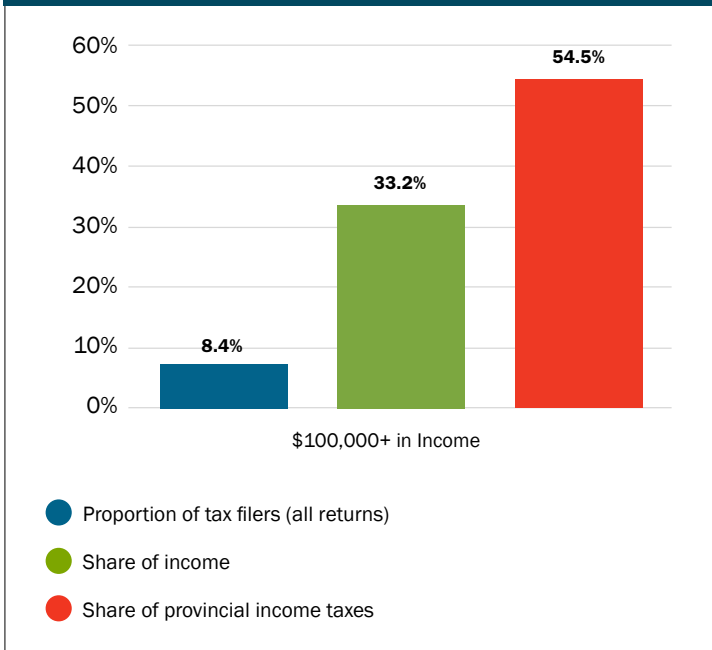
Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

**Calculations of averages based on taxable returns only.

³ The word “helps” exclude is important to understand. The Basic Personal Exemption is only one reason some may not pay any income tax in a given year. For example, the federal BPE in 2014 was \$11,138. If a tax filer had not used RRSP room for years and in 2014 earned \$50,000 but claimed an RRSP deduction of \$40,000, that filer would not pay any income tax. The combination of the BPE and RRSP deduction would lead to that tax filer being included in the non-taxable returns category.

⁴ Note that in figures 3c and 3d, the calculations are made using taxable returns only. The reason for this is straightforward: Non-taxable returns do not, obviously, pay income tax. Thus a calculation on the average tax bill by cohort should not include those who do not pay tax.

Figure 4b: \$100,000+ Incomes
Share of Tax Filings, Income, and Provincial
Income Taxes Paid (All returns, 2014)



The proportion of provincial income tax paid by those with earnings over \$50,000 mostly mimics the federal figures: 87.7% of provincial personal income tax is paid by those whose incomes are over \$50,000.

In 2014, those whose income was less than \$50,000 (68.4% of all tax filers) paid just 12.3% of all provincial income taxes. On the opposite side of the income spectrum, those with earnings above \$250,000 accounted for 1.0% of all tax filers, 11.3% of all income and 22.8% of all provincial income taxes paid (Figure 4a).

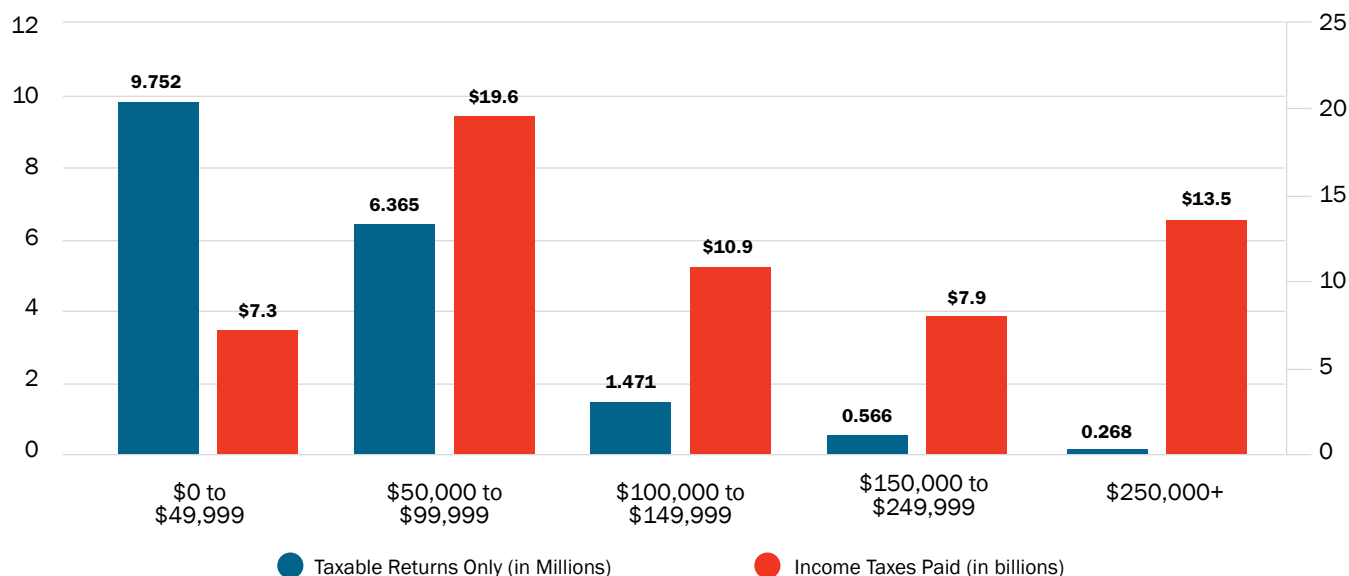
Also, as Figure 4b demonstrates, in combining all cohorts over \$100,000, such tax filers account for 8.4% of all filers, 33.2% of all income, and 54.5% of all provincial income tax paid in 2014.

◀ *Calculations exclude Quebec figures as Quebec collects its own provincial income tax.

Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

Provincial income tax: Which millions pay which how many billions?

