

Adjusting for the **CANADA CHILD BENEFIT'S** Tax-Free Status

Milagros Palacios, Jason Clemens, and Steven Globerman



**BETTER UNDERSTANDING
THE CANADA CHILD BENEFIT**
Essay Series

Chapter 5

Adjusting for the Canada Child Benefit's Tax-Free Status

By Milagros Palacios, Jason Clemens, and Steven Globerman

Key points

- Despite the Canada Child Benefit (CCB) being one of the largest federal programs, no analysis to date has considered how the program's tax-free benefits affect the distribution of overall CCB spending.
- Tax-free status matters because marginal tax rates greatly influence the level of pre-tax income needed to realize any given after-tax benefit. Consider that a person earning less than \$50,197 of taxable income would have to earn \$118 in pre-tax income to generate \$100 in after-tax income considering federal taxes only compared to a person making more than \$221,708, who would have to earn \$149 to receive the same \$100 after-tax income.
- This analysis compares CCB spending adjusted for its tax-free status against both actual CCB spending and the spending done under the two previous programs (UCCB and CTTB).
- Five specific family types are analyzed (one in the body of the paper and the remaining four in appendices) as well as all eligible families.
- The total value of Canada Child Benefits in 2019 increases from an estimated \$24.9 billion to \$32.5 billion when the tax-free status of the benefit is included.
- When we compare the adjusted CCB spending against the actual CCB spending for all eligible families, we find that families with incomes below \$10,000 experience no change in their share of the overall distribution of spending. Families with incomes from \$10,000 to \$70,000 experience a reduction in their share of total CCB spending—falling from 44.7 percent to 40.7 percent. Finally, families with incomes above \$70,000 experience an increase in their share of total CCB spending: from 55.0 percent to 59.0 percent.

- The differences in the share of benefits are larger when we compare the adjusted CCB spending (to account for its tax-free status) against the distribution of spending under the two previous programs.
- Families with incomes less than \$60,000 experience a reduction in their share of total CCB spending from 42.9 percent to 29.7 percent. Families with incomes between \$60,000 and \$180,000 experience an increase in their share of spending from 49.2 percent under the old programs (UCCB and CCTB) to 66.8 percent. Finally, families with incomes above \$180,000 experience a reduction in their share of total CCB spending from 7.9 percent to 3.5 percent.
- The shifting of overall CCB spending towards middle- and upper-middle-income families when accounting for the CCB's tax-free status is even greater than previous analyses concluded. While overall CCB spending increases compared to the two previous programs, the distributional shift to middle- and upper-middle-income families suggests the increases under the new program could have been better targeted to those families in need and potentially at a lower overall cost for the program.

Introduction

The Canada Child Benefit (CCB) is one of the largest federal programs, forecast to cost \$25.2 billion in 2022-23.¹ A number of analyses have compared the current Canada Child Benefit with its predecessors: the Universal Child Care Benefit (UCCB) and the Canada Child Tax Benefit (CCTB), particularly with respect to the distribution of overall spending, as well as the degree to which resources under the new CCB are targeted to those in need (see Sarlo, Clemens, and Palacios, 2020; and Sarlo, 2020). However, to date no study has been published that takes into account the tax-free status of the CCB. That is, unlike most other government transfers, the CCB is not classified as taxable income. This analysis adjusts the distribution of total CCB spending to reflect its value after taking into account its tax-free status.

The paper begins with a summary of the methodology employed followed by a discussion of why the CCB's tax-free status is important. This is followed by an analysis of a specific profile family, specifically a 2-parent family with two working parents with two children. This family is used to examine how adjusting the CCB for its tax-free status influences the overall distribution of CCB spending compared to both actual CCB spending

¹ See Canada, Department of Finance (2022), Annex 1: Details of Economic and Fiscal Projections in *Budget 2022*.

and spending on the previous two programs. A general analysis of CCB spending including all eligible families follows. Four appendices provide detailed information for the four other families analyzed in this paper. The study concludes with some brief closing comments.

Methodology

It is important to recognize that this analysis is interested in and focuses on the changes in the distribution of spending related to the CCB, by income level, compared to both the two previous programs (UCCB and CCTB) and the CCB unadjusted for its tax-free status. As noted previously, the CCB represents a substantial increase in overall spending compared to the two previous programs. Specifically, in 2016-17, the first full year of the program, spending increased by 22.8 percent. Over the 2016-17 to 2019-20 period, overall spending on the CCB was \$20.0 billion more than planned under the previous two programs, which themselves were expanded in 2015 by the previous government (see Palacios and Clemens, 2020). The increase in overall spending necessarily means benefit levels were increased. The interest and focus of this paper, however, is on the distribution of the total CCB spending rather than the specific CCB spending for particular families. This analysis lays the foundation for future analyses of whether alternative approaches could have assisted lower income families to a greater degree (Sarlo, Clemens, and Palacios, 2020) and/or at a lower total cost, which is particularly important given that the entire increase in the program cost was financed by borrowing.

CCB eligibility is determined based on family² income rather than individual income. This study analyzes five different families: lone parent with one child, 2-parent family with one child (one earner), 2-parent family with one child (two earners), 2-parent family with two children (one earner), and 2-parent family with two children (two earners). One family is profiled in the main body of the study, specifically the 2-parent family with two children and both parents working. The data and results for the other four families are presented in separate appendices at the end.

For table 1, when calculating the CCB, one child is always assumed to be under the age of 6, which results in the family receiving the higher CCB. For the two families with two children, the second child is assumed to be over 6 years of age but under 18, resulting in a lower CCB. However, in the subsequent analyses, which rely on data from Statistics Canada's SPSPD/M, families with two children under 18 are included regardless of

² "Family" is defined as a nuclear family and excludes children over the age of 18, grandparents, and unrelated roommates who may reside in the same "household."

their ages. The CCB benefit for each family at each level of income was calculated for 2021 using the Government of Canada's online calculator (<https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html>).

The total estimated CCB presented in table 1 is for 2021 and assumes residency in Ontario for tax purposes only. Supplemental benefits linked to the CCB provided by the Ontario government, specifically the Ontario Trillium Benefit as well as other income transfers for lower-income Ontarians such as the Ontario energy and property tax credit and the Ontario sales tax credit are excluded from the analysis.

The marginal tax rates for all tables and figures were calculated using SPSD/M for 2019 so as to be consistent with previous analyses. To calculate the marginal tax rate in the SPSD/M, it was assumed that the UCCB (which was a taxable benefit) was still in place and that there was an incremental increase of \$100 in the benefit. The marginal tax rate was calculated as the change in tax liabilities before and after the incremental addition of \$100 in the UCCB benefit for those families that received the benefit. In other words, the marginal tax rate was calculated as the proportion of an extra dollar of UCCB benefit that was taxed. This overcame the problem experienced in the SPSD/M marginal tax rate facility that included an imputed sales tax.

Standard average and marginal tax rates are also included in table 1 for reference and were calculated using the Ernst & Young online calculator (<https://www.eytaxcalculators.com/en/2021-personal-tax-calculator.html>) for the 2021 tax year and checked against the Canada Revenue Agency's tax rate summary.

The distributional analyses in this study, starting with table 2 and figure 2 through to the end of the paper including the appendices are based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M) for the year 2019. The SPSD/M is a micro-analysis system that includes detailed information drawn from a number of specialized databases for more than 1 million Canadians in over 300,000 households with approximately 600 variables included for each individual. The variables include earnings, taxes paid, transfers received from government, and demographic characteristics. It is the only database available in Canada that integrates taxes, transfers, and other characteristics. The SPSD/M currently relies on data from a number of surveys and other sources from 2017, which is then used to forecast to 2019.

To ensure a sufficient sample of families from the SPSD/M, the analyses after table 1 include all families with two earners regardless of the distribution of income between the two people. In addition, families were

selected based on the number of children eligible for the CCB regardless of their specific age.

Why is tax-free status important?

Unlike many income transfers and related benefits that the federal government provides, the Canada Child Benefit is tax-free. So while the value of the CCB is scaled back³ as family income increases, there is a tax effect that needs to be understood, which increases the tax-adjusted value of the benefit as family income increases. The reason for this intuitive contradiction is that as income increases, the marginal tax rates that families face also increase. To receive the same after-tax benefit, higher and higher levels of pre-tax income need to be earned when the marginal tax rate is increasing with income.

For example, for a person to receive a \$100 after-tax benefit, the level of pre-tax income they need to earn will vary due to increasing marginal tax rates. If we apply the federal personal income tax rates exclusively, the differences are marked.⁴ A person earning less than \$50,197 of taxable income would have to earn \$118 in pre-tax income to receive \$100 in after-tax income. A person earning between \$100,392 and \$155,625, on the other hand, would have to earn \$135 to generate the same \$100 in after-tax income. And a person making more than \$221,708, facing the top federal personal income tax rate of 33 percent, would have to earn \$149 to receive the same \$100 after-tax income. The addition of provincial marginal personal income tax rates makes the differences even starker. Put simply, the level of pre-tax income needed to generate the same after-tax income varies greatly depending on the marginal tax rate an earner faces. It is this tax-free dynamic of the CCB that needs to be incorporated in our understanding of how the benefit affects families at different income levels.

Table 1 presents data for the standard family profiled in this analysis: two parents with two children in Ontario, one under the age of 6 and the

³ For details on how the CCB is calculated, and specifically how it is scaled back as income increases, please see <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/canada-child-benefit-overview/canada-child-benefit-we-calculate-your-ccb.html>.

⁴ For information on federal personal income tax rates and the income levels at which they apply (2021), please see <https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/canadian-income-tax-rates-individuals-current-previous-years.html>.

