Glen Murray's Program to End Poverty Now

Costing backgrounder

August 2020

Table of Contents

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Introduction and context

Before the onset of the current global pandemic between 4.5 million and 6 million Canadians lived in poverty depending on the measure used. This was shameful for a rich nation to begin with, but is even less tolerable during a pandemic that disproportionately infects and kills our lowest income and most marginalized fellow citizens.

Tolerating poverty was a social evil before COVID. Letting it continue is, for too many, a death sentence.

Many academics and the Parliamentary Budget Officer (PBO) have contributed cost and design analysis showing ranges for the potential cost of universal basic income and possible savings through the elimination of existing benefit programs. A recent PBO analysis suggests a six-month program to ensure all Canadians meet 75 per cent of the Low-Income Measure (LIM)[1] would cost between \$47.5 billion and \$98.1 billion, with possible offsets from cancelling existing federal and provincial programs of \$15 billion. On an annual basis, this suggests that a comprehensive basic income would cost between \$65 billion and \$166 billion, with program consolidation, and \$95 billion and \$196.2 billion without program consolidation.

Many analysts have noted that the list of possible cancelled programs include needs-based supports that would not be easily replaced by the income provided by a basic income. This is especially true for programs and benefits designed to meet the needs of persons with disabilities. This underscores the complexity involved with the design of a universal program and highlights a tension often found with proposals for basic income programs namely the conflicting goals of administrative efficiency and related cost savings and the desire to increase the support available to low-income populations.

The Glen Murray Program shows how to raise millions of Canadians close to or above the LIM without incurring the massive new costs assumed by most analysts. As shown below, if we choose greater fairness within the existing tax system, we can achieve our goals quickly and affordably.

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[1] The most recent Statistics Canada After Tax LIM thresholds (https://doi.org/10.25318/1110023201-eng) are:

Household size	2018
1 person	24,183
2 persons	34,200
3 persons	41,886
4 persons	48,366
5 persons	54,075
6 persons	59,236

Variance and review

The costing in this document is a first step. Critiques, refinements and suggestions for improvement are welcome.

The significant changes proposed will have spillover impacts that are beyond the scope of the model. Behavioural change in response to the new approach requires modelling and it is only with time that the full impact would be known. It is equally true that changes to provincial and territorial programs and taxation policies would have significant impacts that are beyond the scope of this model.

As Green Party Leader, Glen Murray will seek PBO review and any conclusions and refinements will be incorporated into this program prior to the next election.

Main data sources

Statistics Canada tax filing data for 2017. https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/income-statistics-gst-hst-statistics/t1-final-statistics.html

Federal Finance Report on Fiscal Expenditures. https://www.canada.ca/en/department-finance/news/2020/02/department-of-finance-canada-releases-annual-report-on-federal-tax-expenditures.html

Income tax calculations based on 2019 tax year using commercial tax software.

Benefits based on 2019 entitlement using Government of Canada calculator. https://apps.cra-arc.gc.ca/ebci/icbc/pub/srvmsgSessionExpired.jsp

Canadian Centre for Policy Alternatives:
https://www.policyalternatives.ca/publications/reports/alternative-federal-budget-recovery-plan

Canadians for Tax Fairness: https://www.taxfairness.ca/en/newsletter/2020-07/canadian-corporate-cash-tax-havens-tops-380-billion-c4tf-report-finds

Fairness in the tax code makes room for fairness for people

A Glen Murray led Green Party will advance environmental and social progress by proposing socially progressive fiscal policy resting on three pillars: a progressive income tax system, a transfer and benefit system that is comprehensive and focussed on those most in need and a tax expenditure system that is as progressive and focused as the first two pillars.

There is an enormous amount of fiscal room to fund the Glen Murray Program. Today, there is $175.8 billion in foregone tax revenue ***already*** built into the current personal income tax system in the form of tax exemptions, credits and deductions known as Fiscal Expenditures.

In addition, there are also fiscal expenditures of at least $37 billion built into the Corporate Tax system, a further $7 billion for Trusts, and almost $18 billion in GST/HST.[2]

All these deductions, credits and exemptions represent choices made about who should receive Government support. To reduce poverty drastically in Canada, we need to make different choices and change many current fiscal expenditures that primarily benefit the wealthy, and those in traditional and male-dominated professions.

These choices are largely hidden from review. While the Department of Finance annually produces estimates of the cost of fiscal expenditures, they are not regularly reviewed. Indeed, a recent review by the Trudeau Government has not been released despite commitments to do so. Unlike direct federal spending programs, fiscal expenditures are NOT subject to five-year review under the Fiscal Accountability Act.

Using the Low-income Measure (LIM) as a target to meet or exceed, the Glen Murray Program makes many non-refundable credits refundable, consolidates many tax provisions into better more targeted benefits, replaces many deductions with refundable credits, and eliminates some of the biggest give-aways to the highest earners.

The Program also takes steps to restore fairness to the Canadian tax system by creating new taxes on those most able to contribute to making the lives of millions of Canadians better. As recently noted by the Canadian Centre for Policy Alternatives[3], before the pandemic, federal revenues were about $50 billion lower than what their long-term average had been as a share of the economy since the 1960s. The Glen Murray Program's proposed tax changes moves Canada closer to the long-term average.

[2] These amounts exclude items subject to international and intergovernmental agreements and also exclude benefits such as the Canada Child Benefit and the HST credit.

[3] Alternative Federal Budget: Recovery Plan, Canadian Centre for Policy Alternatives, July 2020 page 16

Leveraging what exists to deliver immediate results

The Glen Murray Program builds on existing programs to deliver enhanced and new benefits as quickly as possible. Existing benefit programs tied to the tax system already incorporate elements of needs-based assessment and already reach many of the target groups that are most in need. The status quo, however, is far from perfect. As noted again by the CCPA:

> "One in 10 Canadians—and a higher proportion of the most disadvantaged— don't file their taxes. This means that a significant share of the $50+ billion in federal benefits delivered through the tax system does not get to those who need it the most. A June 2020 report by Canada's Tax Ombudsman found the tax system must improve how it treats Indigenous, remote, and lower-income tax filers, who are already less likely to receive the support they need."[4]

Automated tax filing is the norm in other countries and a long overdue improvement to the Canadian system. As more benefits are delivered through the tax system, it becomes of greater importance to ensure that those who are most in need are reached.

