



NEWS RELEASE

Compliance costs for Canadians filing personal income taxes in 2023 estimated at \$4.2 billion

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For Immediate Release

VANCOUVER—Total compliance costs for filing personal income taxes in 2023 are estimated at \$130 per Canadian tax filer, or \$4.2 billion altogether, finds a new study published today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Overall, compliance costs for personal income taxes and payroll taxes represent a significant expense for Canadians in order to facilitate a process already widely regarded by many Canadians as a financial strain,” said Jake Fuss, director of fiscal studies at the Fraser Institute.

Personal Income Tax Compliance for Canadians: How and at What Cost? uses a new survey and finds that roughly half of tax filers (50 per cent) prepared their 2022 income tax return themselves while more than one third (37 per cent) used a paid tax preparer.

Those preparing their own return tax report do so mainly (85 per cent of self preparers) using some form of software.

The total compliance costs associated with filing 2022 personal income taxes, estimated at \$4.2 billion, is equivalent to 0.15 per cent of national GDP. Furthermore, the total administrative and compliance costs of collecting taxes in Canada is calculated to be 0.6 per cent of GDP.

The study suggests that one way to reduce these compliance costs is to produce prefilled income tax reports for Canadians, streamlining the process for taxpayers. Producing prefilled reports is estimated to result in a drop of one third in total personal income tax compliance costs for Canadians.

“If this process was more effectively streamlined for the Canadian taxpayer, the federal government would be saving them not only money, but time, another valuable resource expended during tax season,” said Fuss.

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