



The sneaky tax hike:

The cost of
bracket creep to
Manitoba taxpayers

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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 hundreds of thousands of 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 the government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to affect public policy change.

Any Canadian taxpayer committed to the CTF's mission is welcome to join at no cost and receive Action Update emails. 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 2024-25 the CTF raised [\\$6.6 million](#) on the strength of 75,231 donations. Donations to the CTF are not deductible as a charitable contribution. The CTF does not accept foreign funding.



> Introduction

Premier Wab Kinew is using bracket creep to punish Manitobans for receiving cost-of-living pay raises.

Bracket creep is an income tax hike where the government stops indexing tax brackets and profits off taxpayers by cashing in on inflation.

A Manitoba taxpayer will have paid up to \$320 more in income tax by the end of this year because of bracket creep.

By 2030, a Manitoba taxpayer will have paid up to \$2,917 in bracket creep. That's because the cost of bracket creep compounds every year.

Bracket creep is a stealth tax hike. It allows governments to take more money from taxpayers without voting to raise taxes.

That's because it's a tax hike that doesn't need a vote in the legislature by politicians. By not indexing tax brackets, the provincial government will take more money from taxpayers' wallets every year, without having the courage to stand up and vote for it. It's a tax hike the government doesn't want taxpayers to notice.

Almost all other provinces have stopped subjecting their taxpayers to bracket creep.

The Canadian Taxpayers Federation is calling on the Manitoba government to reverse its bracket creep tax hike and go back to indexing tax brackets to inflation.

Key findings of the report:

- Bracket creep will cost a Manitoba taxpayer up to \$320 by the end of 2026.
- Bracket creep will cost a taxpayer up to \$2,917 in total and more than \$880 annually by 2030.
- Ontario is the only other province that currently imposes some sort of bracket creep on its taxpayers. British Columbia will start in 2027.

> What is bracket creep?

Almost all provincial governments and the federal government adjust income tax brackets with inflation to make sure that taxpayers aren't being bumped into higher tax brackets and paying higher taxes after receiving a cost-of-living pay raise.

That's because when taxpayers get a cost-of-living pay raise, they might have more money on paper, but they can't afford to buy more as the price of everything else also increases.

Think about it this way: A raise that only covers higher grocery prices isn't a real raise. You're not richer. Your cart costs the same. But the bigger number on your paycheque bumps you into a higher bracket. That means higher taxes on a paycheque that buys the exact same amount of groceries as last year.

Before bringing back bracket creep in 2025, Manitoba first [got rid](#) of it in 2017. [Saskatchewan](#) got rid of it in 2021. [Nova Scotia](#) got rid of it in 2024 and Prince Edward Island is adjusting tax brackets manually to compensate for inflation. Only Ontario also has some form of bracket creep, but it only applies to high-income earners. British Columbia is [bringing](#) in bracket creep next year.

> How much does bracket creep cost Manitobans?

Bracket creep isn't a one-time tax hike. Every year that the government fails to index tax brackets to inflation, taxpayers are forced to pay more in income taxes. The cost of the tax hike compounds every year.

Before finally getting rid of bracket creep in 2024, Nova Scotia had not indexed its [tax brackets](#) since 2000. A taxpayer who earned \$40,000 in 2000 and received only cost-of-living raises thereafter, paid about \$1,300 more in income taxes in 2023 because of bracket creep.

But that's only part of the story. The same taxpayer paid higher taxes due to bracket creep every single year along the way, meaning the total cost over time is far greater than the increase in 2023 alone.

Manitoba [stopped](#) indexing tax brackets for the 2025 tax year. That means that by the end of this year, taxpayers will have paid two years of bracket creep. Bracket creep [cost](#) Manitoba taxpayers \$82 million overall last year.

The table on the right highlights how much Manitobans will have paid in bracket creep by the end of this year at different income levels.

Income	Tax increase in 2025	Tax increase in 2026	Total tax hike*
\$30,000	\$13	\$62	\$75
\$40,000	\$13	\$62	\$75
\$50,000	\$20	\$95	\$115
\$60,000	\$20	\$95	\$115
\$70,000	\$20	\$95	\$115
\$80,000	\$20	\$95	\$115
\$90,000	\$20	\$95	\$115
\$100,000	\$55	\$265	\$320
\$150,000	\$55	\$265	\$320
\$200,000	\$55	\$263	\$317

*Totals may be off due to rounding.