[4] Ibid, page 20

Table 1: Costing Summary: Program to End Poverty Now			Page
New Refundable Tax Credits	$	63,702,256,036	
Canada Seniors Benefit of $3,600	$	21,375,474,957	7
Refundable Credits supporting workers	$	20,425,046,494	15
Canada Learning Benefit of $3,240	$	6,480,000,000	10
Refundable Credits supporting single income families	$	6,151,154,048	12
Canada Care Benefit for Adults Living with Disabilities of $3,600	$	5,040,000,000	12
Refundable Credits to encourage investment & savings	$	2,718,580,537	17, 18
Canada Care Benefit for Children of $3,600	$	1,512,000,000	12
New Benefit Programs	$	30,012,837,491	
Canada Family Benefit	$	15,681,338,771	11
Canada Disability Supplement & Canada Care Supplement	$	4,680,000,000	12
$4,800 Essential Workers tax free wage grant	$	4,320,000,000	9
Increase Guaranteed Income Supplement to $14,000	$	3,197,668,000	7
Double Canada Study Grants	$	1,887,830,720	10
Child-Care Building Fund	$	246,000,000	[5]
Social Assistance Reform (Canada Social Grant & Canada Work Grant)	$	2,269,400,400	13
TOTAL EXPENDITURE	$	95,984,493,927	
Refocus personal credits & deductions	$	51,696,730,279	Table 2
Existing Non-Refundable Credits	$	34,958,233,365	
Existing deductions & exemptions	$	16,738,496,914	
Close Business Loop-Holes & Exemptions	$	14,520,000,000	Table 3
Corporate Capital Gains	$	10,670,000,000	
E-commerce	$	1,250,000,000	
Off-Shore Tax Havens	$	2,600,000,000	
Close Loop-Holes & Exemptions Favouring Wealthiest	$	21,271,000,000	Table 4
Personal & Trust Capital Gains	$	12,165,000,000	
Preferential Treatment of Dividends	$	5,415,000,000	
Other	$	3,691,000,000	
TOTAL OFF-SETS FROM CHANGES TO EXISTING TAX POLICIES	$	87,487,730,279	
New Taxes	$	8,644,340,000	
Increase Tax Rate on Big Banks to 21%	$	2,744,340,000	20
5% surtax for incomes > $250,000	$	2,300,000,000	21
Tax on Estates greater than $5 million & Luxury Goods Tax	$	2,000,000,000	21
38% rate on incomes above $750k	$	1,000,000,000	21
TOTAL OFF-SETS & NEW TAXES	$	96,132,070,279	
IMPACT ON FEDERAL DEFICIT	-$	147,576,352	
Changes to Current Fiscal Expenditures			**Page**

[5] See The Glen Murray Program to End Poverty Now, page 8

Table 2: Fiscal expenditures converted to refundable credits	**-$ 51,696,730,279**	
Age credit	-$ 4,020,000,000	7
Pension Income credit	-$ 1,315,000,000	7
Disability credit	-$ 1,365,000,000	12
Credit for EI/CPP/PPIP contributions	-$ 6,735,000,000	9
Employment credit	-$ 2,635,000,000	9
Tuition credit	-$ 1,945,000,000	10
Spousal/Common Law Partner Credit	-$ 2,000,000,000	12
Dependant Credit	-$ 1,125,000,000	12
Basic Personal Amount (BPA) rolled into Student Benefit	-$ 1,494,992,160	10
Eliminate BPA for those with income above $150,000	-$ 2,484,459,131	12, 15
Basic Personal Amount rolled into Care Credit	-$ 331,392,000	12
Basic Personal Amount rolled into Seniors Benefit	-$ 9,507,390,074	7
Child-care Deduction	-$ 1,500,000,000	11
Deduction of allowable business investment losses	-$ 35,000,000	15
Deduction of interest and carrying charges to earn investment income	-$ 2,050,000,000	15
Employer paid EI and CPP as taxable benefit	-$ 10,910,000,000	9
Deduction of moving expenses	-$ 48,496,914	15
Deduction of other employment expenses	-$ 1,040,000,000	15
Deduction of union and professional dues	-$ 1,155,000,000	15
Table 3: Changes to Business Taxation Fiscal Expenditures	**-$ 14,520,000,000**	
Capital Gains inclusion to 100% - Corporate	-$ 10,670,000,000	17
End GST/HST exemption for foreign e-commerce companies	-$ 500,000,000	19
Close the foreign internet advertising loophole	-$ 750,000,000	19
Economic substance for any offshore subsidiary test	-$ 400,000,000	20
Capping interest payments to offshore subsidiaries	-$ 200,000,000	20
Applying a 1% withholding tax on Canadian assets held in tax havens	-$ 2,000,000,000	20
Table 4: Changes to Fiscal Expenditures Benefitting Wealthiest	**-$ 21,271,000,000**	
Tax alimony in hands of payor	-$ 110,000,000	11
Stock Option Deduction	-$ 840,000,000	16
Meals and Entertainment deductions (CIT, GST, PIT)	-$ 750,000,000	17
Capital Gains inclusion PIT	-$ 11,255,000,000	17
Focus Small Business Tax Rate	-$ 700,000,000	19
End Canada Education Savings Grant	-$ 911,000,000	10
Dividend Gross Up and Tax credit (Personal & Trust)	-$ 5,415,000,000	19
Cap TFSA at $65,0000	-$ 150,000,000	19
Capital Gains inclusion to 100% - Trusts	-$ 910,000,000	17
Preferential treatment for Life Insurance policy income	-$ 230,000,000	19
TOTAL	**-$ 87,487,730,279**	