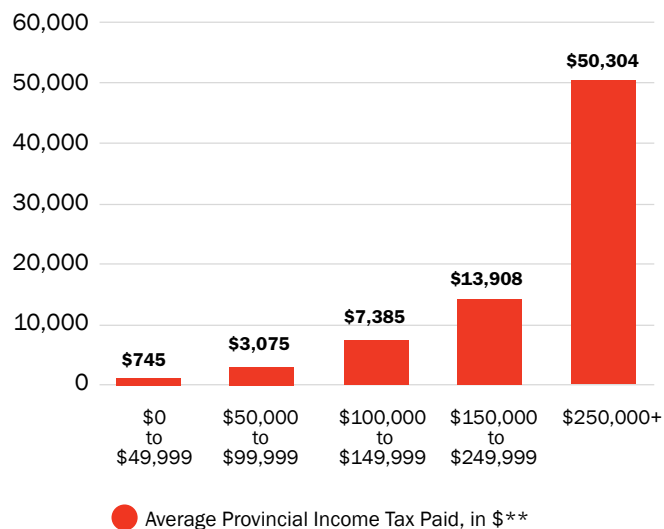
Figure 4c: Who Pays Provincial Income Taxes?* Millions Paying and Billions Paid
(Nine-provinces, taxable returns only, 2014)



*Calculations exclude Quebec figures as Quebec collects its own provincial income tax.

Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

Figure 4d: Average Provincial Income Tax Bill*
(Nine-provinces, taxable returns only, 2014)**



*Calculations exclude Quebec figures as Quebec collects its own provincial income tax.

Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

**Calculations of averages based on taxable returns only.

With a look at provincial income tax payments in 2014, those with income less than \$50,000 (Quebec is excluded and is profiled separately), 9.8 million people paid \$7.3 billion in provincial income tax. Another 6.4 million people, those with incomes between \$50,000 and \$99,999, paid \$19.6 billion.

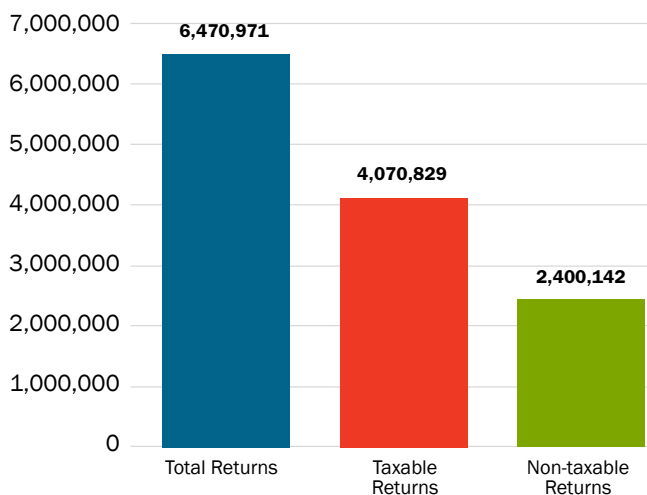
For those who earned between \$100,000 and \$149,999, 1.5 million tax filers delivered \$10.9 billion to provincial treasuries through their income tax payments; 566,000 Canadians who earned between \$150,000 and \$249,999 paid nearly \$7.9 billion. Lastly, 268,000 tax filers whose incomes were above \$250,000 paid \$13.5 billion in provincial income tax.

One would expect such ratios in a system where a basic personal exemption from tax exists. The exact proportion though will vary by province, as the reader will see in further data in figures 7a to 7j.

Thus, broken down as an average and by cohort: the average provincial income tax bill in each cohort, ranged from \$745 for those with incomes under \$50,000, and \$50,304 for those earning \$250,000 and above. Again, these are averages: they illustrate which cohorts pay provincial income tax and in what amounts.⁵

Quebec: Steeply “progressive”

Figure 5: Quebec Tax Returns Filed, 2013



Source: Statistiques Fiscale Des Particuliers, Année D' Imposition 2013

Federally, 33% of tax filers pay no federal income tax; in Quebec, for provincial filers for provincial income tax, that figure is 37%.

Quebec, with some of the most steeply “progressive” income tax rates in the country may very well have encouraged high-income earners from settling in that province. The result is that the rest of the population shoulders more of the income tax burden, usually middle and (the remaining) high-income taxpayers.

Under \$50,000

- In other provinces, those under \$50,000 (68.4% of all filers) pay 12.3% of provincial income taxes (Figure 4a).
- In Quebec, those earning under \$50,000 (73.2% of taxable filers) pay just 3.1% of the provincial income tax burden (Figure 6a).

Between \$50,000 and \$99,999

- In other provinces, those between \$50,000 and \$99,999 (23.3% of all filers) pay 33.1% of provincial income taxes (Figure 4a).
- In Quebec, those between \$50,000 and \$99,999 represent a smaller portion of tax filers (21.2% of all filers) but pay a higher share, 48.5%, of provincial income taxes (Figure 6a).

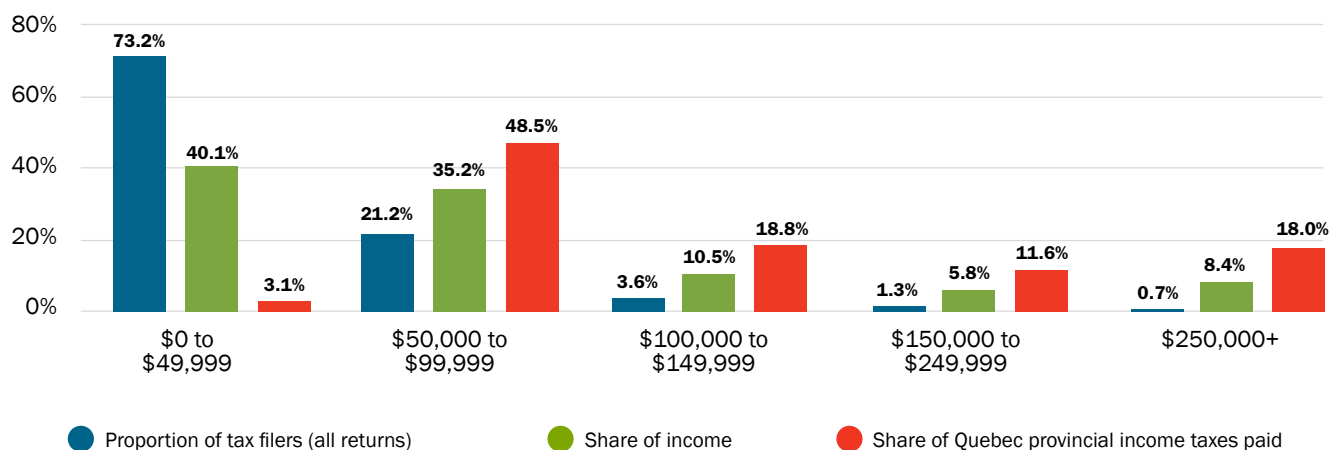
\$100,000+

- In other provinces, those with six-figure incomes, i.e., \$100,000+ (8.4% of all filers) pay 54.5% of provincial income taxes (Figure 4b).
- In Quebec, those with six-figure incomes represent a smaller portion of tax filers (5.6% of all filers) and pay 48.4%, of provincial income taxes (Figure 6b).