Table 1: Estimated CCB, Average and Marginal Tax Rates by Income Level: 2-Parent Family with Two Children (Two Income Earners)

Income level	Total estimated CCB (\$), monthly	Total estimated CCB (\$), annual	Adjusted pre-tax CCB value, annual		Average tax rate — SPSD/M	Marginal tax rate — SPSD/M	Average tax rate	Marginal tax rate
			Average tax rate	Marginal tax rate				
10,000	1,075.00	12,900	12,900	12,900	0.00%	0.00%	0.00%	0.00%
20,000	1,075.00	12,900	12,900	12,900	0.00%	0.00%	0.00%	0.00%
30,000	1,075.00	12,900	12,900	14,170	0.00%	8.96%	1.19%	15.00%
40,000	993.96	11,928	11,928	13,003	0.00%	8.27%	6.74%	20.05%
50,000	881.46	10,578	10,622	12,005	0.42%	11.89%	9.57%	20.05%
60,000	768.96	9,228	9,646	11,466	4.34%	19.52%	11.31%	20.05%
70,000	656.46	7,878	8,380	10,347	6.00%	23.87%	12.56%	20.05%
80,000	602.03	7,224	7,871	10,237	8.22%	29.43%	13.50%	20.05%
90,000	554.53	6,654	7,362	9,315	9.61%	28.56%	14.23%	20.05%
100,000	507.03	6,084	6,871	8,391	11.45%	27.49%	15.31%	29.65%
110,000	459.53	5,514	6,425	7,890	14.18%	30.11%	16.62%	29.65%
120,000	412.03	4,944	5,751	7,087	14.03%	30.23%	17.70%	29.65%
130,000	364.53	4,374	5,216	6,378	16.14%	31.41%	18.62%	29.65%
140,000	317.03	3,804	4,558	5,403	16.54%	29.59%	19.41%	29.65%
150,000	269.53	3,234	3,953	4,621	18.17%	30.00%	20.09%	29.65%
160,000	222.03	2,664	3,285	4,022	18.90%	33.76%	20.70%	31.48%
170,000	174.53	2,094	2,574	3,132	18.62%	33.12%	21.34%	31.48%
180,000	127.03	1,524	1,896	2,279	19.60%	33.11%	21.90%	31.48%
190,000	79.53	954	1,203	1,438	20.69%	33.62%	22.58%	37.91%
200,000	32.03	384	486	590	20.86%	34.83%	23.45%	43.41%
210,000	—	—	—	—	21.38%	35.83%	24.40%	43.41%
220,000	—	—	—	—	22.02%	34.43%	25.27%	43.41%
230,000	—	—	—	—	22.74%	37.43%	26.06%	43.41%
240,000	—	—	—	—	23.30%	36.16%	26.78%	43.41%
250,000	—	—	—	—	23.83%	36.58%	27.45%	43.41%

Notes:

(1) The assumptions used for the calculations in columns 1 and 2, and in columns 7 and 8: 2021 tax year; two parents, two children; both parents work and earn equal amount of income; Child #1 is under 6 years of age, and Child #2 is between 6 and 17.

(2) CCB is calculated using the online calculator: <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html>.

(3) Average and marginal tax rates identified as SPSD/M were calculated using the methodology explained in the paper based on Statistics Canada's SPSD/M.

(4) Average and marginal tax rates in the final two columns were calculated using this calculator: <https://www.eytax-calculators.com/en/2021-personal-tax-calculator.html>.

(5) The calculation of average and marginal income tax rates include both provincial (Ontario) and federal tax rates.

Sources: Government of Canada (2022). Child and Family Benefits Calculator. <<https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html>>, as of May 9, 2022; Statistics Canada's SPSD/M (V. 29); calculations by authors.

other between 6 and 17.⁵ Both parents work and family income is assumed to be earned equally between the two parents. The estimated CCB declines from a maximum annual benefit of \$12,900 (in 2021) for families with income under \$20,000 to \$384 for families with income between \$190,000 and \$200,000.

Table 1 shows the marginal tax rate, including both the federal and Ontario rates and including the provincial surtaxes, calculated using SPSD/M and described in the methodology section. The applicable marginal personal income tax rates range from 0.0 percent to 36.58 percent.

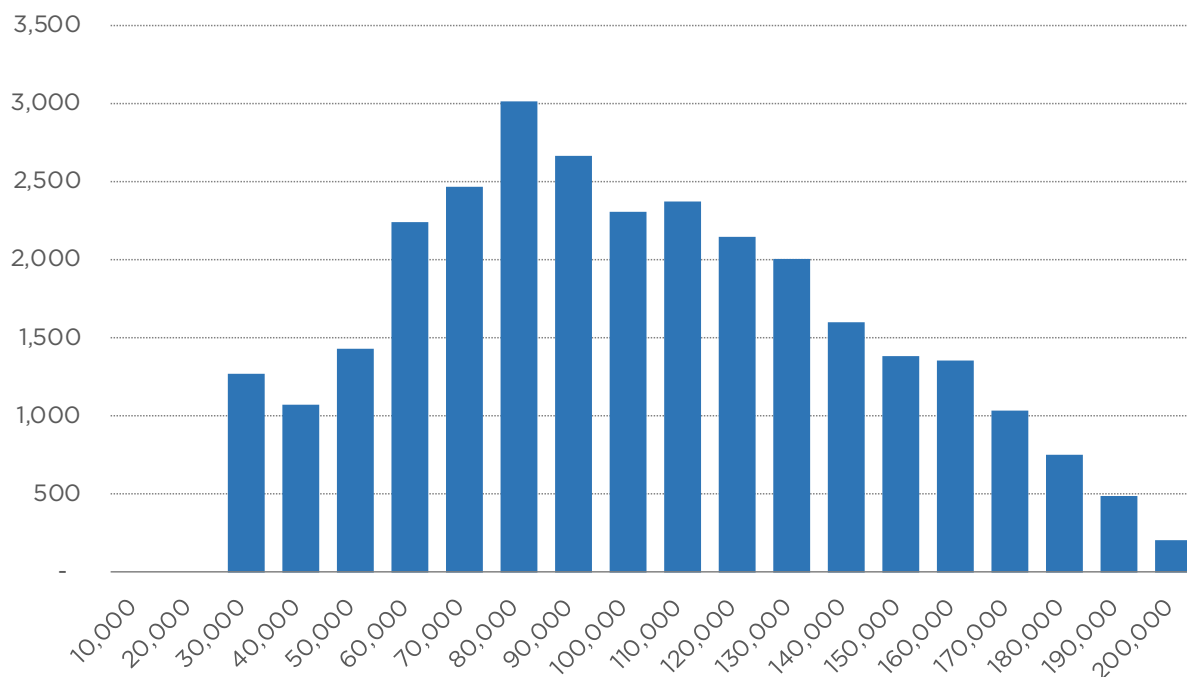
It's important to note that tax rates are calculated and imposed on individuals rather than on families. The marginal tax rates calculated in the SPSD/M include working parents at different income levels. For example, there are nearly endless possible combinations of income between the parents in a family with two earners with family income between \$70,000 and \$80,000. The tax calculations in this paper include all these families as long as their total family income falls within the prescribed ranges.

To highlight the effect of including families with similar overall income but differing levels of individual income between the working parents, contrast the marginal tax rate column marked in table 1 with "SPSD/M" (column 6) and the final column, which uses an online tax calculator. The latter relies on an assumption that all working parents in each family earn the same amount of income such that a household with \$80,000 in family income would have both parents earning \$40,000. As depicted in table 1, the marginal tax rates using this assumption are generally higher than the calculated marginal tax rate using SPSD/M, which again includes a greater variety of income splitting between working parents in each family.

The marginal tax rates (identified as "Marginal Tax Rate - SPSD/M" – column 6) included in table 1 are used to adjust the benefits provided by the CCB to the profiled family to reflect the value of pre-tax income needed to generate the current CCB. This value is included in column 4 of table 1 and is labelled "Adjusted Pre-Tax CCB Value, Annual, Marginal Tax Rate." Figure 1 illustrates the difference between the actual CCB provided and its pre-tax value. Specifically, the value of the CCB for each family (by income level) is multiplied by 1 minus the marginal tax rate to arrive at the pre-tax value of the CCB required to provide an after-tax benefit given the applicable marginal tax rate.

⁵ Note that households from across Canada were included in this analysis based on the sampling from the SPSD/M. This was done to capture a larger sample and thus more variation within the households. The analysis assumes all families are in Ontario for the calculation of marginal taxes. Location does not affect the actual CCB since it includes no supplemental provincial benefits.

Figure 1: Difference Between the Actual vs. Adjusted Canada Child Benefit, by Income Level for a 2-Parent Family with Two Children (Two Income Earners), 2021



Notes and sources: See table 1.

Two effects are at work in the results depicted in figure 1. First, the applicable marginal tax rate, which increases as income increases, provides a higher adjustment to the CCB to reflect its tax-adjusted value. The second, which mitigates the marginal tax effect, is that the benefit itself is reduced or scaled back as income increases. In other words, a larger adjustment from the marginal tax is being applied to a smaller and smaller CCB as income increases. The key, however, is that the estimated value of the adjusted pre-tax CCB is always higher than the actual CCB value except for those families earning less than \$20,000 in annual income.

An important question emerges regarding the distribution of CCB spending when we account for these pre-tax versus post-tax values. Specifically, how does this adjustment affect the overall distribution of CCB spending by income level? This is made all the more relevant since several analyses have shown that overall spending on the CCB versus the previous CCTB and UCCB combined is more skewed towards middle- and even upper-middle-income families. For instance, Sarlo, Clemens, and Palacios (2020) found that families with income under \$40,000 annually received

16.2 percent of the total spending under the new CCB compared to 21.8 percent of total spending under the old program. Indeed, they found that slightly more than half of total spending went to families with an income of \$70,000 or higher (Sarlo, Clemens, and Palacios, 2020), the inference being that the new program (CCB) is more focused on middle-income rather than lower-income families. However, Sarlo, Clemens, and Palacios (2020) did not adjust for the marginal tax effect outlined above.