Design and cost of benefits

Canada Seniors Benefit			
Item	**Number**	**Cost**	**Notes**
Increase GIS to $14,000	2,200,000	$ 3,197,668,000	$3,000 increase for singles, $760 for couples
SUB-TOTAL BENEFIT CHANGES		**$ 3,197,668,000**	
Canada Seniors Benefit	6,600,000	$ 23,760,000,000	$3,600 Refundable Credit
Phased out		-$2,384,525,043	Based on Age Credit
Eliminate Non-Refundable Age Credit		-$4,020,000,000	Finance Canada estimate
Eliminate Non-Refundable Pension Income Credit		-$1,315,000,000	Finance Canada estimate
Non-Refundable BPE for Seniors		-$9,507,390,074	Assumes 70% use it now
SUB-TOTAL TAX CHANGES		**$ 6,533,084,883**	
NET COST		$ 9,730,752,883	

Changes to benefits
The maximum GIS would increase to $14,000 representing a $3,000 increase for single seniors and a $760 increase for couples. Assuming 900,000 single senior recipients and 1.3 million seniors living as couples the cost of this is estimated at $3.2 Billion.

Current GIS benefits reduce as incomes rise. The new amounts would be subject to the same reductions. No estimate of the reduction is made.

Changes to tax provisions
Seniors would no longer claim the Basic Personal Amount. The model assumes that 70 per cent of seniors currently benefit from the full value of this non-refundable tax credit. Based on the proposed 2021 BPA values it is assumed that $9.5 billion of the proposed new refundable Seniors Benefit is already accounted for in estimates of foregone revenue. The non-refundable Pension Income and Age Credits are also eliminated. Finance Canada estimates for 2021 place the cost of these at $5.3 billion.

Seniors would instead claim the Canada Seniors Benefit that has a set value of $3,600. This means the first $24,000 in taxable income for a senior would be sheltered from federal tax. As a refundable credit, the $3,600 benefit is deducted from any tax assessed with any amount in excess of the tax owing provided as a refund. Assuming 6.6 million seniors, the model assumes the full cost of the Benefit to be $23.76 billion.

The value of the Canada Seniors Benefit falls, as is now the case for the Age Credit starting at net income of $38,500 and eliminated at net income of $89,000.

For net income above $38,500, the new credit falls by 15 per cent with an additional reduction of 65 per cent for amounts above $65,000. It is assumed that $2.4 billion is deducted.

Table 5: Seniors Benefit Phase Out

Net Income	Seniors Credit	Value
Up to $38,500	$ 24,000.00	$ 3,600.00
$ 40,000	$ 23,775.00	$ 3,566.25
$ 45,000	$ 23,025.00	$ 3,453.75
$ 50,000	$ 22,275.00	$ 3,341.25
$ 55,000	$ 21,525.00	$ 3,228.75
$ 60,000	$ 20,775.00	$ 3,116.25
$ 65,000	$ 20,025.00	$ 3,003.75
$ 70,000	$ 16,025.00	$ 2,403.75
$ 75,000	$ 12,025.00	$ 1,803.75
$ 80,000	$ 8,025.00	$ 1,203.75
$ 85,000	$ 4,025.00	$ 603.75
$ 90,000	$ 25.00	$ 3.75

As shown below, 30 per cent of seniors would see tax refunds that do not exist now. A further 55 per cent would see tax reductions. Seniors with incomes above approximately $69,000 would see a gradual increase in tax and those with incomes above $90,000 will see an increase of $2,110.

Table 6: Seniors Benefit Compared to Status Quo

		Tax Due/Refund		
Share	**Income**	**Current**	**New**	**Save/Cost**
30%	$ 7,000	$ -	$ 2,550	$ 2,550
	$ 10,000	$ -	$ 2,100	$ 2,100
	$ 15,000	$ -	$ 1,350	$ 1,350
	$ 20,000	$ -	$ 600	$ 600
30%	$ 25,000	-$ 515	-$ 150	$ 365
	$ 30,000	-$ 1,265	-$ 900	$ 365
	$ 35,000	-$ 2,016	-$ 1,650	$ 366
25%	$ 40,000	-$ 2,815	-$ 2,434	$ 381
	$ 45,000	-$ 3,678	-$ 3,296	$ 382
	$ 50,000	-$ 4,671	-$ 4,290	$ 381
	$ 55,000	-$ 5,809	-$ 5,427	$ 382
	$ 60,000	-$ 6,946	-$ 6,565	$ 381
5%	$ 65,000	-$ 8,084	-$ 7,702	$ 382
	$ 69,000	-$ 8,994	-$ 9,002	-$ 8
	$ 70,000	-$ 9,221	-$ 9,327	-$ 106
4%	$ 75,000	-$ 10,359	-$ 10,952	-$ 593
	$ 80,000	-$ 11,396	-$ 12,577	-$ 1,181
4%	$ 85,000	-$ 12,634	-$ 14,202	-$ 1,568
	$ 90,000	-$ 13,721	-$ 15,827	-$ 2,106
1%	$ 95,000	-$ 14,746	-$ 16,856	-$ 2,110
	$ 100,000	-$ 16,031	-$ 18,141	-$ 2,110
1%	> $100,000			-$ 2,110

Essential Workers Benefit

Item	Number	Cost	Notes

$4,800 tax free wage grant	1,200,000	$4,320,000,000	50% of earned income phased out above $25k
SUB-TOTAL BENEFIT CHANGES		**$ 4,320,000,000**	
Make credit for EI and CPP contributions refundable		$7,404,420,841	Helps low wage workers
Make Employment Credit refundable		$ 3,486,102,514	
Provide refundable credit for employer paid CPP/EI		$ 8,020,240,608	No impact on those earning under $47,000
Eliminate Non-Refundable EI/CPP/PPIP credit		-$6,735,000,000	Finance Canada estimate
Eliminate Non-Refundable Employment Credit		-$2,635,000,000	Finance Canada estimate
Employer paid EI and CPP as taxable benefit		-$10,910,000,000	derived from Finance Canada estimate
SUB-TOTAL TAX CHANGES		**-$1,369,236,037**	
NET COST		$ 2,950,763,963.10	

Changes to benefits

Every worker designated in an essential occupation, as determined in consultation with provinces and territories, would be eligible for a new tax-free wage supplement worth a maximum of $4,800. The amount is phased in at a rate of 50 per cent per dollar earned meaning the full benefit would be provided when employment earnings reach $9,600.