Expressed differently, if the provincial tax burden in Quebec is to be lessened on the middle class (defined here as between \$50,000 and \$99,999 in income) and without a rise in other taxes on other cohorts, low or high, Quebec needs many more higher income earners.

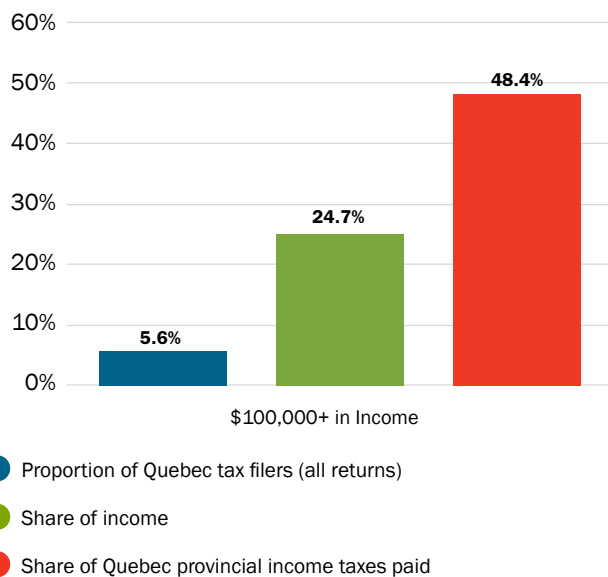
⁵ Note that in figures 4c and dd, the calculations are made using taxable returns only. The reason for this is straightforward: Non-taxable returns do not, obviously, pay income tax. Thus a calculation on the average tax bill by cohort should not include those who do not pay tax.

Figure 6a: Proportion of filers, Income and Quebec Provincial Income Tax Paid
(All returns, 2013)



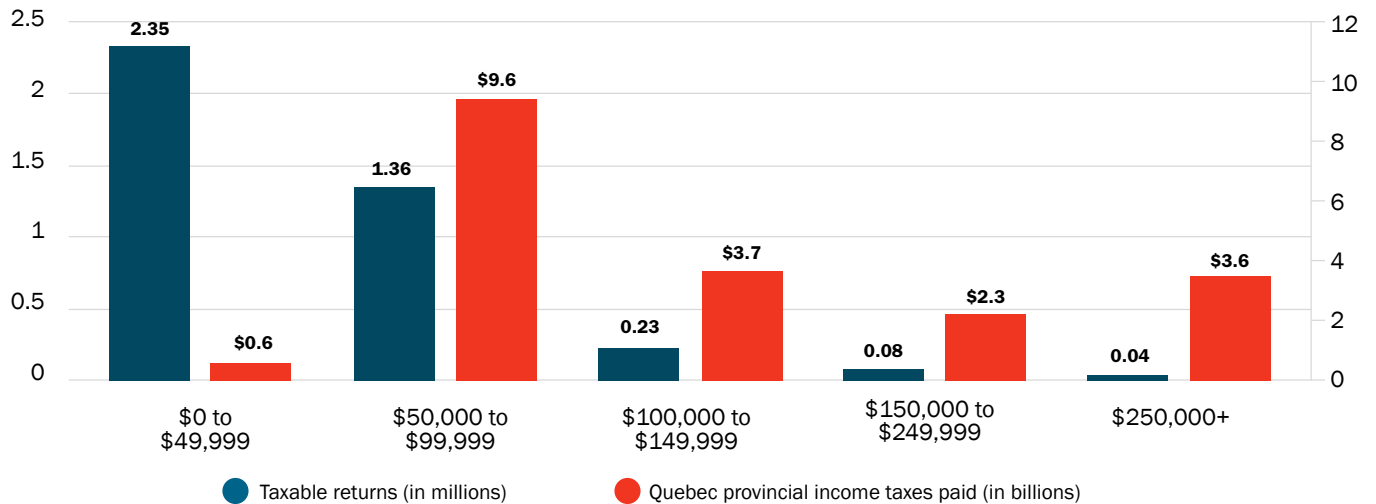
Source: Statistiques Fiscale Des Particuliers, Année D' Imposition 2013

Figure 6b: \$100,000+ Incomes in Quebec
Share of Tax Filings, Income, and Provincial
Income Taxes Paid (All returns, 2013)



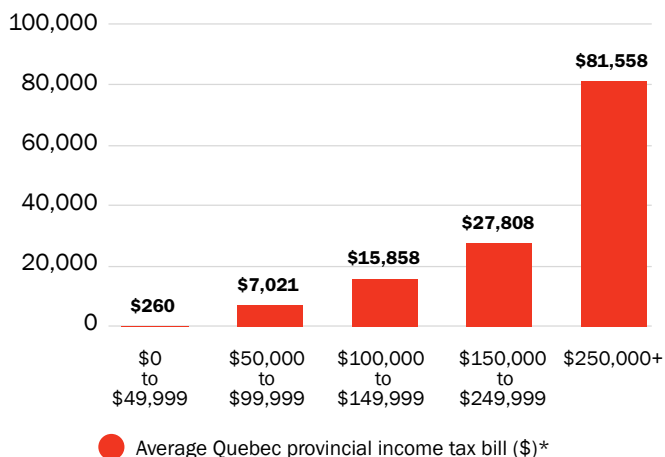
Source: Statistiques Fiscale
Des Particuliers, Année D' Imposition 2013

Figure 6c: Who Pays Quebec's Provincial Income Taxes?
Millions Paying and Billions Paid



Source: Statistiques Fiscale Des Particuliers, Année D' Imposition 2013

Figure 6d: Average Quebec Provincial Income Tax Bill* (Taxable returns, 2013)



Source: Statistiques Fiscale Des Particuliers, Année D' Imposition 2013
*Calculations of averages based on taxable returns only.

In poorer provinces, the poor and middle class shoulder a larger proportion of the income tax burden

Here, the ten provinces are each detailed by the five cohorts earlier noted for federal income tax: Those whose income is: under \$50,000; \$50,000 to \$99,999; \$100,000 to \$149,999; \$150,000 to \$249,999; \$250,000 and over.