> How much will bracket creep cost Manitobans?

As highlighted, bracket creep doesn't just take more from taxpayers once, but it increases taxes every year that the government fails to index tax brackets.

The table below highlights how much Manitobans will have paid in bracket creep by 2030 at different income levels.

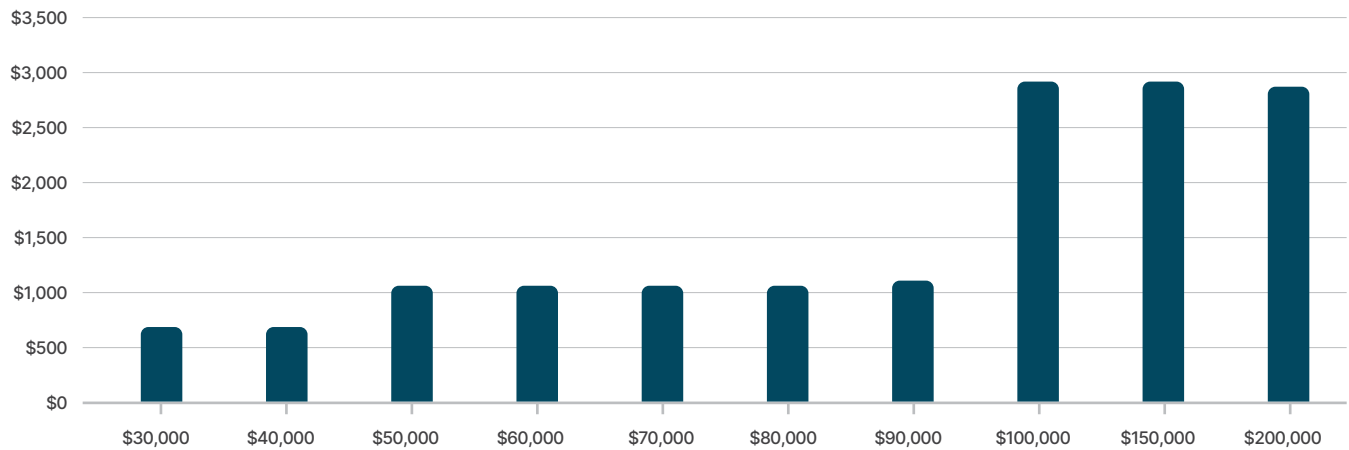
And the cost compounds.

That's because, for example, a taxpayer isn't just paying the extra cost of bracket creep for 2026 this year, but the cost of bracket creep in 2026 on top of the cost last year. That's why bracket creep can cost taxpayers only a few dollars the first year it's in place and then hundreds of dollars a couple of years later.

Income	Tax increase in 2025	Tax increase in 2026	Tax increase in 2027*	Tax increase in 2028*	Tax increase in 2029*	Tax increase in 2030*	Total tax hike**
\$30,000	\$13	\$62	\$97	\$133	\$170	\$208	\$684
\$40,000	\$13	\$62	\$97	\$133	\$170	\$208	\$684
\$50,000	\$20	\$95	\$150	\$205	\$262	\$319	\$1,051
\$60,000	\$20	\$95	\$150	\$205	\$262	\$319	\$1,051
\$70,000	\$20	\$95	\$150	\$205	\$262	\$319	\$1,051
\$80,000	\$20	\$95	\$150	\$205	\$262	\$319	\$1,051
\$90,000	\$20	\$95	\$150	\$205	\$262	\$364	\$1,096
\$100,000	\$55	\$265	\$416	\$569	\$726	\$886	\$2,917
\$150,000	\$55	\$265	\$416	\$569	\$726	\$886	\$2,917
\$200,000	\$55	\$263	\$410	\$559	\$709	\$861	\$2,856

*Projected costs based on an assumption of annual two per cent inflation. **Totals may be off due to rounding.

Total bracket creep cost by income, 2025–2030



Methodology:

All inflation numbers used for the calculations are sourced from [Statistics Canada](#) and the indexation method and income tax rates are sourced from the [Manitoba government](#).