Workers earning between $9,600 and $25,000 would receive the full $4,800. Above $25,000, the CEWB is phased out at a rate of 24 per cent per dollar of income above $25,000. The full benefit ends once earnings hit $45,000. The costing model assumes 600,000 workers would receive full benefit and an additional 600,000 would receive, on average, 50 per cent benefit allowing for those earning under $9,600 and those earning more than $25,000.

The CEWB would not be taxable or included in the determination of eligibility for other benefits such as the HST rebate, the Canada Child Benefit or the Canadian Workers Benefit.

Changes to tax provisions

Non-refundable credits equal to 15% of an employee's CPP and EI contributions and an Employment Credit worth 15 per cent of $1,222 in 2019 are part of the current tax regime. For employees making less than the Basic Personal Amount ($12,069 in 2019) these credits have no value. Students and part-time workers are prime examples of low wage workers who do not benefit. To increase the income of Canada's lowest earners these credits are refundable.

The new Employer Benefits Credit will also be refundable. (See page 18)

Canada Student Benefit	**Number**		
Double Canada Study Grant	400,000	$1,587,830,720	$6,000 for FT, $3,600 for PT Extend to Graduate Students

		$300,000,000	Compensation for non-participating jurisdictions
End CESG		-911,000,000	Public Accounts amount
SUB-TOTAL BENEFIT CHANGES		**$ 976,830,720**	
Canada Learning Benefit	2,000,000	$ 6,480,000,000.00	$3,240 value
Eliminate Non-Refundable tuition credit		-$1,945,000,000	Finance Canada estimate
Non-Refundable BPE used by students	721,800	-$1,494,992,160	Assumes 40% use it
SUB-TOTAL TAX CHANGES		**$ 3,040,007,840**	
NET COST		$ 4,016,838,560	

Changes to benefits
The existing Canada Study Grant program is doubled. These grants are delivered as part of provincial student aid programs based on need. Quebec, the NWT and Nunavut operate their own programs so the CSG is not available to students in these jurisdictions. Doubling the program costs $1.54 billion based on the 2019 Public Accounts. The program would also cover Graduate Students at an estimated annual cost of $50 million. To compensate non-participating jurisdictions, an amount equal to approximately 20 per cent of the increase would also be required.

The Canada Education Savings Grant that matches a portion of contributions made to Registered Education Savings Plans (RESPs) would end. RESPs would continue as tax sheltered investment vehicles. The Canada Learning Bond for low income Canadians would remain.

Changes to tax provisions
Students would claim the Canada Learning Benefit that has a set value of $3,240 that would cover the first $21,600 in taxable income. This amount is deducted from any tax assessed with any amount in excess of the tax owing provided as a refund. Assuming two million students, the model assumes the full cost of the Benefit to be $6.5 billion.

Students would no longer claim the Basic Personal Amount. The model assumes that 40 per cent of students currently benefit from the full value of this exemption. Based on the proposed 2021 BPE values, it is assumed that $1.5 billion of the proposed new refundable Learning Benefit is already accounted for in estimates of foregone revenue.

The non-refundable tuition credit is eliminated. Amounts carried forward from previous years would continue to be eligible for the current non-refundable credit.

A possible enhancement, developed in consultation with provinces and territories, would extend this benefit to those in apprenticeship programs and those in receipt of social assistance who are completing high school equivalency programs.

Canada Family Benefit			
Per child 4 and under $500/month	1,900,000	$ 11,400,000,000	Taxable benefit

Per child 5 through 9 $250/month	2,100,000	$ 6,300,000,000	Taxable benefit
Per child 10 - 12 $100/month	1,000,000	$ 1,200,000,000	Taxable benefit
Tax Payable		-$3,218,661,229	Based on 2014 Tax Return distribution of Child Credit
SUB-TOTAL BENEFIT CHANGES		**$ 15,681,338,771**	
Refundable Dependant Credit	1,100,000	$ 2,640,000,000	$2,400 credit
Refundable Spousal/Common Law Partner Credit	2,100,000	$ 3,780,000,000	$1,800 credit
Eliminate for incomes above $150,000	142,488	-$268,845,952	Distribution based on 2017 Tax Return data
Eliminate Non-Refundable Spousal Credit		-$2,000,000,000	Finance Canada estimate
Eliminate Non-Refundable Dependant Credit		-$1,125,000,000	Finance Canada estimate
Eliminate Current Child-care Deduction		-$1,500,000,000	Finance Canada estimate
Tax alimony in hands of payor		-$110,000,000	Finance Canada estimate
Eliminate Basic Personal Amount for incomes above $150,000		-$2,484,459,131	Derived from Finance Canada estimate for 2021 Distribution based on 2017 Tax Return data
SUB-TOTAL TAX CHANGES		**-$1,068,305,084**	
NET COST		$ 14,613,033,687	

Changes to benefits

All families with children will receive a monthly benefit of $500 per child four and under, $250 per child aged five through nine and $100 per child aged 10 to 12. These benefits will be taxable. Families now in receipt of the Canada Child Benefit (CCB) will receive their benefit as part of the CCB. Families not in receipt of the CCB will receive the benefit as part of their tax refund. After the first year of implementation, the amount can be delivered monthly. This is currently how the Canada Workers Benefit is delivered.

Changes to tax provisions

The current limited child-care expenses deduction for child care will be eliminated. An amount equal to the current deduction will, however, be retained for use when determining other benefits such as the HST credit and the Canada Child Benefit. In addition, existing deduction provisions are retained for the determination of provincial income tax subject to consultation with provinces and territories that may wish to change this provision

The non-refundable Dependant and Spousal/Common Law Partner credits are replaced with refundable credits of $2,400 and $1,800 for families making $150,000 or less. These refundable credits will serve to shelter from tax $16,000 and $12,000 respectively. Combined with the Basic Personal Amount and other refundable credits in the Glen Murray Program, in 2021 a lone-parent family with less than $150,000 in taxable income would pay no federal tax on the first $35,000 in taxable income.