Each province will not be commented on in detail. Instead, some observations from the data (Figures 7a to 7j):

- Some less prosperous provinces⁶ rely heavily on taxing the poor for provincial income tax revenue. For example, in 2014 in Atlantic Canada, those earning less than \$50,000 paid a large proportion of the total provincial income tax burden: Newfoundland and Labrador (17.2%); Prince Edward Island (30.3%); Nova Scotia (21.1%); New Brunswick (23.8%). Similar to Atlantic Canada was Manitoba with a figure of 21.6%.

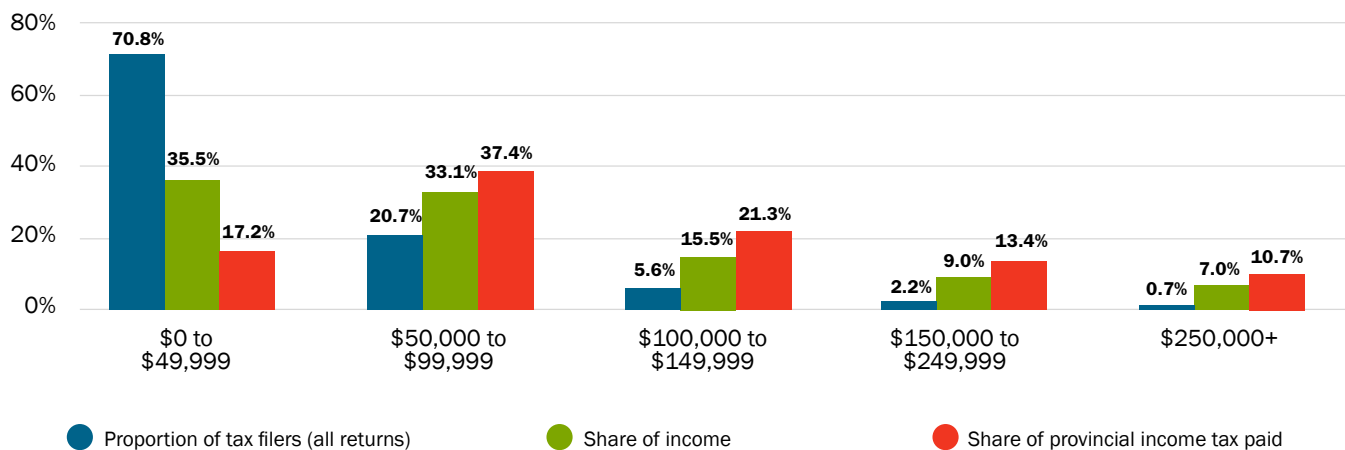
⁶ I define "less prosperous" using income per capita data. See Statistics Canada, CANSIM Table 384-0039.

- In contrast, the share of the provincial tax burden for those under \$50,000 in income was substantially less in British Columbia (12.1%), Alberta (7.6%), Saskatchewan (11.4%) and Ontario 11.6%).
- For those who earn less than \$50,000, Quebec is the anomaly here at 3.1% of the total provincial tax burden but that is because the “middle class” in Quebec (\$50,000 to \$99,999) make up a larger share of the tax burden in that province in comparison. Quebec’s wealthy are also relatively few in number.
- Some provinces also rely heavily on taxing middle-income earners for provincial income tax revenue relative to richer provinces. For example, in 2014 those earning between \$50,000 and \$99,999 faced the following proportion of

all provincial income tax paid: Newfoundland and Labrador (37.4%); Prince Edward Island (42.6%); Nova Scotia (43.3%); New Brunswick (43.5%). In Manitoba, the figure was 40.9% and in Quebec the figure was 48.5%. Thus in Quebec, the province derives nearly half its income tax revenue from those one might term “middle class.”

In contrast, in 2014, the share of the provincial income tax burden for those with incomes of between \$50,000 and \$99,999 was substantially smaller in Saskatchewan (39.6%), British Columbia (32.6%), Ontario (31.6%) and Alberta (30.6%).

Figure 7a: Who pays provincial income taxes in Newfoundland and Labrador?
(By income cohort, 2014)



Source: Statistiques Fiscale Des Particuliers, Année D' Imposition 2013

Figure 7b: Who pays provincial income taxes in Prince Edward Island?
(By income cohort, 2014)

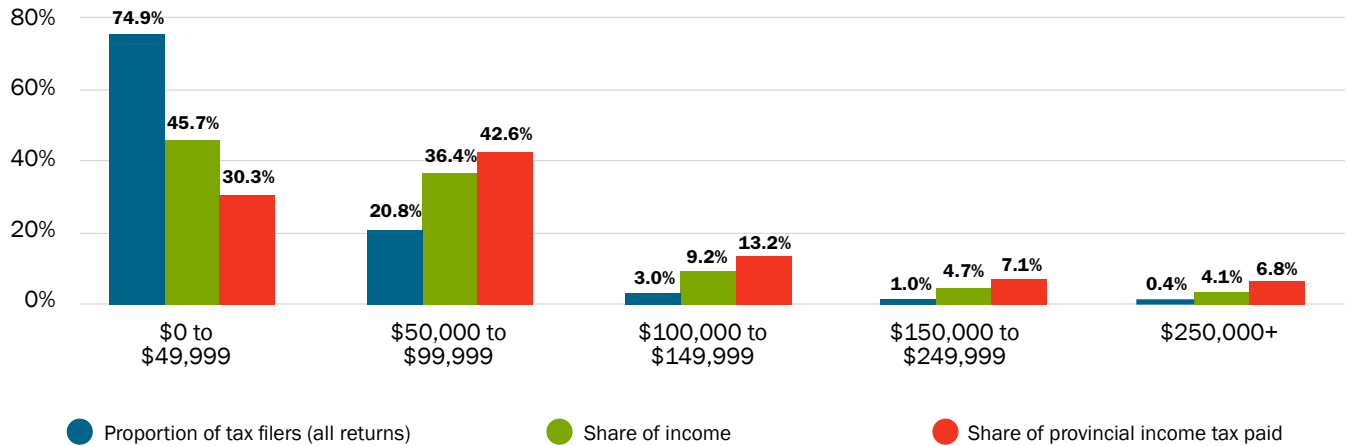


Figure 7c: Who pays provincial income taxes in Nova Scotia?
(By income cohort, 2014)

