



NEWS RELEASE

Across all income levels, Canadians pay higher personal income taxes than Americans

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For Immediate Release

VANCOUVER— Workers in Canada—across all income levels—pay higher personal income tax rates than workers in the United States, finds a new study published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Our high-income tax rates can deter professionals, entrepreneurs and businessowners from working and investing in Canada, which is bad for the Canadian economy and therefore Canadians,” said Jake Fuss, director of fiscal studies at the Fraser Institute and co-author of *Canada’s Rising Personal Tax Rates and Falling Tax Competitiveness, 2024*.

The study notes that recent personal income tax rate increases at the federal and provincial levels have helped widen the income tax rate gap between the U.S. and Canada.

For example, among all 61 provinces and states, at \$50,000 of annual income, the top 10 highest combined (federal plus provincial/state) personal income tax rates are in nine Canadian provinces—with all provinces in the top 15—ranging from a high of 31.53 per cent in Quebec to 22.70 per cent in British Columbia.

The largest combined (federal and provincial) tax increase was in Newfoundland and Labrador, where the combined top marginal income tax rate increased 10.3 percentage points. This raised the province from one of the lowest combined top rates in Canada in 2009, up to the highest rate in the country in 2023.

At \$75,000 of income, eight provinces are in the top 10, led by Prince Edward Island (37.20 per cent). Ontario ranks 12th highest (29.65 per cent) and B.C. ranks 25th (28.20 per cent).

At \$150,000 of income, all 10 provinces comprise the top 10, from 38 per cent in Alberta up to 47.46 per cent in Quebec. Similar results exist at \$300,000 of income, from 47 per cent in Alberta up to 54 per cent in Nova Scotia.

“If policymakers want to attract and retain skilled workers and job-creators, and encourage entrepreneurs, we must lower personal income tax rates and avoid higher rates at all costs,” said Grady Munro, co-author and policy analyst at the Fraser Institute.

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