A single earner couple family with less than $150,000 in taxable income would pay no federal tax on the first $31,000 in taxable income.

The Basic Personal Amount for those with incomes over $150,000 is eliminated (see page 14) and spousal support would be taxed in the hands of the payor rather than recipient. (see page 16).

Canada Care Benefit			
Canada Care Supplement	600,000	$ 2,160,000,000	$3,600 per case
Canada Disability Supplement	700,000	$ 2,520,000,000	$3,600 per case
SUB-TOTAL BENEFIT CHANGES		**$ 4,680,000,000**	
Canada Care Benefit refundable credit	800,000	$ 2,880,000,000	$3,600 credit
Canada Care Benefit for Children	300,000	$ 1,080,000,000	$3,600 credit
	120,00	$432,000,000	Increase to age 25
Current non-refundable Disability Credit		-$1,365,000,000	Finance Canada estimate
Non-Refundable BPE used by persons with disabilities	-	-$331,392,000	Assumes 20% use it
SUB-TOTAL TAX CHANGES		**-$2,695,608,000**	
NET COST		$ 7,375,608,000	

Changes to benefits
Eligibility for provincial and territorial social assistance for persons with disabilities varies across the country and differs from eligibility for the Federal Disability tax credit that is made into a refundable credit worth $3,600. To ensure persons with disabilities who do not also qualify for the Federal Credit are assisted, a Canada Care Supplement worth $3,600 will be transferred to all social assistance disability cases. An additional $3,600 per case is provided through the Canada Disability Supplement for a total increase under the Glen Murray Program of $7,200 for every family receiving provincial or territorial disability social assistance benefits.

Changes to tax provisions
Persons with disabilities eligible for the current non-refundable Disability credit would no longer claim the Basic Personal Amount. The model assumes that 20 per cent of such persons currently benefit from the full value of this exemption. Based on the proposed 2021 BPE values, it is assumed that $330 million of the cost of the Care Benefit is already accounted for by Finance Canada estimates of the cost of the current Basic Personal Amount. The non-refundable Disability Credit is also eliminated. As noted by the CCPA:

> "As the disability community has long known, the non-refundable Disability Tax Credit is an extremely limited policy tool that is gendered, regressive, and racialized. The Disability Tax Credit leaves out the poorest of the poor, most of whom are younger people with disabilities, while women and Indigenous disability communities are under-represented as recipients."[6]

[6] CCPA, page 57

Persons with disabilities would instead claim the Canada Care Benefit that has a set value of $3,600. This amount is deducted from any tax assessed with any amount in excess of the tax owing provided as a refund. In practice, this means the first $24,000 in taxable income of a disabled person would be tax free.

The parents of children with disabilities now eligible for Federal Disability credit would be entitled to a refundable Care Credit worth $3,600 and eligibility for this benefit is extended to disabled dependant children up to the age of 25.

A new partnership for basic social assistance

To support those receiving regular social assistance benefits, a new **Canada Social Grant** will be available to those pursuing high school equivalency and other skills or training as determined by provincial and territorial programs. This Grant of $300 per month would be delivered through provincial and territorial partner governments.

The creation of real incentives for persons in receipt of basic social assistance to take work is the focus of a new **Canada Work Grant** designed to allow more employment income to be kept before social benefits are reduced.

The new **Canada Work Grant** would be available to provinces and territories that set basic social assistance rates so that they meet or exceed 40 per cent of the relevant LIM.

A second condition would be that clients would be allowed to earn $7,200 annually without any reduction in benefits. Each month that earnings occur an amount equal to 50% would be payable to the provincial or territorial assistance provider by the Federal Government to a maximum of $3,600. The province or territory could retain some or all of this or share with the client.

Above the $7,200 threshold, earnings are reduced by the provincial or territorial provider by no more than 65 per cent although lower reduction rates preferred.

The effect of the change will create incentives to support work and allow most recipients of basic social assistance to meet the LIM with 10 to 15 hours of paid work. For those working in essential roles 15 to 20 hours would allow for total income above the LIM.

Changes to credits, deductions and exemptions

Refundable credits

The conversion of existing non-refundable tax credits into refundable tax credits is a central change to the tax system used to create the benefits in the Glen Murray Program.

Under the current tax regime, individuals can claim non-refundable credits that have set values. When determining tax payable the credits claimed are totalled and multiplied by 15 per cent. This determines the value of the credits.

The value of the credits is deducted against the tax calculated as being owed. If the credits are worth more than the assessed tax, the unused part has no value. When a credit is refundable, however, the taxpayer receives the full value of the credit.

EXAMPLE

A part-time worker earns $10,000. The basic tax on this amount is 15 per cent of $1,500. The Basic Personal Amount (in 2019) was worth $12,069. The value to a taxpayer is 15 per cent or $1,810. The credit is deducted from the assessed tax for a total tax owing of -$310. Because the credit is non-refundable the amount of tax owed is zero. If the credit is refundable, however, the taxpayer would get a $310 refund.

The Glen Murray Program changes the following non-refundable credits:

Current Non-Refundable Credits	**Change**
Age Credit	Replaced by Canada Seniors Credit
Pension Income Credit	Replaced by Canada Seniors Credit
EI/CPP/PPIP credit	Made Refundable
Employment Credit	Made Refundable
Tuition credit	Replaced by Canada Learning Benefit
Spousal Credit	Made Refundable
Dependant Credit	Made Refundable
Disability Credit	Replaced by Canada Care Benefit
Changes to Basic Personal Amount (BPA)	
BPA for seniors	Seniors would no longer claim Basic Personal Amount
BPA for students	Students would no longer claim Basic Personal Amount
BPA for persons living with disabilities	Persons with disabilities would no longer claim Basic Personal Amount
Phase out of BPA for incomes above $150,000	Fully eliminated for incomes above $150,000. ● Approximately 3.5% or taxpayers ● Tax increase of approximately $2,100

Deductions

Deductions differ from credits in a fundamental way as they serve to reduce the amount of income that is subject to tax while credits reduce the amount of tax payable. Because the tax system is progressive in nature a deduction is also of much greater value as incomes increase.