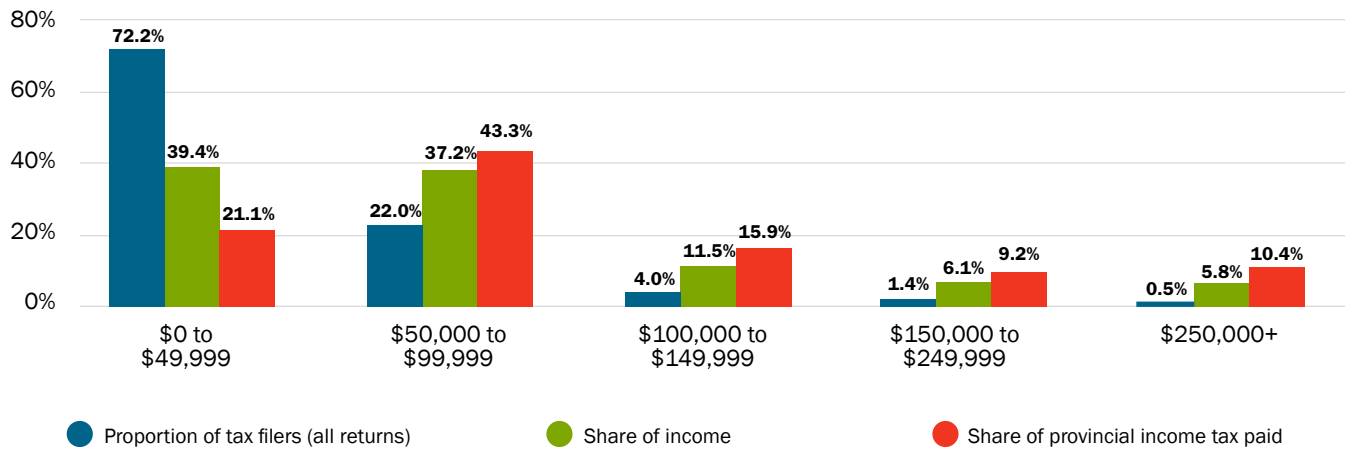


Figure 7d: Who pays provincial income taxes in New Brunswick?
(By income cohort, 2014)

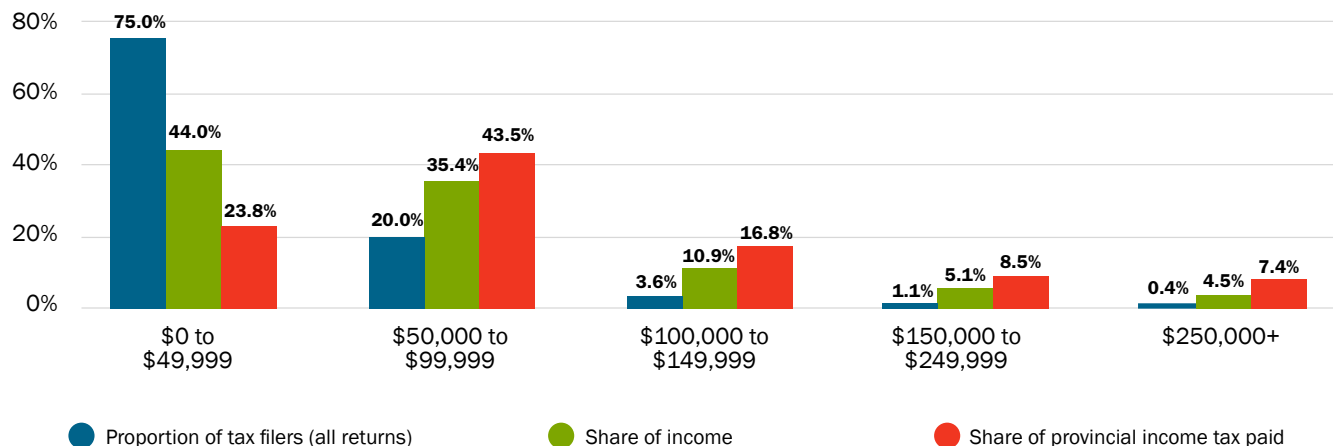


Figure 7e: Who pays provincial income taxes in Quebec?
(By income cohort, 2014)

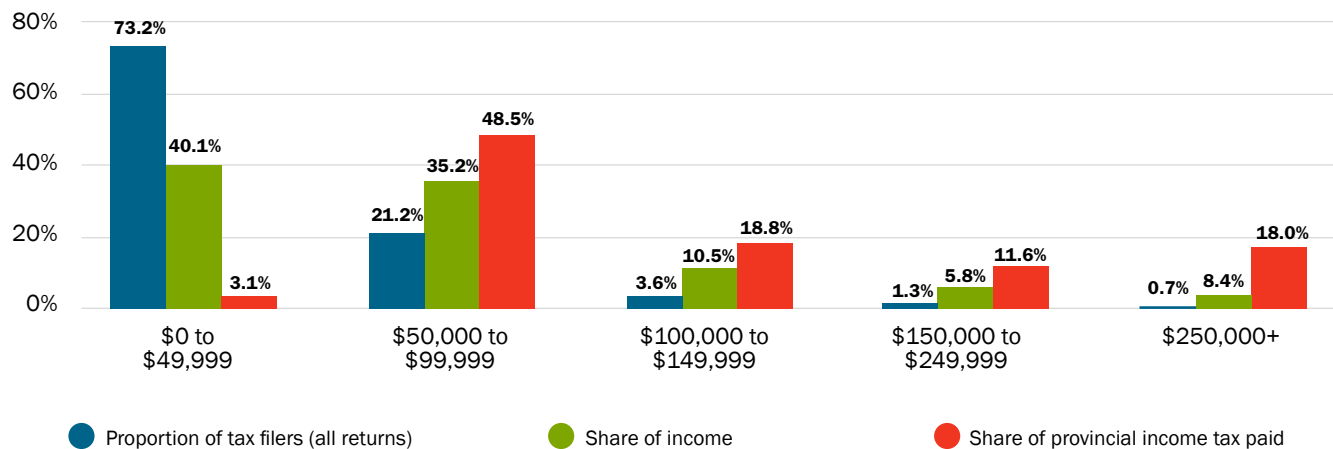


Figure 7f: Who pays provincial income taxes in Ontario?
(By income cohort, 2014)