Analyzing the distribution of CCB spending adjusting for tax-free status

The critical question for this analysis is the degree to which adjusting CCB spending to reflect its pre-tax value to recipient families affects the overall distribution of CCB spending. There are actually two sets of comparisons. The first is straightforward: how does the adjusted distribution of CCB spending by income level compare with the unadjusted CCB distribution? The second, and perhaps more interesting is how the adjusted CCB spending compares with the distribution of spending under the old programs (UCCB and CCTB).

i) Specific family analysis

Table 2 includes information on both the unadjusted and adjusted value of CCB spending based on data from the SPSD/M for 2019, including marginal tax rates. Again, this data only pertains to the specific family profiled in table 1: the 2-parent family with two children under 18 with both parents working.⁶ The distribution of actual CCB spending by income level is adjusted using marginal tax rates calculated in the SPSD/M and included in table 1. Please see the methodology section for more details on the specific calculation of the marginal tax rate.⁷ Figure 2 illustrates the percentage-point difference between the distribution of total actual CCB spending by income level and the adjusted total CCB spending to reflect the pre-tax value of the benefit.

⁶ Note again that this sample includes families in all provinces so as to capture a larger sample. For tax purposes, they're assumed to be in Ontario.

⁷ To be consistent and allow for comparability with previous essays in this series on the Canada Child Benefit, data from SPSD/M is for the year 2019. The marginal tax rates used in figures 2, 4, and the appendices are from the SPSD/M using the approach summarized in the methodology section.

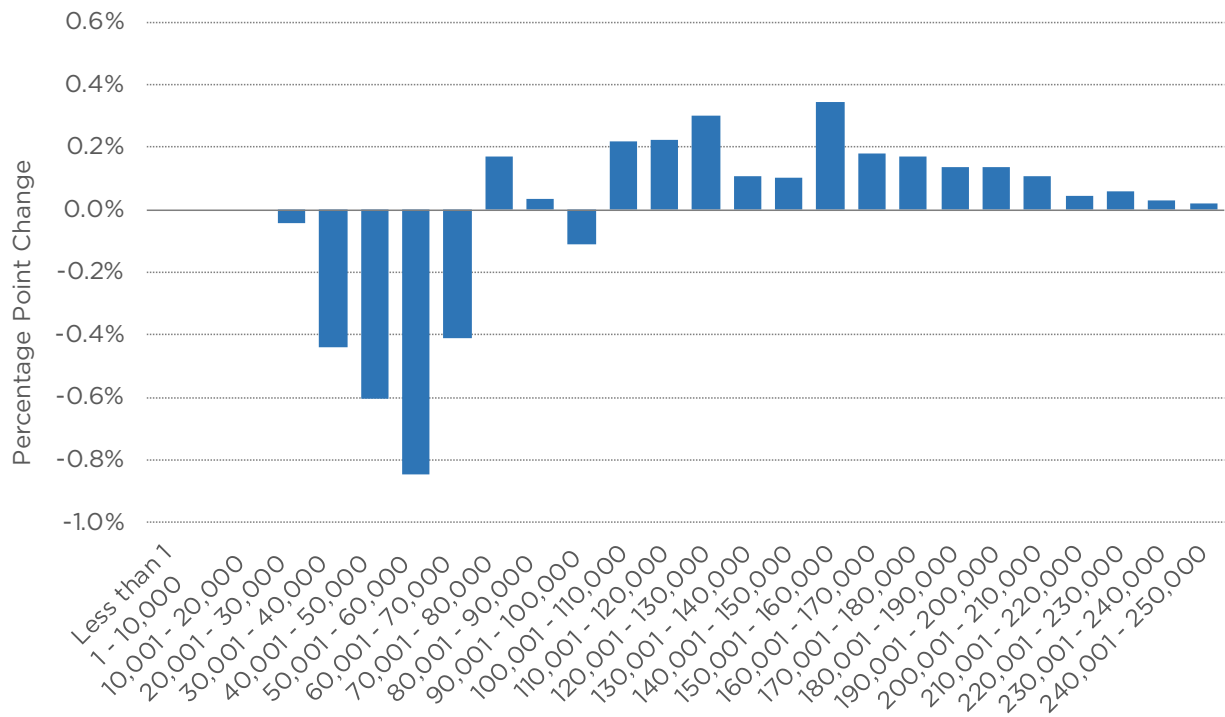
Table 2: Distribution of Canada Child Benefits by Income Group, 2-Parent Family with Two Children (Two Income Earners), 2019

Income groups by total income	Number of recipient families, in thousands	Total benefits, in \$ millions	Total adjusted benefits, in \$ millions	Distribution (actual benefits — unadjusted)	Distribution (total adjusted benefits)	Change in distribution of CCB
Less than 1	0.0	0.0	0.0	0.0%	0.0%	0.0%
1 - 10,000	0.0	0.0	0.0	0.0%	0.0%	0.0%
10,001 - 20,000	0.0	0.0	0.0	0.0%	0.0%	0.0%
20,001 - 30,000	0.7	10.1	11.1	0.2%	0.2%	0.0%
30,001 - 40,000	7.4	97.8	106.6	2.0%	1.6%	-0.4%
40,001 - 50,000	12.4	158.2	179.5	3.2%	2.6%	-0.6%
50,001 - 60,000	31.8	377.5	469.1	7.7%	6.9%	-0.8%
60,001 - 70,000	32.6	345.0	453.2	7.1%	6.6%	-0.4%
70,001 - 80,000	59.0	530.1	751.2	10.8%	11.0%	0.2%
80,001 - 90,000	65.6	526.0	736.3	10.8%	10.8%	0.0%
90,001 - 100,000	64.9	473.0	652.3	9.7%	9.6%	-0.1%
100,001 - 110,000	62.4	421.4	602.9	8.6%	8.8%	0.2%
110,001 - 120,000	64.4	398.8	571.6	8.2%	8.4%	0.2%
120,001 - 130,000	56.1	325.5	474.6	6.7%	7.0%	0.3%
130,001 - 140,000	57.2	290.2	412.2	5.9%	6.0%	0.1%
140,001 - 150,000	44.6	210.6	300.9	4.3%	4.4%	0.1%
150,001 - 160,000	50.2	205.8	310.7	4.2%	4.6%	0.3%
160,001 - 170,000	36.1	124.4	186.0	2.5%	2.7%	0.2%
170,001 - 180,000	36.5	116.1	173.6	2.4%	2.5%	0.2%
180,001 - 190,000	31.4	83.9	126.4	1.7%	1.9%	0.1%
190,001 - 200,000	29.1	67.3	103.3	1.4%	1.5%	0.1%
200,001 - 210,000	28.1	44.3	69.0	0.9%	1.0%	0.1%
210,001 - 220,000	18.4	23.9	36.4	0.5%	0.5%	0.0%
220,001 - 230,000	19.0	19.7	31.5	0.4%	0.5%	0.1%
230,001 - 240,000	13.3	11.2	17.5	0.2%	0.3%	0.0%
240,001 - 250,000	11.8	7.9	12.5	0.2%	0.2%	0.0%
250,001 - Max	56.5	21.0	33.4	0.4%	0.5%	0.1%
Total	889.5	4,889.7	6,821.7			

Note: The adjustment is based on the on the marginal tax rate calculated using SPSD/M.

Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

Figure 2: Percentage Point Change in Distribution of CCB Spending, 2019



Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

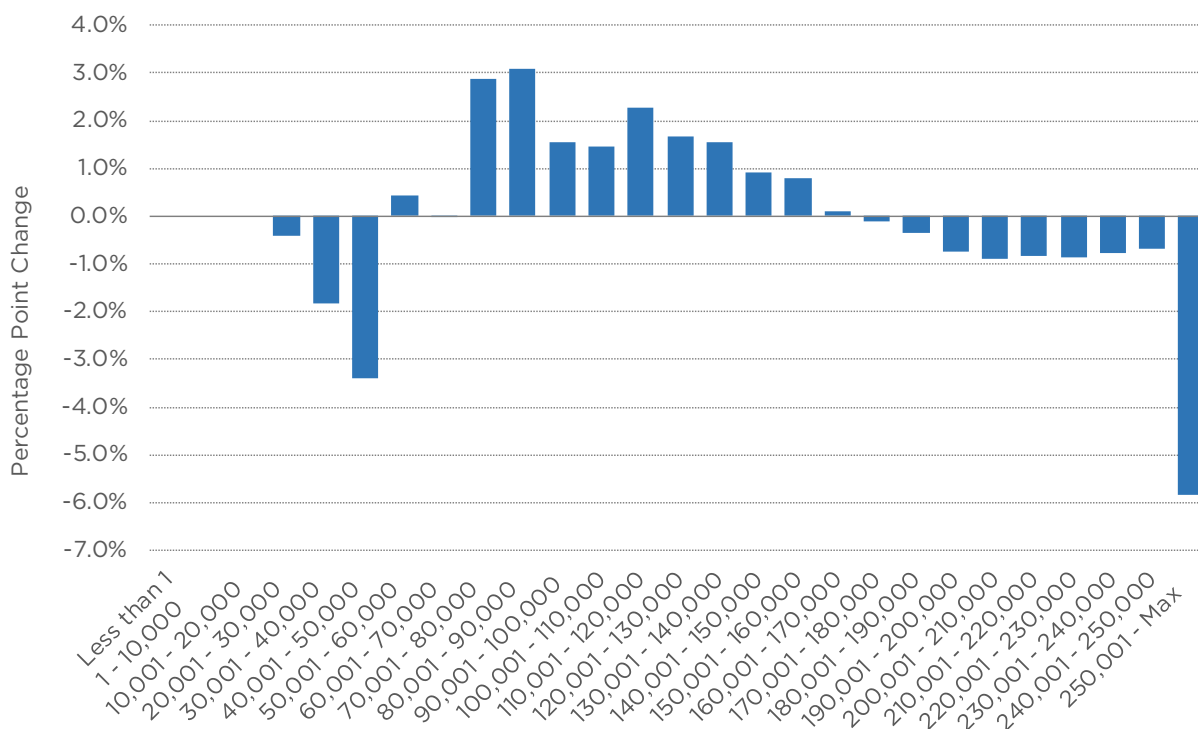
As depicted, for families with income up to \$30,000 there is no difference between the actual and adjusted CCB spending. For families with income between \$30,000 and \$70,000, their share of total CCB spending is reduced once the pre-tax value of the benefit is adjusted. Specifically, the share of total CCB spending falls from 20.0 percent (actual CCB spending) to 17.7 percent when adjusted for the tax-free nature of the CCB. The share of total CCB spending for families with incomes between \$70,000 and \$100,000 is essentially unchanged: 31.3 percent versus 31.4 percent. Families with income of \$100,000 or more experience an increase in their share of total CCB spending, rising from 48.5 percent to 50.8 percent.