The Glen Murray Program converts the following deductions into refundable credits:

Table 7: Converted Deductions	**2021 Estimated Cost**		
Deductions made into 15% Refundable Credits	**As Deduction**	**As Credit**	**Savings**
Credits Supporting Workers			
Other employment expenses	$1,040,000,000	$ 617,669,113	$422,330,887
Union and professional dues	$1,155,000,000	$ 815,110,332	$339,889,668
Moving expenses	$130,000,000	$ 81,503,086	$48,496,914

Credits Supporting Investment			
Interest and carrying charges	$2,050,000,000	$ 1,254,354,000	$795,646,000
Allowable business investment losses	$35,000,000	$ 34,140,488	$859,513

To estimate savings, the Department of Finance's estimate of the fiscal expenditure cost in 2021 is used as the base. The cost of the refundable credit is derived from 2017 tax data showing the total amount claimed for each deduction. This amount is escalated to 2021 (based on the 2017 to 2021 escalation in the Department of Finance's Fiscal Expenditures analysis) and a refundable amount of 15 per cent calculated. This amount is then deducted from the fiscal expenditure estimate for the item.

Current deductions for employment expenses, union & professional dues and moving expenses are often of little to no value for those with employment income under $40,000. At present, more than 30 per cent of the value of claims for moving and employment expenses are made by those making over $100,000. Union and professional dues are more evenly distributed but the deduction can be of limited value for apprentices and part-time workers in unionized fields. Replacement of these deductions with refundable credits ensure that the same value is provided to all workers regardless of income. This is particularly important as more and more people are required to work from home and incur expenses to pursue the modified terms of their employment.

Converting deductions supporting investment into refundable credits similarly ensures that equal benefit is afforded to all taxpayers regardless of income.

The Glen Murray Program eliminates the following deductions. Savings are from the Department of Finance's 2021 estimate of the cost of Fiscal Expenditures except for the e-commerce advertising item that is from the 2019 Green Party platform as vetted by PBO.

Table 8: Eliminated Deductions	**2021 Cost**
Current Child-care Deduction	$ 1,500,000,000
Stock Option Deduction	$ 840,000,000
Meals and Entertainment deductions (CIT,GST, PIT)	$ 750,000,000
Tax spousal support in hands of payor	$ 110,000,000

The current limited child-care expenses deduction is replaced by the Canada Family Benefit.

The Stock Option deduction is 92 per cent claimed by those with incomes in excess of $250,000.

Meals and entertainment deductions in the personal, corporate and sales tax systems overwhelmingly benefit corporations (>40%) and the very richest individuals. We can choose to subsidize season tickets and corporate boxes or direct $750 million to help Canada's poorest. For Greens, the choice is easy.

More than 40 per cent of all spousal support payments are made by persons with incomes in excess of $250,000. Generally, recipients have lower incomes and often primary responsibility for children. Taxing spousal support in the hands of the payor will lower the taxable income of recipients and, where recipients receive child benefits, will also potentially serve to increase the amount received for children from the Canada Child Benefit.

Table 9: Spousal Support	**Current**		**Glen Murray Program**	
Spousal Support	**Payor**	**Recipient**	**Payor**	**Recipient**
Income	$ 275,000	$ 65,000	$ 275,000	$ 65,000
Spousal Support	-$ 40,000	$ 40,000	-$ 40,000	$ 40,000
TAXABLE	$ 235,000	$ 105,000	$ 275,000	$ 65,000
Tax	-$ 54,297	-$ 15,806	-$ 67,497	-$ 6,353
CCB		$ 2,896		$ 4,267
NET	**$ 180,703**	**$ 92,090**	**$ 167,503**	**$ 102,914**

Exemptions

Exemptions are similar to deductions in the sense that income is ignored when determining taxable income. The main exemption changed in the Glen Murray Program deals with Capital Gains. At present, 50 per cent of a capital gain is excluded from taxation. Finance Canada estimates that this exclusion reduces tax that would otherwise be collected by almost $23 billion. Half of this is in the Corporate tax field. The other half is in tax treatment of personal and trust income. More than 70 per cent of capital gains are claimed by people with incomes in excess of $150,000, and more than 50 per cent by people with incomes above $250,000. Based on 2017 data, the special tax treatment of capital gains delivered an average benefit of more than $16,500 to the 387,000 claimants making $150,000 or more.

Capital gains for corporations

Today, the 15 per cent general corporate tax rate in Canada is significantly lower than the comparable 21% rate in the USA. Canadian corporate tax rates is reduced from 32 per cent in 1999 when the capital gains inclusion rate was reduced to 50 per cent.

As shown below, the effective tax rate paid by corporations on capital gains is today 7.5 per cent that is half of the 15 per cent tax rate paid by regular Canadians on their first $48,000 in income. Moving to full inclusion of capital gains for corporations will create the same 15 per cent tax rate. This rate will also still be the lowest it has ever been for corporate capital gains.

Table 10: Corporate Tax	**1999**	**2000**	**2020**	**Proposed**
Capital Gain	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 1,000,000
Inclusion	$ 750,000	$ 500,000	$ 500,000	$ 1,000,000
Corporate Tax	32%	32%	15%	15%
Tax	$ 240,000	$ 160,000	$ 75,000	$ 150,000
Capital Gain Tax %	24%	16%	7.50%	15%

Capital Gains for Individuals

To encourage investment in capital assets for most taxpayers, the Glen Murray Program provides a refundable credit of 5% on capital gains income for those with incomes under $150,000. As shown below this means the effective capital gains tax rate for those with taxable incomes up to $150,000 will be lower than the general rate for other income thus providing an incentive for investing in capital assets.

