

NEWS RELEASE

Canada's tax system now much more complicated—actual text of Income Tax Act and regulations increased 72% since 1990

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TORONTO —As Canadians file their personal income tax returns before next week's deadline, they face a significantly more complicated tax system than existed just a few decades ago, finds a new study from the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“A growing web of complicated rules and changes has made the tax system more difficult for Canadians to understand, which affects the cost—in time and money—of compliance,” said Finn Poschmann, resident scholar at the Fraser Institute and co-author of *Tax Complexity in 2019: Can It be Tamed?*.

The study relies on several measures to illustrate the system's growing complexity.

For example, from 1990 and 2018, the text area of the actual Income Tax Act and related regulations increased by 72 per cent, from 974,050 cm² to 1,673,802 cm². The number of pages increased by two per cent, and page size increased by 69 per cent (from 354 cm² to 598 cm²).

Moreover, from 1996 to 2016, the number of federal personal income tax expenditures (exemptions, deductions, credits and exclusions) increased from 111 to 146, an increase of 32 per cent. Over the same period, the number of federal corporate income tax expenditures increased from 66 to 76, up 15 per cent.

And from 2001 to 2016, the length of the federal personal income tax guide (for Ontario), increased from 48 pages to 78 pages, an increase of 63 per cent.

Finally, the growing use of tax-filing software underscores how complicated the system has become—many Canadians can no longer file their taxes without assistance.

“Clearly, our tax system has grown more complex for Canadian families, businesses and even governments, so if policymakers want to make it easier and less expensive to comply with the system, they should pursue simplification,” Poschmann said.

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