The results are relatively straightforward. When the tax-free nature of the benefit is accounted for, the total value of the benefits increases and they skew more towards middle- and upper-middle-income families. Specifically, the total value of the benefits paid to this specific profile family increases from \$4.9 billion to \$6.8 billion after accounting for its tax-free status. The movement of the overall distribution of spending towards middle- and upper-middle-income families is important since it means the

Table 3: Comparing Adjusted CCB with the Previous UCCB + CCTB by Income Group, 2-Parent Family with Two Children (Two Income Earners), 2019

Income groups by total income	UCCB+CCTB			CCB adjusted			Compared to CCB adjusted		
	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Change in total benefits, in \$ millions	Change in distribution	Change in number of recipient families, in thousands
Less than 1	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0
1 - 10,000	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0
10,001 - 20,000	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0
20,001 - 30,000	1.6	17.3	0.6%	0.7	11.1	0.2%	-6.2	-0.4%	-0.9
30,001 - 40,000	11.4	104.8	3.4%	7.4	106.6	1.6%	1.8	-1.8%	-4.0
40,001 - 50,000	24.5	185.7	6.0%	12.4	179.5	2.6%	-6.2	-3.4%	-12.1
50,001 - 60,000	30.8	198.6	6.4%	31.8	469.1	6.9%	270.5	0.4%	1.0
60,001 - 70,000	43.7	204.7	6.6%	32.6	453.2	6.6%	248.5	0.0%	-11.1
70,001 - 80,000	57.5	251.0	8.1%	59.0	751.2	11.0%	500.2	2.9%	1.5
80,001 - 90,000	59.3	237.0	7.7%	65.6	736.3	10.8%	499.3	3.1%	6.3
90,001 - 100,000	66.8	246.9	8.0%	64.9	652.3	9.6%	405.4	1.5%	-1.9
100,001 - 110,000	60.3	227.2	7.4%	62.4	602.9	8.8%	375.7	1.5%	2.1
110,001 - 120,000	59.9	188.4	6.1%	64.4	571.6	8.4%	383.2	2.3%	4.5
120,001 - 130,000	53.4	162.5	5.3%	56.1	474.6	7.0%	312.1	1.7%	2.7
130,001 - 140,000	54.3	138.5	4.5%	57.2	412.2	6.0%	273.7	1.5%	2.9
140,001 - 150,000	44.2	107.8	3.5%	44.6	300.9	4.4%	193.1	0.9%	0.4
150,001 - 160,000	46.8	115.7	3.8%	50.2	310.7	4.6%	195.0	0.8%	3.4
160,001 - 170,000	35.3	80.9	2.6%	36.1	186.0	2.7%	105.1	0.1%	0.8
170,001 - 180,000	35.1	81.6	2.6%	36.5	173.6	2.5%	92.0	-0.1%	1.4
180,001 - 190,000	28.5	67.6	2.2%	31.4	126.4	1.9%	58.8	-0.3%	2.9
190,001 - 200,000	28.5	69.4	2.3%	29.1	103.3	1.5%	33.9	-0.7%	0.6
200,001 - 210,000	27.0	59.1	1.9%	28.1	69.0	1.0%	9.9	-0.9%	1.1
210,001 - 220,000	18.3	42.1	1.4%	18.4	36.4	0.5%	-5.7	-0.8%	0.1
220,001 - 230,000	18.2	41.1	1.3%	19.0	31.5	0.5%	-9.6	-0.9%	0.8
230,001 - 240,000	13.9	32.0	1.0%	13.3	17.5	0.3%	-14.5	-0.8%	-0.6
240,001 - 250,000	11.9	26.6	0.9%	11.8	12.5	0.2%	-14.1	-0.7%	-0.1
250,001 - Max	88.4	194.8	6.3%	56.5	33.4	0.5%	-161.4	-5.8%	-31.9
Total	919.6	3,081.3		889.5	6,821.7				

Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

Figure 3: Percentage Point Change in Distribution of CCB Spending, 2019

Sources: Statistics Canada's SPSPD/M (V. 29); calculations by authors.

CCB is less targeted to those in need than previous analyses have concluded (see Sarlo, Clemens, and Palacios, 2020; and Sarlo, 2021).

This leads to the second part of the analysis, which involves comparing the adjusted CCB spending, by income level, with spending under the previous two programs (UCCB and CCTB). Table 3 contains the analysis for both the adjusted CCB spending by income level and spending under the previous programs. Figure 3 illustrates the percentage-point change in the distribution of overall spending by income level between the adjusted CCB and the previous programs.

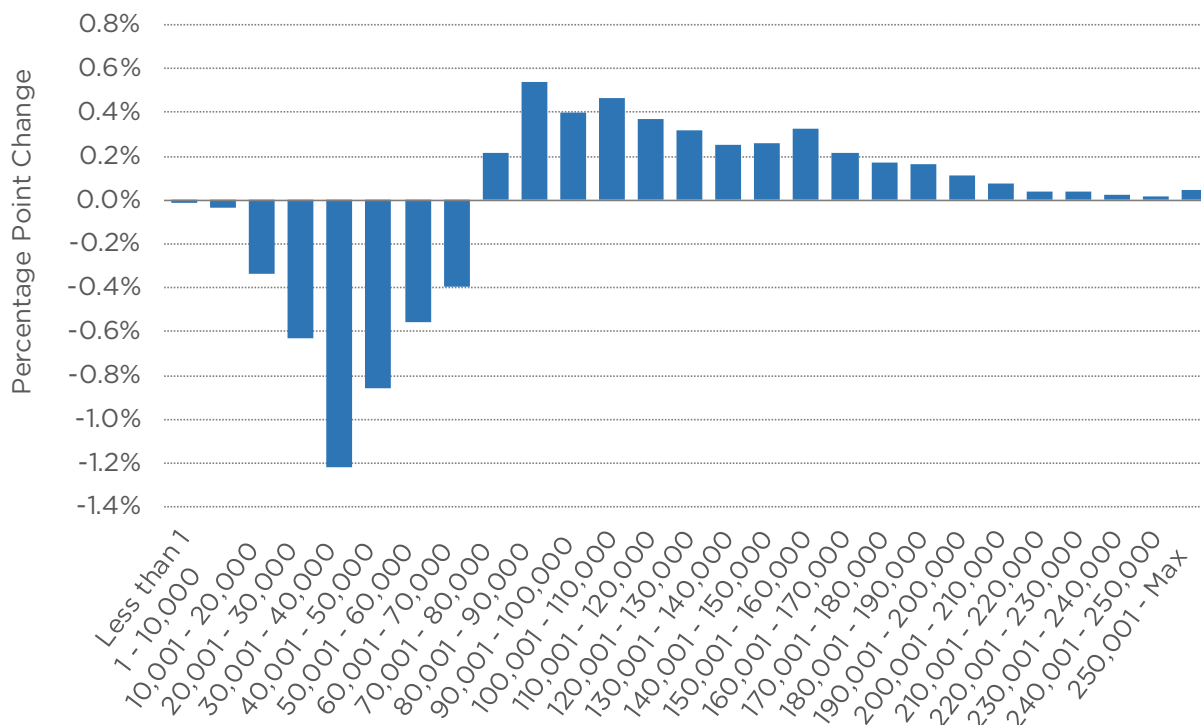
Like the first analysis comparing the actual and adjusted CCB spending, the comparison of the adjusted CCB spending versus the old programs shows a shift towards greater spending for the middle-class, although in this case the shift is more pronounced. The share of total CCB spending for families with income under \$50,000 annually is 4.4 percent compared to 10.0 percent under the old programs. The share of total CCB spending for families with incomes between \$50,000 and \$100,000 is 44.9 percent compared to 36.9 percent under the old programs. Clearly

Table 4: Distribution of Canada Child Benefits by Income Group, All Recipient Families, 2019

Income groups by total income	Number of recipient families, in thousands	Total benefits, in \$ millions	Total adjusted benefits, in \$ millions	Distribution (Actual benefits - unadjusted)	Distribution (total adjusted benefits)	Change in distribution of CCB
Less than 1	2.1	18.3	20.4	0.1%	0.1%	0.0%
1 - 10,000	8.8	56.4	61.4	0.2%	0.2%	0.0%
10,001 - 20,000	73.4	551.5	612.4	2.2%	1.9%	-0.3%
20,001 - 30,000	119.8	1,067.4	1,191.0	4.3%	3.7%	-0.6%
30,001 - 40,000	184.0	1,979.2	2,193.0	8.0%	6.7%	-1.2%
40,001 - 50,000	200.6	2,110.6	2,480.7	8.5%	7.6%	-0.9%
50,001 - 60,000	232.4	2,520.1	3,115.9	10.1%	9.6%	-0.6%
60,001 - 70,000	261.2	2,890.5	3,652.8	11.6%	11.2%	-0.4%
70,001 - 80,000	263.5	2,505.2	3,347.4	10.1%	10.3%	0.2%
80,001 - 90,000	239.8	2,365.1	3,269.0	9.5%	10.1%	0.5%
90,001 - 100,000	237.5	1,708.5	2,366.0	6.9%	7.3%	0.4%
100,001 - 110,000	224.0	1,530.6	2,153.0	6.2%	6.6%	0.5%
110,001 - 120,000	211.3	1,264.6	1,775.6	5.1%	5.5%	0.4%
120,001 - 130,000	165.5	888.8	1,266.5	3.6%	3.9%	0.3%
130,001 - 140,000	161.5	771.8	1,092.9	3.1%	3.4%	0.3%
140,001 - 150,000	138.4	643.7	925.4	2.6%	2.8%	0.3%
150,001 - 160,000	136.0	536.4	808.2	2.2%	2.5%	0.3%
160,001 - 170,000	110.9	407.9	602.7	1.6%	1.9%	0.2%
170,001 - 180,000	102.9	303.5	452.7	1.2%	1.4%	0.2%
180,001 - 190,000	91.6	256.1	388.4	1.0%	1.2%	0.2%
190,001 - 200,000	73.4	167.3	254.4	0.7%	0.8%	0.1%
200,001 - 210,000	65.1	103.1	159.8	0.4%	0.5%	0.1%
210,001 - 220,000	48.0	63.5	96.3	0.3%	0.3%	0.0%
220,001 - 230,000	45.9	45.8	71.7	0.2%	0.2%	0.0%
230,001 - 240,000	35.2	29.6	45.8	0.1%	0.1%	0.0%
240,001 - 250,000	29.8	20.5	32.1	0.1%	0.1%	0.0%
250,001 - Max	140.1	58.7	91.1	0.2%	0.3%	0.0%
Total	3,602.7	24,864.7	32,526.6			

Note: The adjustment is based on the on the marginal tax rate calculated using SPSD/M.

Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

Figure 4: Percentage Point Change in Distribution of CCB Spending, 2019

Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

spending on the new CCB, particularly when adjusted to reflect its tax-free status, has shifted spending to focus more on middle-class families than did the previous two programs, which concentrated more of the total spending on lower-income families.

Also of interest is the fact that the share of total spending in the new CCB (adjusted) for families with income over \$100,000 is 50.8 percent, only somewhat less than the share recorded under the old system (53.1 percent).

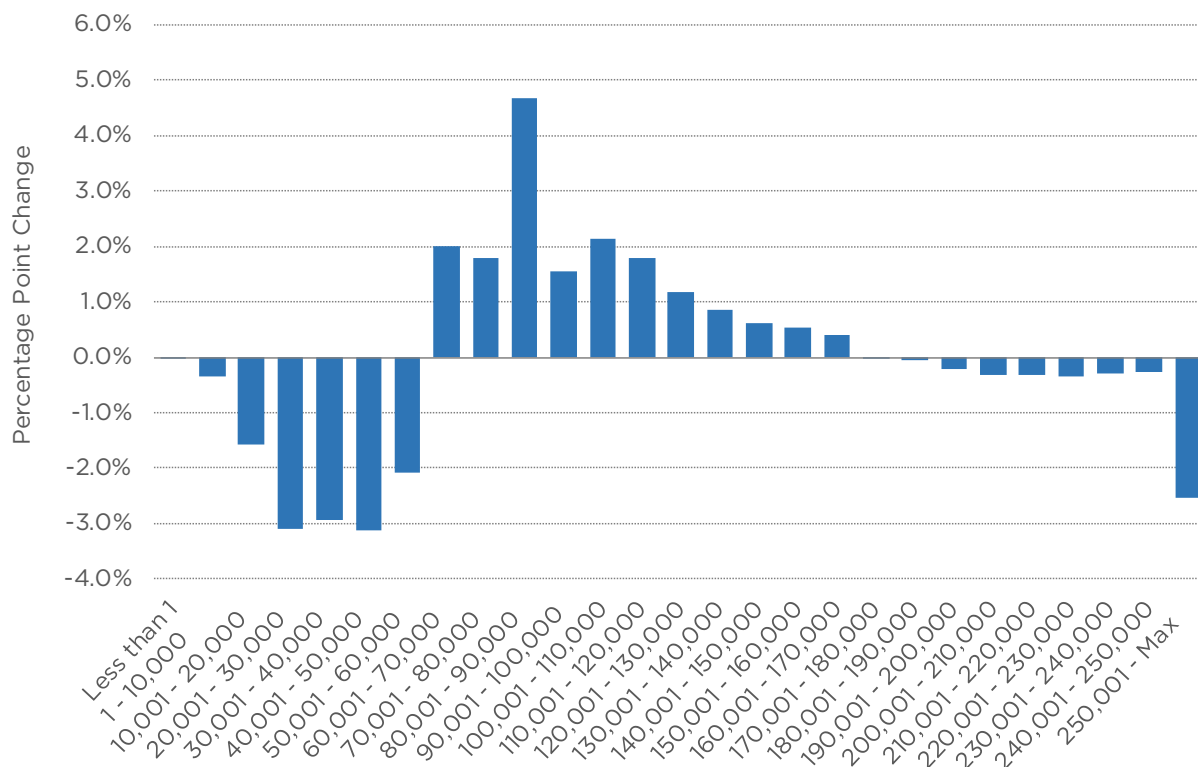
For reference, Appendices A through D include the same data presented in this section for the other four profiled families. The results are, to varying degrees, the same. First, there is a minor shift in the distribution for the adjusted CCB spending towards middle- and even upper-middle-income families. Second, and more pronounced, there is clearly a shift in the distribution of total CCB spending when adjusted for its tax-free status compared to the old programs. This is true for all four profiled families. The new CCB program introduced in 2016 shifted the distribution of total spending from lower-income families to middle- and upper-middle-income families.

Table 5: Comparing Adjusted CCB with the Previous UCCB + CCTB by Income Group, All Recipient Families, 2019

Income groups by total income	UCCB+CCTB			CCB adjusted			Compared to CCB adjusted		
	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Change in total benefits, in \$ millions	Change in distribution	Change in number of recipient families, in thousands
Less than 1	2.1	13.2	0.1%	2.1	20.4	0.1%	7.2	0.0%	0.0
1 - 10,000	17.0	83.2	0.5%	8.8	61.4	0.2%	-21.8	-0.3%	-8.2
10,001 - 20,000	87.8	547.9	3.5%	73.4	612.4	1.9%	64.5	-1.6%	-14.4
20,001 - 30,000	145.6	1,068.5	6.8%	119.8	1,191.0	3.7%	122.5	-3.1%	-25.8
30,001 - 40,000	191.5	1,530.4	9.7%	184.0	2,193.0	6.7%	662.6	-2.9%	-7.5
40,001 - 50,000	234.8	1,697.7	10.7%	200.6	2,480.7	7.6%	783.0	-3.1%	-34.2
50,001 - 60,000	261.1	1,842.9	11.7%	232.4	3,115.9	9.6%	1,273.0	-2.1%	-28.7
60,001 - 70,000	265.2	1,457.9	9.2%	261.2	3,652.8	11.2%	2,194.9	2.0%	-4.0
70,001 - 80,000	256.2	1,343.9	8.5%	263.5	3,347.4	10.3%	2,003.5	1.8%	7.3
80,001 - 90,000	205.6	851.5	5.4%	239.8	3,269.0	10.1%	2,417.5	4.7%	34.2
90,001 - 100,000	235.5	903.4	5.7%	237.5	2,366.0	7.3%	1,462.6	1.6%	2.0
100,001 - 110,000	206.7	710.3	4.5%	224.0	2,153.0	6.6%	1,442.7	2.1%	17.3
110,001 - 120,000	190.6	582.2	3.7%	211.3	1,775.6	5.5%	1,193.4	1.8%	20.7
120,001 - 130,000	159.3	429.0	2.7%	165.5	1,266.5	3.9%	837.5	1.2%	6.2
130,001 - 140,000	150.2	397.2	2.5%	161.5	1,092.9	3.4%	695.7	0.8%	11.3
140,001 - 150,000	137.2	351.1	2.2%	138.4	925.4	2.8%	574.3	0.6%	1.2
150,001 - 160,000	129.5	306.5	1.9%	136.0	808.2	2.5%	501.7	0.5%	6.5
160,001 - 170,000	103.1	227.6	1.4%	110.9	602.7	1.9%	375.1	0.4%	7.8
170,001 - 180,000	101.0	221.9	1.4%	102.9	452.7	1.4%	230.8	0.0%	1.9
180,001 - 190,000	85.9	198.3	1.3%	91.6	388.4	1.2%	190.1	-0.1%	5.7
190,001 - 200,000	71.1	158.1	1.0%	73.4	254.4	0.8%	96.3	-0.2%	2.3
200,001 - 210,000	63.2	128.6	0.8%	65.1	159.8	0.5%	31.2	-0.3%	1.9
210,001 - 220,000	47.9	96.0	0.6%	48.0	96.3	0.3%	0.3	-0.3%	0.1
220,001 - 230,000	45.3	88.0	0.6%	45.9	71.7	0.2%	-16.3	-0.3%	0.6
230,001 - 240,000	35.9	70.0	0.4%	35.2	45.8	0.1%	-24.2	-0.3%	-0.7
240,001 - 250,000	30.5	59.6	0.4%	29.8	32.1	0.1%	-27.5	-0.3%	-0.7
250,001 - Max	235.8	443.2	2.8%	140.1	91.1	0.3%	-352.1	-2.5%	-95.7
Total	3,695.6	15,808.1		3,602.7	32,526.6				

Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

Figure 5: Percentage Point Change in Distribution of CCB Spending, 2019



Sources: Statistics Canada's SPSPD/M (V. 29); calculations by authors.

ii) Aggregated results

Table 4 is the equivalent of table 3 but includes all recipient families—regardless of the number of children and income earners—rather than just a specific type of family. The overall value of the CCB increases from \$24.9 billion to \$32.5 billion once the value of its tax-free status is included.

The results, which are highlighted in figure 4, are very similar to the previous results. Families with incomes below \$10,000 experience no change in their share of the overall distribution of CCB spending when the CCB benefit is adjusted to reflect its pre-tax values. Families with incomes from \$10,000 to \$70,000 experience a reduction in their share of total CCB spending when the CCB is adjusted for its pre-tax values compared to the actual CCB spending. Specifically, their share of total CCB spending falls from 44.7 percent to 40.7 percent. Finally, families with incomes over \$70,000 experience an increase in their share of total CCB spending: from 55.0 percent to 59.0 percent.

Table 5 contains data comparing the distribution of tax-adjusted CCB spending by income level with the distribution of spending by income level under the previous programs. Figure 5 illustrates the percentage-point change in the distribution. Again, we notice a marked shift in the distribution of overall CCB spending (adjusted) from lower-income families towards middle- and upper-middle-income families. Specifically, families with annual income under \$60,000 experience a reduction in the share of total spending—a drop from 42.9 percent under the old programs (UCCB and CCTB) to 29.7 percent under the CCB, adjusted for its tax-free status. Families with income between \$60,000 and \$180,000 experience an increase in their share of spending, from 49.2 percent under the old programs to 66.8 percent under the new program (again, adjusted for its tax-free status). Finally, families with income above \$180,000 experience a reduction in their share of total CCB spending compared to the two previous programs, from 7.9 percent to 3.5 percent.