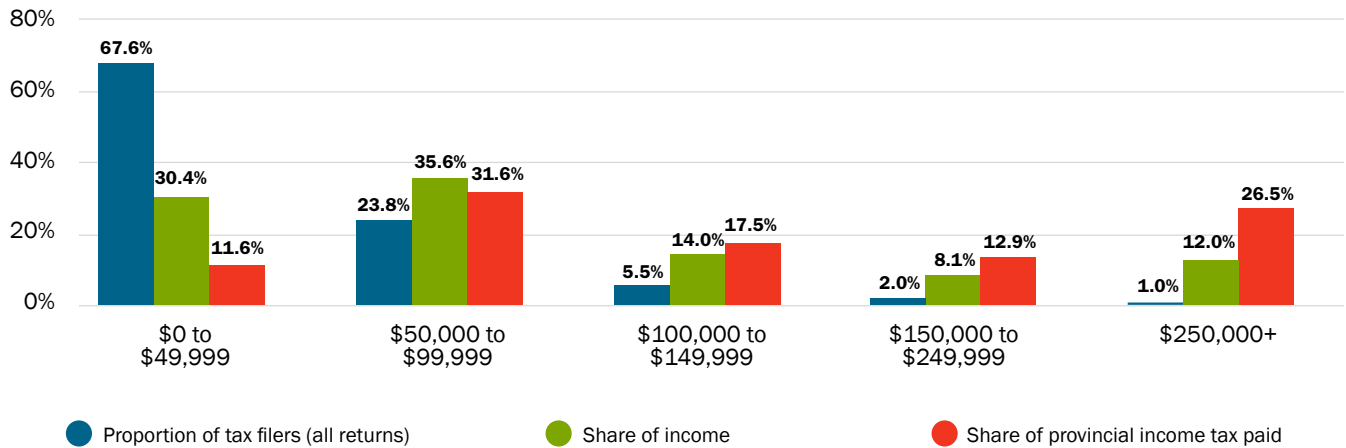


Figure 7g: Who pays provincial income taxes in Manitoba
(By income cohort, 2014)

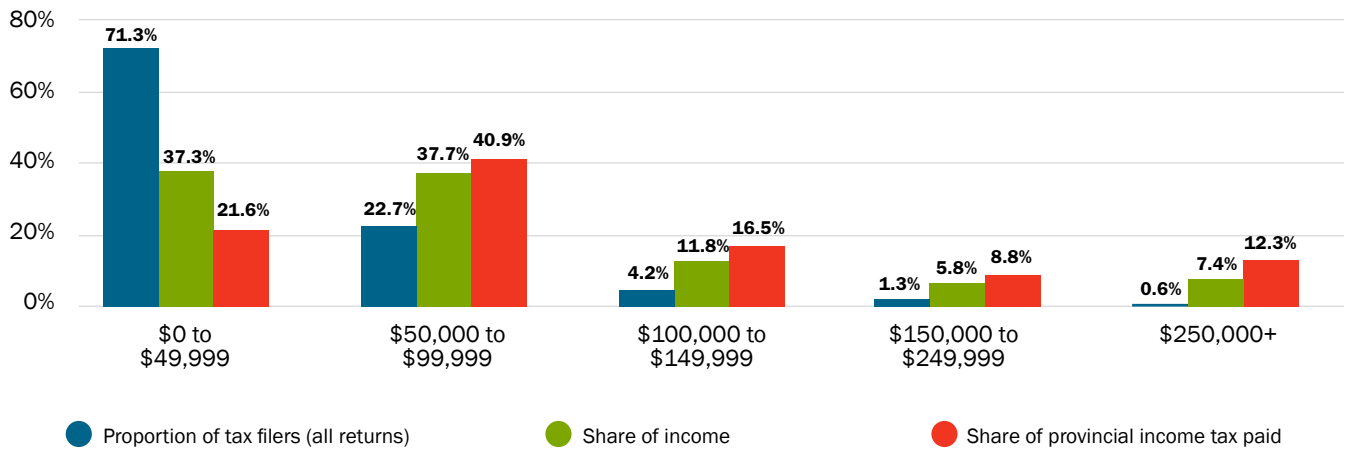


Figure 7h: Who pays provincial income taxes in Saskatchewan
(By income cohort, 2014)

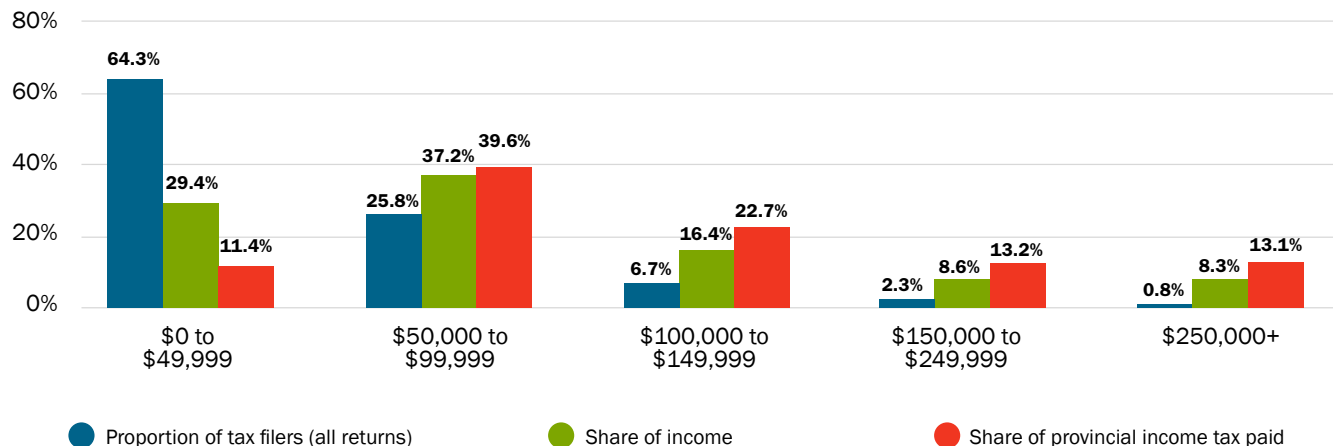


Figure 7i: Who pays provincial income taxes in Alberta
(By income cohort, 2014)