CURRENT	**$30k income**	**$80k income**	**$120k income**	**$160k income**	**$300k income**
Capital Gain	$10,000	$10,000	$10,000	$10,000	$10,000
Taxable Portion	$5,000	$5,000	$5,000	$5,000	$5,000
Tax Rate	15.0%	20.5%	26.0%	29.0%	33.0%
Tax	$750	$1,025	$1,300	$1,450	$1,650
Rate on Capital Gain	**7.5%**	**10.3%**	**13.0%**	**14.5%**	**16.5%**
PROPOSED	**$30k income**	**$80k income**	**$120k income**	**$160k income**	**$300k income**
Capital Gain	$10,000	$10,000	$10,000	$10,000	$10,000
Taxable Portion	$10,000	$10,000	$10,000	$10,000	$10,000
Tax Rate	15.0%	20.5%	26.0%	29.0%	33.0%
Tax	$1,500	$2,050	$2,600	$2,900	$3,300
Credit	-$500	-$500	-$500		
5% sur-tax					$165
Tax Due	$1,000	$1,550	$2,100	$2,900	$3,465
Rate on Capital Gain	10.0%	15.5%	21.0%	29.0%	34.7%

Employer paid CPP and EI

The Glen Murray Program also addresses the exclusion from taxation of employer paid CPP and EI benefits. Finance Canada suggests that the inclusion of these as taxable benefits would raise $10.9 billion. Today, the tax code provides a 15 per cent non-refundable credit for CPP and EI premiums paid by individuals. The Glen Murray Program makes these into refundable credits.

The same approach is taken for the added employer paid benefit for which a refundable credit of 15 per cent would be added. In practice, this means the addition of employer paid CPP and EI will have no impact on those with income up to $45,000.

Table 11: Employer Paid Benefits by Income Level	**Tax Increase**
At $50,000	$ 194.3
At $60,000	$ 217.4
At $100,000	$ 434.9
At $150,000	$ 553.4
At $230,000	$ 711.6
At $250,000	$ 747.2

The additional tax for people with employment income above $45,000 brings payroll related tax on employment income a little bit closer to the rates now paid for social security and Medicare in the United States. In that country, social security premiums of 6.2 per cent apply to all employment income up to US$137,700 and Medicare premiums of 1.45 per cent apply to all earnings with an additional premium of 0.9 per cent levied on incomes above $200,000.

Table 12: Employee Payroll Contributions 2019 – US and Canada					
Earning	$ 50,000	$ 60,000	$ 100,000	$ 150,000	$ 250,000
USA					
Social Security	$ 3,100	$ 3,720	$ 6,200	$ 8,537	$ 8,537
Medicare	$ 725	$ 870	$ 1,450	$ 2,175	$ 4,075
TOTAL	$ 3,825	$ 4,590	$ 7,650	$ 10,712	$ 12,612
Canada					
EI	$ 810	$ 860	$ 860	$ 860	$ 860
CPP	$ 2,372	$ 2,749	$ 2,749	$ 2,749	$ 2,749
Tax on Employer Paid	$ 194	$ 217	$ 435	$ 553	$ 747
TOTAL	$ 3,376	$ 3,827	$ 4,044	$ 4,162	$ 4,356
Canada as share of US	88%	83%	53%	39%	35%

Preferential treatment for investment income

The Glen Murray Program also reduces or eliminates the preferential treatment afforded certain forms of investment income that overwhelmingly benefit high-income earners. As an example, over 70 per cent of dividends are claimed by people with incomes above $100,000.

Similarly, Tax Free Savings Accounts are overwhelmingly used by high-income earners. By capping contributions at the level set for 2020, these vehicles remain available for moderate income savers such as Seniors and near-Seniors for whom TFSAs can provide a useful alternative to RRSPs.

Table 13: Changes to Tax Rates & Preferential Treatment	Savings
Dividend Gross Up and tax credit (Personal & Trust)	$ 5,415,000,000
Preferential Treatment for Life Insurance Policy income	$ 230,000,000
Cap TFSA at $65,000	$ 150,000,000

Focusing small business tax rate

To encourage small and medium sized business formation and expansion the Federal Government provides preferential tax rates on the first $500,000 of annual business income. In 2021, the cost of this preference according to the Department of Finance will exceed $5.6 billion.

The objective of the preferential rate is to encourage the growth of small businesses by helping them accumulate capital for business expansion. However, economic studies and analyses suggest that Canada's small-business rate does not contribute to business expansion in any meaningful way. In addition, many small businesses have only one or two employees, including professionals such as doctors, lawyers and accountants who incorporate primarily to access the small-business rate.

Focusing small business supports on those that create employment and excluding professional corporations with only one employee will save an estimated $700 million annually.

Redesigning the small business tax expenditure that remains to ensure it encourages job growth will be a priority. One option to consider adding as a qualification requirement could be that employers benefitting from the rate provide wages that are at least $15 per hour.

E-Commerce
Prohibiting Canadian businesses from deducting the cost of advertising on foreign-owned sites such as Google and Facebook that now account for 80 per cent of all spending on advertising Canada will encourage Canadian businesses to advertise with Canadian businesses. Estimates of the savings from this measure suggest an annual savings of $750,000,000.

Other steps to level the playing field between largely foreign e-commerce businesses and Canadian business require ending the GST/HST tax exemption for electronic commerce services (above a determined sales threshold) that sell to Canadians and requiring them to collect and remit GST/HST and PST amounts to federal and provincial governments on their sales in Canada. Related to this are measures to collect GST/HST on imports of all digital services, including advertising, as Quebec, Saskatchewan and most other major countries have done. Estimates range on the value of these measures with some as high as $1 billion. The Glen Murray Program assumes $500 million.

Tax-Havens
The 60 largest companies on the Toronto Stock Exchange have almost 1,000 off-shore subsidiaries in tax-havens. The purpose of these is to shift profits in order to reduce corporate tax payments otherwise payable in Canada. The lost tax revenue is legal under current Canadian tax law. Three simple actions, however, can be taken by the Government of Canada without altering tax treaties and combined these can raise more than $2.5 billion in annual revenue.