Under the new CCB there has clearly been a shift in the distribution of total spending compared to its predecessors, both before and after adjusting for its tax-free status. Specifically, more of the total spending is on middle- and upper-middle-income families compared to the previous two programs. This is particularly important when one considers the state of federal finances and that the expanded CCB was financed through borrowing (Palacios and Clemens, 2020) given the comparative lack of targeting towards lower-income families in the new CCB.

Concluding comments

This is the first paper of which we are aware that identifies the distribution of the Canada Child Benefit (CCB) by family income levels taking into account the CCB's tax-free status. After taking the CCB's tax-free status into account, the shift in overall total CCB spending towards middle- and upper-middle-income families is even greater than previous analyses concluded, as they did not account for the program's tax-free status. While overall CCB spending has increased compared to that in the two previous programs, the distributional shift to middle- and upper-middle-income families suggests that the increases could have been better targeted to those families in need while also reducing the overall program cost.

Appendix Table A1: Estimated CCB, Average and Marginal Tax Rates by income Level, Lone-Parent Family with One Child

Income level	Total estimated CCB (\$), monthly	Total estimated CCB (\$), annual	Adjusted pre-tax CCB value, annual		Average tax rate	Marginal tax rate
			Average tax rate	Marginal tax rate		
10,000	583.08	6,997	7,008	7,479	0.16%	6.44%
20,000	583.08	6,997	6,997	7,776	0.00%	10.02%
30,000	583.08	6,997	7,124	7,827	1.79%	10.61%
40,000	541.06	6,493	6,539	7,356	0.71%	11.73%
50,000	482.73	5,793	6,052	7,713	4.29%	24.90%
60,000	424.39	5,093	5,559	7,275	8.39%	30.00%
70,000	366.06	4,393	5,010	6,566	12.32%	33.10%
80,000	336.07	4,033	4,738	6,290	14.88%	35.88%
90,000	309.41	3,713	4,449	6,105	16.55%	39.18%
100,000	282.74	3,393	4,220	5,280	19.60%	35.74%
110,000	256.07	3,073	3,856	5,120	20.31%	39.98%
120,000	229.41	2,753	3,533	4,934	22.07%	44.21%
130,000	202.74	2,433	3,161	4,427	23.04%	45.04%
140,000	176.07	2,113	2,801	4,098	24.58%	48.44%
150,000	149.41	1,793	2,353	2,466	23.79%	27.30%
160,000	122.74	1,473	1,990	2,851	25.99%	48.33%
170,000	96.07	1,153	1,569	2,282	26.52%	49.49%
180,000	69.41	833	1,131	1,731	26.37%	51.87%
190,000	42.74	513	702	1,099	26.98%	53.34%
200,000	16.07	193	271	388	28.85%	50.32%
210,000	—	—	—	—	28.40%	53.70%
220,000	—	—	—	—	29.67%	50.98%
230,000	—	—	—	—	31.31%	52.06%
240,000	—	—	—	—	31.02%	55.23%
250,000	—	—	—	—	31.48%	53.91%

Notes:

(1) The assumptions used for the calculations in columns 1 and 2 are: 2021 tax year.

(2) CCB is calculated using the online calculator: <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html>.

(3) Average and marginal tax rates identified as SPSD/M were calculated using the methodology explained in the paper based on Statistics Canada's SPSD/M.

Sources: Government of Canada (2022); Statistics Canada's SPSD/M (V. 29); calculations by authors.

Appendix Table A2: Distribution of Canada Child Benefits by Income Group, Lone-Parent Family with One Child, 2019

Income groups by total income	Number of recipient families, in thousands	Total benefits, in \$ millions	Total adjusted benefits, in \$ millions	Distribution (Actual benefits - unadjusted)	Distribution (Total adjusted benefits)	Change in distribution of CCB
Less than 1	1.4	8.5	8.5	0.4%	0.3%	-0.1%
1 - 10,000	5.8	35.9	38.4	1.9%	1.5%	-0.3%
10,001 - 20,000	35.9	228.3	253.7	11.9%	10.2%	-1.7%
20,001 - 30,000	59.5	377.7	422.5	19.7%	17.0%	-2.7%
30,001 - 40,000	48.0	299.8	339.6	15.6%	13.7%	-1.9%
40,001 - 50,000	52.1	308.1	410.3	16.0%	16.5%	0.5%
50,001 - 60,000	43.8	233.4	333.4	12.1%	13.4%	1.3%
60,001 - 70,000	32.2	152.8	228.4	8.0%	9.2%	1.2%
70,001 - 80,000	29.2	120.9	188.6	6.3%	7.6%	1.3%
80,001 - 90,000	14.1	54.4	89.4	2.8%	3.6%	0.8%
90,001 - 100,000	8.1	24.8	38.6	1.3%	1.6%	0.3%
100,001 - 110,000	10.9	32.2	53.6	1.7%	2.2%	0.5%
110,001 - 120,000	6.7	17.2	30.8	0.9%	1.2%	0.3%
120,001 - 130,000	5.2	11.6	21.1	0.6%	0.8%	0.2%
130,001 - 140,000	2.4	4.6	8.9	0.2%	0.4%	0.1%
140,001 - 150,000	2.1	4.3	5.9	0.2%	0.2%	0.0%
150,001 - 160,000	1.5	2.1	4.1	0.1%	0.2%	0.1%
160,001 - 170,000	1.2	1.3	2.6	0.1%	0.1%	0.0%
170,001 - 180,000	1.0	1.1	2.3	0.1%	0.1%	0.0%
180,001 - 190,000	0.8	0.7	1.5	0.0%	0.1%	0.0%
190,001 - 200,000	0.7	0.6	1.2	0.0%	0.0%	0.0%
200,001 - 210,000	0.6	0.3	0.6	0.0%	0.0%	0.0%
210,001 - 220,000	0.5	0.2	0.4	0.0%	0.0%	0.0%
220,001 - 230,000	0.5	0.2	0.4	0.0%	0.0%	0.0%
230,001 - 240,000	0.4	0.2	0.4	0.0%	0.0%	0.0%
240,001 - 250,000	0.3	0.1	0.2	0.0%	0.0%	0.0%
250,001 - Max	1.3	0.5	1.1	0.0%	0.0%	0.0%
Total	366.2	1,921.8	2,486.7			

Note: The adjustment is based on the on the marginal tax rate calculated using SPSPD/M.

Sources: Statistics Canada's SPSPD/M (V. 29); calculations by authors.

Appendix Table A3: Comparing Adjusted CCB with the Previous UCCB + CCTB by Income Group, Lone-Parent Family with One Child, 2019

Income groups by total income	UCCB+CCTB			CCB adjusted			Compared to CCB adjusted		
	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Change in total benefits, in \$ millions	Change in distribution	Change in number of recipient families, in thousands
Less than 1	1.4	6.4	0.5%	1.4	8.5	0.3%	2.1	-0.2%	0.0
1 - 10,000	12.0	57.4	4.5%	5.8	38.4	1.5%	-19.0	-3.0%	-6.2
10,001 - 20,000	37.0	185.0	14.5%	35.9	253.7	10.2%	68.7	-4.3%	-1.1
20,001 - 30,000	63.6	308.3	24.2%	59.5	422.5	17.0%	114.2	-7.2%	-4.1
30,001 - 40,000	47.2	217.0	17.0%	48.0	339.6	13.7%	122.6	-3.4%	0.8
40,001 - 50,000	51.4	189.5	14.9%	52.1	410.3	16.5%	220.8	1.6%	0.7
50,001 - 60,000	39.7	107.2	8.4%	43.8	333.4	13.4%	226.2	5.0%	4.1
60,001 - 70,000	31.7	75.2	5.9%	32.2	228.4	9.2%	153.2	3.3%	0.5
70,001 - 80,000	26.1	50.5	4.0%	29.2	188.6	7.6%	138.1	3.6%	3.1
80,001 - 90,000	12.8	24.4	1.9%	14.1	89.4	3.6%	65.0	1.7%	1.3
90,001 - 100,000	7.7	12.4	1.0%	8.1	38.6	1.6%	26.2	0.6%	0.4
100,001 - 110,000	11.5	16.3	1.3%	10.9	53.6	2.2%	37.3	0.9%	-0.6
110,001 - 120,000	5.8	7.3	0.6%	6.7	30.8	1.2%	23.5	0.7%	0.9
120,001 - 130,000	5.1	5.3	0.4%	5.2	21.1	0.8%	15.8	0.4%	0.1
130,001 - 140,000	2.3	2.1	0.2%	2.4	8.9	0.4%	6.8	0.2%	0.1
140,001 - 150,000	2.0	2.4	0.2%	2.1	5.9	0.2%	3.5	0.0%	0.1
150,001 - 160,000	1.5	1.3	0.1%	1.5	4.1	0.2%	2.8	0.1%	0.0
160,001 - 170,000	1.2	1.0	0.1%	1.2	2.6	0.1%	1.6	0.0%	0.0
170,001 - 180,000	1.0	0.8	0.1%	1.0	2.3	0.1%	1.5	0.0%	0.0
180,001 - 190,000	0.8	0.6	0.0%	0.8	1.5	0.1%	0.9	0.0%	0.0
190,001 - 200,000	0.7	0.6	0.0%	0.7	1.2	0.0%	0.6	0.0%	0.0
200,001 - 210,000	0.6	0.5	0.0%	0.6	0.6	0.0%	0.1	0.0%	0.0
210,001 - 220,000	0.5	0.4	0.0%	0.5	0.4	0.0%	0.0	0.0%	0.0
220,001 - 230,000	0.5	0.4	0.0%	0.5	0.4	0.0%	0.0	0.0%	0.0
230,001 - 240,000	0.4	0.3	0.0%	0.4	0.4	0.0%	0.1	0.0%	0.0
240,001 - 250,000	0.3	0.2	0.0%	0.3	0.2	0.0%	0.0	0.0%	0.0
250,001 - Max	2.5	2.0	0.2%	1.3	1.1	0.0%	-0.9	-0.1%	-1.2
Total	367.3	1,274.8		366.2	2,486.7				

Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

Appendix Table B1: Estimated CCB, Average and Marginal Tax Rates by income Level, 2-Parent Family with One Child (One Income Earner)

Income level	Total estimated CCB (\$), monthly	Total estimated CCB (\$), annual	Adjusted pre-tax CCB value, annual		Average tax rate	Marginal tax rate
			Average tax rate	Marginal tax rate		
10,000	583.08	6,997	6,997	6,997	0.00%	0.00%
20,000	583.08	6,997	6,997	7,467	0.00%	6.29%
30,000	583.08	6,997	6,998	7,626	0.02%	8.25%
40,000	541.06	6,493	6,546	7,254	0.82%	10.49%
50,000	482.73	5,793	5,952	7,184	2.67%	19.37%
60,000	424.39	5,093	5,437	7,068	6.33%	27.95%
70,000	366.06	4,393	4,979	5,892	11.78%	25.45%
80,000	336.07	4,033	4,320	5,418	6.65%	25.56%
90,000	309.41	3,713	4,334	4,987	14.34%	25.55%
100,000	282.74	3,393	3,850	4,536	11.88%	25.20%
110,000	256.07	3,073	3,586	4,105	14.32%	25.14%
120,000	229.41	2,753	3,278	3,683	16.03%	25.26%
130,000	202.74	2,433	2,801	3,243	13.13%	24.97%
140,000	176.07	2,113	2,449	2,790	13.72%	24.28%
150,000	149.41	1,793	2,066	2,363	13.23%	24.14%
160,000	122.74	1,473	1,736	2,010	15.15%	26.72%
170,000	96.07	1,153	1,351	1,618	14.68%	28.74%
180,000	69.41	833	1,005	1,133	17.10%	26.47%
190,000	42.74	513	608	693	15.67%	26.01%
200,000	16.07	193	235	259	17.86%	25.44%
210,000	—	—	—	—	16.10%	27.61%
220,000	—	—	—	—	16.46%	26.94%
230,000	—	—	—	—	16.74%	30.07%
240,000	—	—	—	—	17.35%	26.15%
250,000	—	—	—	—	18.34%	27.72%

Notes:

(1) The assumptions used for the calculations in columns 1 and 2 are: 2021 tax year; and child is under 6 years of age.

(2) CCB is calculated using the online calculator: <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html>.

(3) Average and marginal tax rates identified as SPSD/M were calculated using the methodology explained in the paper based on Statistics Canada's SPSD/M.

Sources: Government of Canada (2022); Statistics Canada's SPSD/M (V. 29); calculations by authors.

Appendix Table B2: Distribution of Canada Child Benefits by Income Group, 2-Parent Family with One Child (One Income Earner), 2019

Income groups by total income	Number of recipient families, in thousands	Total benefits, in \$ millions	Total adjusted benefits, in \$ millions	Distribution (Actual benefits – unadjusted)	Distribution (Total adjusted benefits)	Change in distribution of CCB
Less than 1	0.0	0.0	0.0	0.0%	0.0%	0.0%
1 - 10,000	0.0	0.0	0.0	0.0%	0.0%	0.0%
10,001 - 20,000	7.6	49.0	52.3	5.6%	4.7%	-0.8%
20,001 - 30,000	12.3	78.2	85.2	8.9%	7.7%	-1.2%
30,001 - 40,000	25.9	161.4	180.3	18.3%	16.4%	-2.0%
40,001 - 50,000	23.8	152.6	189.3	17.3%	17.2%	-0.2%
50,001 - 60,000	24.2	134.7	187.0	15.3%	17.0%	1.7%
60,001 - 70,000	18.9	83.0	111.3	9.4%	10.1%	0.7%
70,001 - 80,000	11.4	49.0	65.8	5.6%	6.0%	0.4%
80,001 - 90,000	11.7	44.7	60.0	5.1%	5.4%	0.4%
90,001 - 100,000	10.0	31.4	42.0	3.6%	3.8%	0.2%
100,001 - 110,000	8.8	24.3	32.5	2.8%	2.9%	0.2%
110,001 - 120,000	9.0	23.3	31.2	2.6%	2.8%	0.2%
120,001 - 130,000	6.9	15.9	21.2	1.8%	1.9%	0.1%
130,001 - 140,000	4.6	9.6	12.7	1.1%	1.2%	0.1%
140,001 - 150,000	5.1	7.1	9.4	0.8%	0.8%	0.0%
150,001 - 160,000	2.8	3.9	5.3	0.4%	0.5%	0.0%
160,001 - 170,000	2.5	2.6	3.6	0.3%	0.3%	0.0%
170,001 - 180,000	2.5	1.5	2.0	0.2%	0.2%	0.0%
180,001 - 190,000	2.9	4.5	6.1	0.5%	0.6%	0.0%
190,001 - 200,000	1.5	0.8	1.1	0.1%	0.1%	0.0%
200,001 - 210,000	1.3	0.6	0.8	0.1%	0.1%	0.0%
210,001 - 220,000	1.2	0.4	0.5	0.0%	0.0%	0.0%
220,001 - 230,000	1.0	0.3	0.4	0.0%	0.0%	0.0%
230,001 - 240,000	0.9	0.2	0.3	0.0%	0.0%	0.0%
240,001 - 250,000	0.7	0.2	0.3	0.0%	0.0%	0.0%
250,001 - Max	3.2	0.9	1.2	0.1%	0.1%	0.0%
Total	200.7	880.1	1,101.9			

Note: The adjustment is based on the on the marginal tax rate calculated using SPSD/M.

Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

Appendix Table B3: Comparing Adjusted CCB with the Previous UCCB + CCTB by Income Group, 2-Parent Family with One Child (One Income Earner), 2019

Income groups by total income	UCCB+CCTB			CCB adjusted			Compared to CCB adjusted		
	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Change in total benefits, in \$ millions	Change in distribution	Change in number of recipient families, in thousands
Less than 1	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0
1 - 10,000	0.0	0.2	0.0%	0.0	0.0	0.0%	-0.2	0.0%	0.0
10,001 - 20,000	10.0	45.4	7.9%	7.6	52.3	4.7%	6.9	-3.2%	-2.4
20,001 - 30,000	11.6	54.8	9.6%	12.3	85.2	7.7%	30.4	-1.8%	0.7
30,001 - 40,000	25.9	122.9	21.5%	25.9	180.3	16.4%	57.4	-5.1%	0.0
40,001 - 50,000	30.8	121.4	21.2%	23.8	189.3	17.2%	67.9	-4.0%	-7.0
50,001 - 60,000	17.6	51.0	8.9%	24.2	187.0	17.0%	136.0	8.1%	6.6
60,001 - 70,000	21.4	44.4	7.8%	18.9	111.3	10.1%	66.9	2.3%	-2.5
70,001 - 80,000	9.3	23.2	4.1%	11.4	65.8	6.0%	42.6	1.9%	2.1
80,001 - 90,000	11.4	23.9	4.2%	11.7	60.0	5.4%	36.1	1.3%	0.3
90,001 - 100,000	9.3	13.8	2.4%	10.0	42.0	3.8%	28.2	1.4%	0.7
100,001 - 110,000	8.6	12.7	2.2%	8.8	32.5	2.9%	19.8	0.7%	0.2
110,001 - 120,000	8.2	12.0	2.1%	9.0	31.2	2.8%	19.2	0.7%	0.8
120,001 - 130,000	6.9	9.8	1.7%	6.9	21.2	1.9%	11.4	0.2%	0.0
130,001 - 140,000	4.2	5.4	0.9%	4.6	12.7	1.2%	7.3	0.2%	0.4
140,001 - 150,000	5.0	4.9	0.9%	5.1	9.4	0.8%	4.5	0.0%	0.1
150,001 - 160,000	2.7	3.1	0.5%	2.8	5.3	0.5%	2.2	-0.1%	0.1
160,001 - 170,000	2.5	2.7	0.5%	2.5	3.6	0.3%	0.9	-0.1%	0.0
170,001 - 180,000	2.5	2.3	0.4%	2.5	2.0	0.2%	-0.3	-0.2%	0.0
180,001 - 190,000	2.9	4.1	0.7%	2.9	6.1	0.6%	2.0	-0.2%	0.0
190,001 - 200,000	1.6	1.5	0.3%	1.5	1.1	0.1%	-0.4	-0.2%	-0.1
200,001 - 210,000	1.4	1.4	0.2%	1.3	0.8	0.1%	-0.6	-0.2%	-0.1
210,001 - 220,000	1.2	1.2	0.2%	1.2	0.5	0.0%	-0.7	-0.2%	0.0
220,001 - 230,000	1.0	0.9	0.2%	1.0	0.4	0.0%	-0.5	-0.1%	0.0
230,001 - 240,000	0.9	0.8	0.1%	0.9	0.3	0.0%	-0.5	-0.1%	0.0
240,001 - 250,000	0.8	0.8	0.1%	0.7	0.3	0.0%	-0.5	-0.1%	-0.1
250,001 - Max	8.1	7.7	1.3%	3.2	1.2	0.1%	-6.5	-1.2%	-4.9
Total	205.8	572.3		200.7	1,101.9				

Sources: Statistics Canada's SPSD/M (V. 29); calculations by authors.