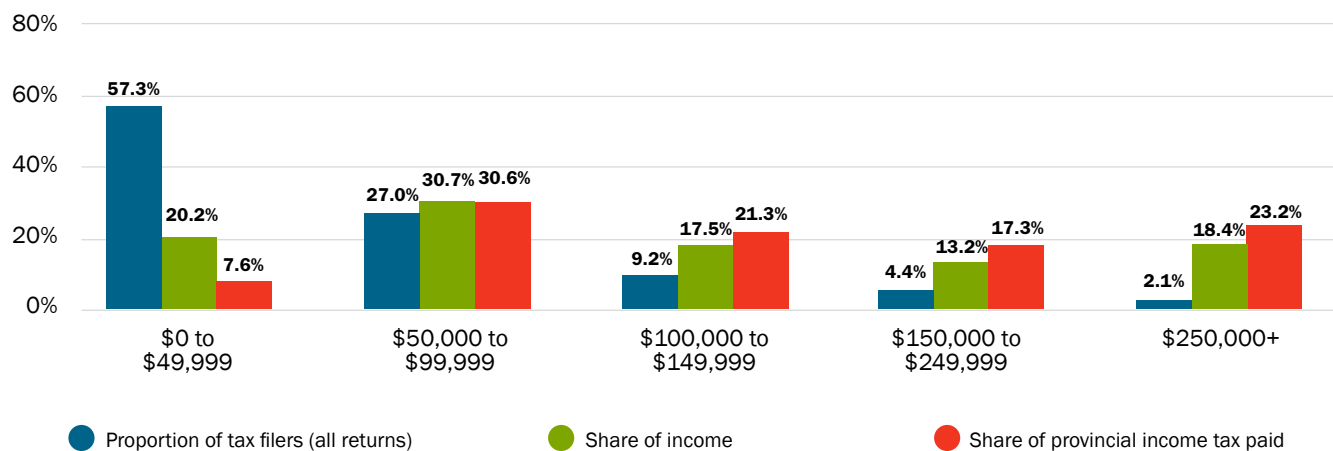
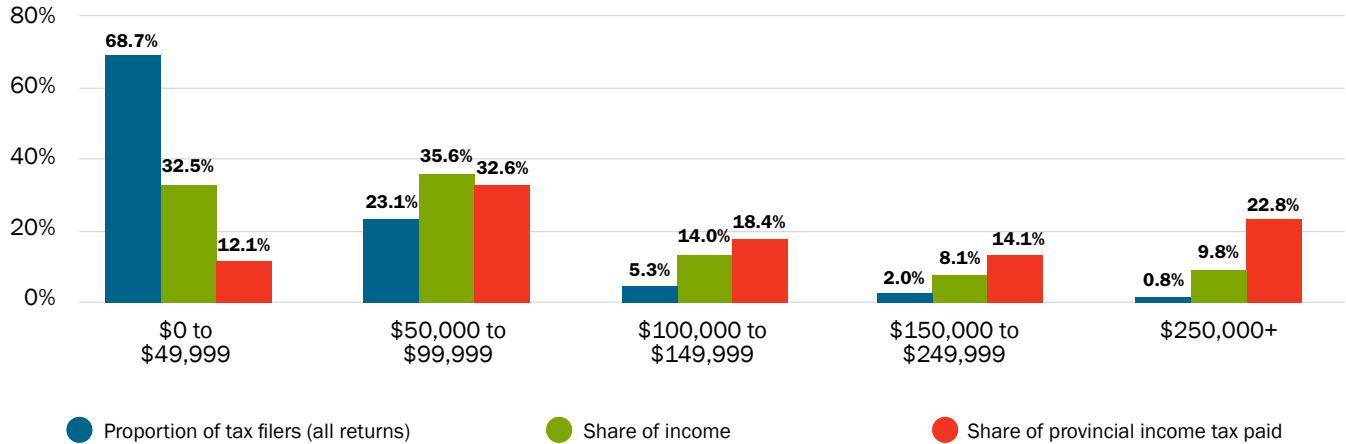
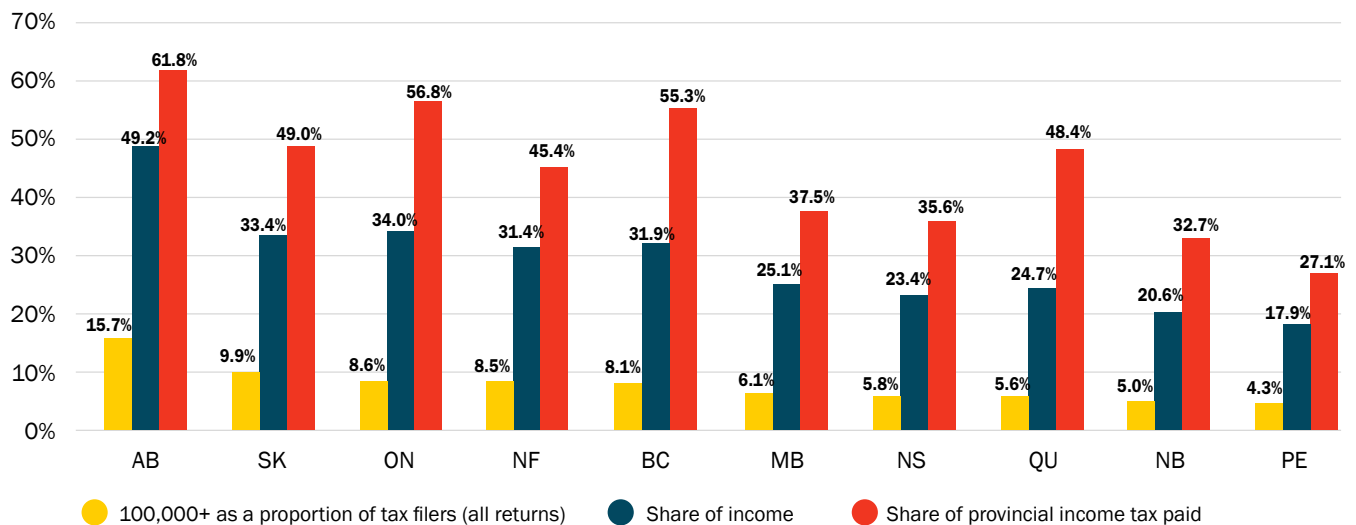


Figure 7j: Who pays provincial income taxes in British Columbia
(By income cohort, 2014)



Want a gentler tax burden on lower and middle-class incomes? Attract the rich.

