

# Canada hikes taxes while other countries provide relief

CANADIAN TAXPAYERS FEDERATION

Canadian  
**Taxpayers**  
Federation

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With sky-high inflation, many Canadians are having a tough time affording gasoline and groceries. In fact, nearly [60 per cent](#) of Canadians find it difficult to feed their families, according to a poll from the Angus Reid Institute from earlier this year.

The federal government could immediately make life a little more affordable for Canadians by reducing taxes. But instead of providing tax relief, the federal government has recently increased the carbon tax, alcohol taxes and payroll taxes. While the federal government increased the basic personal exemption to increase the tax-free portion of incomes, if you make more than [\\$40,000](#), then your federal income tax bill is going up this year due to rising payroll taxes.

Some provincial governments have provided significant tax relief. Alberta removed its provincial gas tax in April 2022, [saving taxpayers](#) 13 cents per litre of gasoline. In May 2022, Newfoundland and Labrador [cut its gas tax](#) by 8.05 cents per litre. In July 2022, Ontario cut its [gas tax](#) by 5.7 cents per litre.

While the government of Canada raised taxes, the CTF identified 51 national governments that provided tax relief during the pandemic or to ease the burdens of inflation. National governments that provided tax relief include more than half of G7 and G20 countries and two-thirds of the countries in the Organisation for Economic Co-operation and Development.

## Countries that cut gas taxes (25):

- Australia
- Bahamas
- Brazil
- Cyprus
- Czech Republic
- Ecuador
- El Salvador
- Germany
- Guyana
- Ireland
- India
- Israel
- Italy
- Netherlands
- Nepal
- New Zealand
- Norway
- Papua New Guinea
- Peru
- Portugal
- South Korea
- Thailand
- Turks and Caicos
- United Kingdom
- Vietnam

## Countries that cut energy taxes (15):

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Denmark
- Ecuador
- Estonia
- France
- Ireland
- Netherlands
- Norway
- Poland
- Spain
- United Kingdom

### Countries that cut consumption taxes, including value added taxes (18):

- Austria
- Bahamas
- Belgium
- Bulgaria
- Cambodia
- Chad
- Colombia
- Croatia
- Ecuador
- Germany
- Guyana
- Hungary
- Kenya
- Norway
- Papua New Guinea
- Peru
- Poland
- Turkey

### Countries that cut income taxes (8):

- Albania
- Algeria
- Australia
- Italy
- Kenya
- Laos
- Slovenia
- Vietnam

### Countries that cut business taxes (11):

- Brazil
- Cambodia
- Chad
- Colombia
- Equatorial Guinea
- Greece
- Kenya
- Laos
- Philippines
- South Africa
- Vietnam

## International tax relief

### Albania

In March 2022, Albania [removed its income tax](#) for people making less than 40,000 leks. It's also cutting income taxes in half for the next 10,000 leks and further reducing [other tax brackets](#). The government of Albania cut taxes specifically to provide relief for citizens suffering through inflation.

### Algeria

The government of Algeria [cut income taxes](#) in 2022 to help people keep more of their income so they can better afford soaring food prices, [including](#) vegetables, fruits and meats.

### Australia

Australia increased the size of its income tax brackets from July 2020 onwards to [provide tax relief](#) during the pandemic.

To help provide relief from inflation, the government of Australia also [cut](#) gas taxes by 50 per cent starting in March 2022. It also provided a \$420-Australian dollar [income tax cut](#) for low and middle-income earners.

### Austria

Austria [cut](#) its value added tax on hospitality and entertainment services from 10 to five per cent for the second half of 2020. It also reduced the VAT on non-alcoholic beverages to 10 per cent from 20 per cent. The cuts were later [extended](#) to the end of 2021.

Austria is also [reducing taxes](#) on gas and electricity until the end of June 2023.

## Bahamas

The Bahamas [cut its VAT](#) on construction services, domestic fuel and real estate transactions during the first half of 2021. It also removed VAT and import taxes on household furniture, appliances and some vehicles.