One way to restrict corporate tax haven abuse would be to require economic substance for any offshore subsidiary to be recognized as a separate corporate entity for tax purposes. Legislation to this effect has been introduced in the Canadian Parliament and it is estimated that such an action could raise at least $400 million.

Off-shore subsidiaries are not truly arms-length actors and it is easy for Canadian corporations to manipulate transfers through interest payments made to wholly owned subsidiaries. Canada used to have a cap on the tax deductibility of such interest payments to offshore subsidiaries but this was removed by the Harper government. OECD has recommended doing this in their Base Erosion and Profit Shifting (BEPS) Action Plan. Restoring the cap would raise at least $200 million.

Almost 25 per cent of all Canadian foreign direct investment is in tax havens. Recent estimates by Canadians For Tax Fairness suggests the total exceeds $380 billion. Applying a one per cent withholding tax on such assets can generate at least $2 billion annually allowing for behavioural change and other actions taken in response to the measure proposed in the Glen Murray Program.

New Tax Measures

Bank tax

Canada's big 5 chartered banks are enormously profitable. In 2018, their combined profits were $43.15 billion. Assuming 6 per cent escalation (a very low estimate) their 2021 profits can be expected to be approximately $46 billion.

To support the Glen Murray Program a new 6 per cent bank tax will be levied. This will bring the banking sector's rate to 21 per cent. That is the same as the 21 per cent rate in the USA. This new tax will raise approximately $2.7 billion. The Green Party has long advocated for an increase in corporate tax rates to the general federal US level.

Credit unions, caisses populaires and co-ops would not be subject to this new tax.

Tax increase for super-rich

Canadians For Tax Fairness[7] recently estimated an additional four per cent tax rate on individual taxable income above $750,000 would generate about $1 billion annually and impact fewer than 30,000 taxpayers. The Glen Murray Program increases the proposed rate to create a 38% tax rate. With the five per cent surtax for incomes in excess of $250,000, it can be expected that at least $1 billion can be raised from such an increase.

High income surtax

Canadians with taxable income in excess of $250,000 will have a five per cent surtax added to their total federal tax payable. In 2017 just over $34.76 billion was paid in federal taxes by those earning above $250,000.

Allowing for escalation to 2021 and the impact of the various changes outlined herein it is assumed that those with incomes over $250,000 in 2021 will account for $45 billion in federal tax payable. A five per cent surtax on this will raise $2.25 billion.

This change will bring the effective tax rate for federal tax and social benefits for a Canadian earning $250,000 to 28.45 per cent comparable to the 28.24 per cent paid in Federal Tax and social benefits by an American earning $250,000. (Comparison: https://us.icalculator.info/salary-illustration/250000.html)

Table 14: Canada & US Federal Taxes	**CANADA**		
On $250,000 Employment Income	**Current**	**Murray**	**USA**
Current Federal Tax (2019)	$ 61,770	$ 61,770	
Phased out Basic Exemption		$ 1,810	
Employer Paid Benefits		$ 712	
Sur-Tax		$ 3,215	
FEDERAL INCOME TAX	**$ 61,770**	**$ 67,507**	**$ 57,995**
CPP/EI	$ 3,609	$ 3,609	
Social Security/Medicare			$ 12,612
TOTAL PAYABLE	**$ 65,379**	**$ 71,116**	**$ 70,607**
Effective Tax Rate	26.15%	28.45%	28.24%

[7] Platform For Tax Fairness, Canadians for Tax Fairness, Revised September 2019

Estates tax and luxury goods tax
A Wealth Transfer tax on estates or transfers to trusts worth more than $5 million would have no impact on the vast majority of Canadian families. It can credibly be estimated to be at least $2 billion annually.

A 10 per cent luxury tax on private cars, boats, and planes with a value of over $100,000. The PBO estimated this would generate over $600 million annually.

Impact on provincial revenue

New revenues
The Federal Government collects personal income taxes for all Provinces and Territories except Quebec. For the most part, Quebec's tax code mirrors that of the Federal Government with respect to deductions and the determination of taxable income.

It is not assumed that the Provinces mirror the move to create refundable credits. It is assumed that provincial and territorial non-refundable credits administered by the Federal Government will remain unless requested otherwise by the affected jurisdiction.

As the common collector of taxes, the Federal Government would continue to allow child-care expenses to be a deduction for the purposes of provincial income tax and (in some cases like Ontario) related benefits.

The changes to deductions and exemptions outlined in this Program serve to increase the shared tax base. Approximately $36 billion in new federal revenue is the expected result of these changes. As detailed above, all of this is returned to Canadians through the tax and benefits in the Glen Murray Program. An additional approximately $14.4 billion in corporate tax is assumed from changes to the common corporate tax base.

Assuming the total in provincial personal taxes collected is at least 50% of the amount raised in Federal taxes[i] and 25% of the Federal levy of Corporate tax it can be assumed that Provinces and Territories would see a net increase in their own revenues of approximately $21.4 billion. These assumptions are intentionally low. In 2017 the amount was 44% excluding amounts raised by Quebec's separate system. Allowing for Quebec's tax levies it is reasonable to assume provincial and territorial income taxes are at least 50% of the amount raised nationally.

Consistency with current practice would suggest that Provinces would, at the very least create non-refundable credits for the new Employer Paid CPP and EI Taxable Benefits which is added to income as a taxable benefit. The same would also probably be the case for the various deductions converted to credits. The model assumes that provincial and territorial measures to provide such credits will reduce their increased tax revenues by at least $3.6 billion.

Provinces and territories will have more than $17.5 billion more in new revenue. It is clear that Provincial and Territorial partners will have the means to work with the Federal Government to address gaps and create administrative excellence in the delivery of support to Canadians.

Benefit alignment strategy

The Glen Murray Program provides the chance for bi-lateral arrangements with willing provincial and territorial partners to fine-tune the proposed programs to best meet and align with provincial needs and priorities.

Special Canada Workers Benefit arrangements now exist with some jurisdictions as an example.

Such efforts would focus first on groups not raised above the LIM to ensure the goal of Ending Poverty Now is realized.