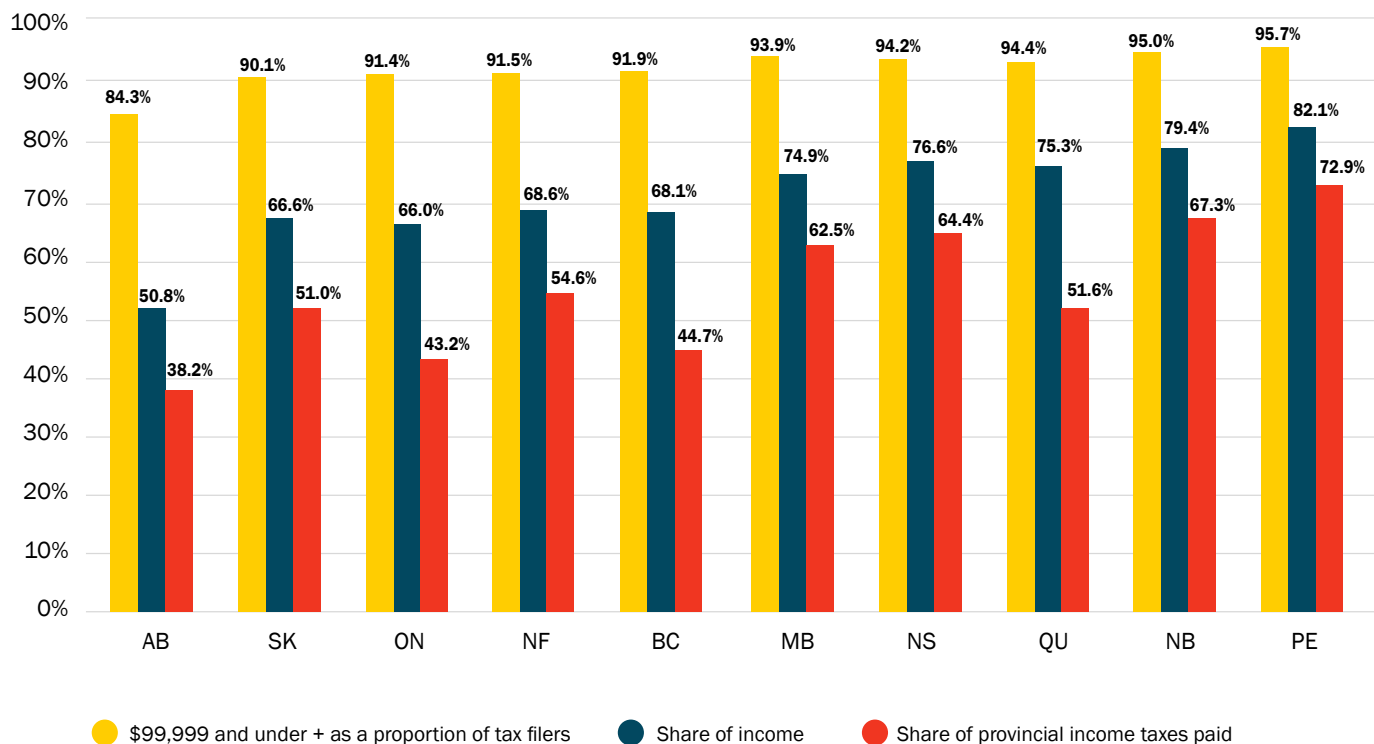
Figure 8a: Six Figure Incomes (\$100,000+)
Who pays provincial income taxes? A Comparison



Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

⁷ Justin Gionavatti. 2015. 'NDP tax hikes spell the end of traditional 'Alberta Advantage' Globe and Mail. <<http://www.theglobeandmail.com/news/alberta/ndp-tax-hikes-will-spell-the-end-of-traditional-alberta-advantage/article25048010/>> accessed August 21, 2015.

**Figure 8b: \$99,999 and Below
Who Pays Provincial Income Taxes? A Comparison**



Source: Canada Revenue Agency, Final Statistics 2016 (2014 tax year), Table 2 All returns by Total Income Class.

Lastly, as a provincial comparison between provinces demonstrates, it is easier to levy lower taxes overall if a province has plenty of six-figure income earners (Figure 8b).

- As a proportion of all tax filers, in 2014, Alberta had the highest ratio of six-figure income earners in the country: 15.7%. Their share of all income was 49.2% while they paid 61.8% of all provincial income tax. Of all provinces, Alberta recorded the highest proportion of provincial income tax paid by six-figure tax filers.
- This fact alone demonstrates why Alberta Premier Rachel Notley was incorrect in 2015 when she asserted that Alberta's single tax was a "brief and unfortunate experiment"⁷ (and thus eliminated the single tax on that justification). In fact, as the 2014 data demonstrates, the province's ability to generate wealth and tax all income at a moderate, single rate allowed it to ensure that 84.3% of all tax filers—those earning less than \$100,000—paid just 38.2% of all provincial income taxes (Figure 8b).
- In contrast, in higher-taxed provinces (all provinces relative to Alberta in 2014), those who earned less than \$100,000 paid the greatest proportion of provincial income tax collections. For example, in Quebec, 94.4% of tax filers (those below \$100,000) paid 51.6% of all provincial income tax in 2014 (Figure 8b).
- In the most extreme examples, in Manitoba and the Maritimes—and despite or perhaps because of their high personal income tax rates on higher income earners which made such earners scarce on the ground—those left in such provinces, and earning less than \$100,000, paid the vast bulk of provincial income taxes: Manitoba (62.5%), Nova Scotia (64.4%), New Brunswick (67.3%) and Prince Edward Island (72.9%) (Figure 8b).

SUMMARY AND CONCLUSION

For those who assert governments "must" raise taxes, they unwittingly assert that at 38.6% of GDP (in 2014), Canadian governments cannot make do with the municipal, provincial and federal tax levels that are yet higher than during the 1970s—when, at the federal level, a highly interventionist prime minister with a preference for higher taxes was in power.

Moreover, in the most recent year for which detailed tax statistics are available, 2014, CRA data shows that over 27.5 million people filed a tax return. Of those, 33% (over 9.1 million people) paid no federal income tax. The remaining 18.4 million tax filers paid all income tax. In Quebec, where the province collects its own provincial income tax, of almost 6.5 million filers in 2013, 2.4 million tax filers, or 37%, paid no provincial income tax.

Of those Canadians who did pay income tax in 2014, those who earned \$50,000 or more paid almost 87% of the federal income tax and almost 88% of provincial income tax.

As for wealthier Canadians, those who earned over \$100,000 in 2014 accounted for 8.4% of all filers and represented 33.2% of all income earned and paid 51.8% of all federal income tax and 54.5% of all provincial income tax.

As one would expect in a tax system with basic personal exemptions from income tax at lower income levels, the tax burden is thus borne by middle-income and high-income earners who pay the vast majority of all income tax. Any notion that middle-income or high-income earners in Canada do not pay their fair share is incorrect.

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