The government of Bahamas also brought in a variety of tax cuts in its [2021-22 budget](#) to help provide tax relief, including removing the VAT on hygiene products and lowering excise taxes and duties on building supplies, sporting equipment and breweries.

## Belgium

In June 2020, Belgium [reduced](#) its VAT on restaurants and catering services by half to six per cent.

Belgium also [lowered](#) its domestic electricity and natural gas VAT by 15 per cent.

## Brazil

Brazil [reduced](#) its industrial tax by 25 per cent in February 2022 to help fight inflation and make it easier for industry to recover from the downturn experienced during the pandemic. In May 2022, the Brazilian government extended the tax cut to a 35 per cent reduction.

In June 2022, Brazil passed a bill [capping](#) the level that individual Brazilian states can levy for taxes on fuel and other essential items such as electricity and public transit.

## Bulgaria

Bulgaria [cut VAT](#) taxes on gyms, tours and alcohol served in restaurants. To fight inflation, Bulgaria [cut taxes](#) on natural gas, bread and heating.

## Cambodia

[Throughout](#) 2020, 2021 and the [first half of 2022](#), the Cambodian government exempted restaurants, hotels and other businesses from income taxes, VAT and other taxes to ease pandemic pressures.

## Chad

Chad [cut business taxes](#) by 50 per cent in April 2020 to reduce pandemic-related layoffs. It also removed taxes and customs duties on the import of [basic foodstuffs](#) for 2020.

## Colombia

Colombia cut VAT on hotels to zero, and also removed consumption taxes on restaurants for the second [half of 2020](#) and the [entirety of 2021](#).

## Croatia

Croatia [cut its VAT](#) on electricity and gas, food, fertilizers and entertainment tickets from 25 per cent to 13 per cent.

## Cyprus

Cyprus cut its VAT on electricity in November 2021 to fight inflation, and followed that up with a VAT cut on gas. Both tax cuts have been extended until the [end of 2022](#).

## Czech Republic

The Czech Republic [cut its gas taxes](#) in June 2022 to mitigate the effects of high fuel prices.

## Denmark

Denmark [cut taxes](#) on electricity that is set to take effect in October 2022 and last until the end of 2023.

## Ecuador

As of [December 2021](#), Ecuador removed its VAT on the importation of hydrocarbons, biofuels and natural gas and tourism services.

## El Salvador

El Salvador [cut fuel taxes](#) in March 2022 and reduced import tariffs on a variety of basic goods to fight inflation.

## Equatorial Guinea

To [ease the burden](#) of the pandemic, Equatorial Guinea cut taxes for most small businesses from April to September 2020.

## Estonia

Estonia [cut](#) its natural gas excise tax by half and its electricity tax by over three quarters in May 2020 to help people cope with the pandemic economic downturn.

## Fiji

Fiji [cut its climate tax](#) during the 2020 fiscal year.

## France

France [cut electricity taxes](#) in February 2022 to ease the burden of inflation.

## Germany

In June 2020, Germany [cut its VAT](#) on restaurants and catering services by 12 per cent until July 2021. It also cut its standard VAT by three per cent from July 2020 to January 2021.

In June 2022, Germany [cut gas taxes](#) by 30 (euro) cents per litre of gasoline and 14 cents per litre of diesel.

## Greece

In May 2021, Greece introduced a permanent [cut](#) of its business income tax rate from 24 to 22 per cent. In February 2022, Greece [cut property taxes](#) by 13 per cent.

## Guyana

Guyana cut its [fuel tax by half](#) for the duration of this year. It also reduced its VAT on imported commodities until the end of 2022.

## Hungary

Hungary [cut its VAT](#) on a variety of residential buildings by 22 per cent for the duration of 2021 and 2022.

## Ireland

Ireland reduced its VAT on [gas and electricity](#), along with reducing its excise taxes on gas and oil.

## India

India [cut excise tax on petrol](#) by 13 cents (CAD) per litre of gas and 9 cents per litre of diesel.

## Israel

Israel [cut excise taxes](#) on gasoline and diesel in April 2022 for three months.

## Italy

In [March 2022](#), Italy cut its VAT on fuel from 22 per cent to 5 per cent, and removed fuel excise taxes. The measures are expected to last until [October 2022](#). Italy also [cut income taxes](#) for middle-income individuals.

## Kenya

In 2020, Kenya [cut income taxes](#) for all of its citizens at the start of the pandemic, with the lowest earners receiving a 100 per cent reduction in income tax. Kenya also cut its VAT and business taxes.

## Laos

Laos [exempted small businesses](#) from its profit tax from April to June 2020. The Government also removed income taxes for people making less than five million Kip per month for the same time frame.

## Mexico

Mexico [removed tariffs](#) on basic foodstuffs and household items in May 2022 to ease the burden of inflation.

## Netherlands

To [combat inflation](#), the Netherlands cut its VAT on gas and electricity from 21 per cent to nine per cent. The Netherlands also decreased fuel taxes by 17 (euro) cents per litre.

## Nepal

In June 2022, Nepal [slashed gas taxes](#) by half to provide inflation tax relief.

## New Zealand

New Zealand [cut its gas tax](#) as well as its tax on diesel vehicle users in March 2022. The cuts are expected to last until February 2023.

## Norway

Norway [cut](#) its VAT on hotels, entertainment and public transport by half in April 2020, with the cut lasting until September 2021. It also [cut carbon tax rates](#) on natural gas and liquified petroleum gas to zero and is keeping them below pre-coronavirus levels until 2024.

## Papua New Guinea

Papua New Guinea [removed](#) its 10 per cent Goods and Services Tax on gasoline, diesel, basic foodstuffs and sanitary products in April 2022. The tax cuts are in place for six months.

## Peru

In April 2022, Peru [suspended](#) its gasoline and diesel consumption tax. Peru also suspended the sales tax on [basic foods](#) including chicken, eggs, flour and milk.

## Philippines

Philippines [cut taxes](#) for small businesses in March 2021 to help aid in the pandemic recovery.

## Poland

In February 2022, Poland [cut its VAT](#) to zero on basic foodstuffs, fertilizers and natural gas.

## Portugal

Portugal [cut taxes](#) on gasoline and diesel in May 2022.

## Slovenia

Slovenia [cut income taxes](#) and taxes on investments in March 2022.

## South Africa

South Africa cut business taxes from 28 per cent to 27 per cent in its [2022 budget](#).

## South Korea

In November 2021, South Korea [cut fuel taxes](#) by 20 per cent for six months. [In May 2022](#), it increased the tax cut to 30 per cent and extended it to the end of July.

## Spain

Starting in January 2022, Spain cut its VAT on [electricity](#) by half for a year.

## Sri Lanka

Sri Lanka [removed some taxes](#) on food and medicine in January 2022.

## Thailand

In February 2020, Thailand [cut taxes](#) on jet fuel to help struggling airlines. The cut was extended until the end of 2021.

In February 2022, Thailand [cut](#) its diesel excise tax for four months. In July 2022, the tax cut was extended for another two months.

## Turkey

In February 2022, Turkey [reduced](#) its VAT on food by seven per cent.

## Turks and Caicos

In April 2022, Turks and Caicos [reduced its fuel tax](#) from 85 cents (USD) to 64 cents, with the measure expected to last for one year.

## United Kingdom

In October 2021, the United Kingdom [halved fuel taxes](#) on short-haul flights.

In [March 2022](#), the U.K. cut its fuel tax by five pence per litre. The U.K. also removed its VAT on solar pumps and other heating implements.

## Vietnam

In June 2020, Vietnam reduced business and individual [income taxes](#) for the 2020 year.

In April 2022, Vietnam [reduced](#) its environmental tax on gasoline by 50 per cent. In July 2022, it reduced the same tax by another 50 per cent. It also cut the environment tax for diesel by the same percentage.