Appendix Table C1: Estimated CCB, Average and Marginal Tax Rates by income Level, 2-Parent Family with One Child (Two Income Earners)

Income level	Total estimated CCB (\$), monthly	Total estimated CCB (\$), annual	Adjusted pre-tax CCB value, annual		Average tax rate	Marginal tax rate
			Average tax rate	Marginal tax rate		
10,000	583.08	6,997	6,997	6,997	0.00%	0.00%
20,000	583.08	6,997	6,997	6,997	0.00%	0.00%
30,000	583.08	6,997	6,997	8,055	0.00%	13.14%
40,000	541.06	6,493	6,525	7,077	0.49%	8.26%
50,000	482.73	5,793	5,931	7,986	2.33%	27.46%
60,000	424.39	5,093	5,438	7,089	6.35%	28.16%
70,000	366.06	4,393	4,722	5,994	6.97%	26.71%
80,000	336.07	4,033	4,504	5,689	10.47%	29.11%
90,000	309.41	3,713	4,249	5,341	12.61%	30.48%
100,000	282.74	3,393	3,894	4,740	12.87%	28.42%
110,000	256.07	3,073	3,591	4,433	14.44%	30.69%
120,000	229.41	2,753	3,291	4,160	16.35%	33.83%
130,000	202.74	2,433	2,919	3,562	16.65%	31.69%
140,000	176.07	2,113	2,572	3,040	17.86%	30.50%
150,000	149.41	1,793	2,182	2,663	17.82%	32.68%
160,000	122.74	1,473	1,804	2,269	18.37%	35.08%
170,000	96.07	1,153	1,431	1,820	19.41%	36.65%
180,000	69.41	833	1,017	1,285	18.10%	35.16%
190,000	42.74	513	650	797	21.09%	35.67%
200,000	16.07	193	241	298	20.14%	35.39%
210,000	—	—	—	—	22.12%	36.60%
220,000	—	—	—	—	22.63%	36.67%
230,000	—	—	—	—	22.37%	37.51%
240,000	—	—	—	—	23.55%	38.12%
250,000	—	—	—	—	24.26%	38.88%

Notes:

(1) The assumptions used for the calculations in columns 1 and 2 are: 2021 tax year; and child is under 6 years of age.

(2) CCB is calculated using the online calculator: <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html>.

(3) Average and marginal tax rates identified as SPSD/M were calculated using the methodology explained in the paper based on Statistics Canada's SPSD/M.

Sources: Government of Canada (2022); Statistics Canada's SPSD/M (V. 29); calculations by authors.

Appendix Table C2: Distribution of Canada Child Benefits by Income Group, 2-Parent Family with One Child (Two Income Earners), 2019

Income groups by total income	Number of recipient families, in thousands	Total benefits, in \$ millions	Total adjusted benefits, in \$ millions	Distribution (Actual benefits – unadjusted)	Distribution (Total adjusted benefits)	Change in distribution of CCB
Less than 1	0.0	0.0	0.0	0.0%	0.0%	0.0%
1 - 10,000	0.0	0.0	0.0	0.0%	0.0%	0.0%
10,001 - 20,000	0.3	1.8	1.8	0.1%	0.1%	0.0%
20,001 - 30,000	2.8	17.0	19.6	0.9%	0.7%	-0.2%
30,001 - 40,000	5.8	37.3	40.7	2.0%	1.5%	-0.5%
40,001 - 50,000	23.1	140.3	193.4	7.4%	7.1%	-0.2%
50,001 - 60,000	30.1	158.6	220.8	8.3%	8.2%	-0.2%
60,001 - 70,000	48.3	232.9	317.8	12.2%	11.7%	-0.5%
70,001 - 80,000	52.5	222.6	314.0	11.7%	11.6%	-0.1%
80,001 - 90,000	42.3	163.9	235.8	8.6%	8.7%	0.1%
90,001 - 100,000	61.9	203.7	284.6	10.7%	10.5%	-0.2%
100,001 - 110,000	56.3	176.1	254.1	9.3%	9.4%	0.1%
110,001 - 120,000	52.0	143.1	216.3	7.5%	8.0%	0.5%
120,001 - 130,000	42.0	101.4	148.4	5.3%	5.5%	0.2%
130,001 - 140,000	38.9	83.8	120.6	4.4%	4.5%	0.1%
140,001 - 150,000	27.8	53.5	79.5	2.8%	2.9%	0.1%
150,001 - 160,000	36.6	55.7	85.8	2.9%	3.2%	0.2%
160,001 - 170,000	29.0	37.0	58.4	1.9%	2.2%	0.2%
170,001 - 180,000	23.9	23.6	36.4	1.2%	1.3%	0.1%
180,001 - 190,000	20.3	15.7	24.4	0.8%	0.9%	0.1%
190,001 - 200,000	15.6	12.2	18.9	0.6%	0.7%	0.1%
200,001 - 210,000	13.7	6.6	10.4	0.3%	0.4%	0.0%
210,001 - 220,000	11.0	4.2	6.6	0.2%	0.2%	0.0%
220,001 - 230,000	10.7	3.1	5.0	0.2%	0.2%	0.0%
230,001 - 240,000	8.3	2.0	3.2	0.1%	0.1%	0.0%
240,001 - 250,000	7.2	1.6	2.6	0.1%	0.1%	0.0%
250,001 - Max	28.1	3.9	6.3	0.2%	0.2%	0.0%
Total	688.5	1,901.6	2,705.2			

Note: The adjustment is based on the on the marginal tax rate calculated using SPSPD/M.

Sources: Statistics Canada's SPSPD/M (V. 29); calculations by authors.

Appendix Table C3: Comparing Adjusted CCB with the Previous UCCB + CCTB by Income Group, 2-Parent Family with One Child (Two Income Earners), 2019

Income groups by total income	UCCB+CCTB			CCB adjusted			Compared to CCB adjusted		
	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Change in total benefits, in \$ millions	Change in distribution	Change in number of recipient families, in thousands
Less than 1	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0
1 - 10,000	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0
10,001 - 20,000	0.3	1.2	0.1%	0.3	1.8	0.1%	0.6	0.0%	0.0
20,001 - 30,000	3.2	12.7	1.0%	2.8	19.6	0.7%	6.9	-0.3%	-0.4
30,001 - 40,000	7.0	33.5	2.7%	5.8	40.7	1.5%	7.2	-1.1%	-1.2
40,001 - 50,000	28.2	110.1	8.7%	23.1	193.4	7.1%	83.3	-1.6%	-5.1
50,001 - 60,000	33.7	88.1	7.0%	30.1	220.8	8.2%	132.7	1.2%	-3.6
60,001 - 70,000	50.7	124.1	9.8%	48.3	317.8	11.7%	193.7	1.9%	-2.4
70,001 - 80,000	48.4	113.0	8.9%	52.5	314.0	11.6%	201.0	2.7%	4.1
80,001 - 90,000	44.0	93.9	7.4%	42.3	235.8	8.7%	141.9	1.3%	-1.7
90,001 - 100,000	66.7	125.6	9.9%	61.9	284.6	10.5%	159.0	0.6%	-4.8
100,001 - 110,000	47.0	85.6	6.8%	56.3	254.1	9.4%	168.5	2.6%	9.3
110,001 - 120,000	53.0	85.7	6.8%	52.0	216.3	8.0%	130.6	1.2%	-1.0
120,001 - 130,000	40.8	55.5	4.4%	42.0	148.4	5.5%	92.9	1.1%	1.2
130,001 - 140,000	34.9	41.1	3.3%	38.9	120.6	4.5%	79.5	1.2%	4.0
140,001 - 150,000	27.6	34.8	2.8%	27.8	79.5	2.9%	44.7	0.2%	0.2
150,001 - 160,000	35.9	40.7	3.2%	36.6	85.8	3.2%	45.1	0.0%	0.7
160,001 - 170,000	28.3	34.2	2.7%	29.0	58.4	2.2%	24.2	-0.5%	0.7
170,001 - 180,000	23.8	26.2	2.1%	23.9	36.4	1.3%	10.2	-0.7%	0.1
180,001 - 190,000	19.4	22.6	1.8%	20.3	24.4	0.9%	1.8	-0.9%	0.9
190,001 - 200,000	16.0	20.6	1.6%	15.6	18.9	0.7%	-1.7	-0.9%	-0.4
200,001 - 210,000	13.2	15.7	1.2%	13.7	10.4	0.4%	-5.3	-0.9%	0.5
210,001 - 220,000	11.3	13.1	1.0%	11.0	6.6	0.2%	-6.5	-0.8%	-0.3
220,001 - 230,000	11.1	11.9	0.9%	10.7	5.0	0.2%	-6.9	-0.8%	-0.4
230,001 - 240,000	8.2	9.0	0.7%	8.3	3.2	0.1%	-5.8	-0.6%	0.1
240,001 - 250,000	7.4	8.2	0.6%	7.2	2.6	0.1%	-5.6	-0.6%	-0.2
250,001 - Max	54.6	57.0	4.5%	28.1	6.3	0.2%	-50.7	-4.3%	-26.5
Total	714.7	1,264.1		688.5	2,705.2				

Sources: Statistics Canada's SPSPD/M (V. 29); calculations by authors.

Appendix Table D1: Estimated CCB, Average and Marginal Tax Rates by income Level, 2-Parent Family with Two Children (One Income Earner)

Income level	Total estimated CCB (\$), monthly	Total estimated CCB (\$), annual	Adjusted pre-tax CCB value, annual		Average tax rate	Marginal tax rate
			Average tax rate	Marginal tax rate		
10,000	1,075.00	12,900	12,900	12,900	0.00%	0.00%
20,000	1,075.00	12,900	12,900	12,900	0.00%	0.00%
30,000	1,075.00	12,900	12,900	14,718	0.00%	12.35%
40,000	993.96	11,928	11,928	12,960	0.00%	7.97%
50,000	881.46	10,578	10,859	11,970	2.59%	11.63%
60,000	768.96	9,228	9,705	11,893	4.92%	22.41%
70,000	656.46	7,878	8,515	10,489	7.49%	24.90%
80,000	602.03	7,224	8,186	9,132	11.75%	20.89%
90,000	554.53	6,654	7,707	8,906	13.66%	25.28%
100,000	507.03	6,084	7,131	8,015	14.68%	24.09%
110,000	459.53	5,514	6,146	7,077	10.28%	22.08%
120,000	412.03	4,944	5,798	6,663	14.72%	25.79%
130,000	364.53	4,374	5,332	5,868	17.96%	25.45%
140,000	317.03	3,804	4,785	5,062	20.50%	24.84%
150,000	269.53	3,234	3,902	4,343	17.12%	25.52%
160,000	222.03	2,664	3,237	3,583	17.69%	25.63%
170,000	174.53	2,094	2,592	2,814	19.21%	25.58%
180,000	127.03	1,524	1,888	2,050	19.28%	25.64%
190,000	79.53	954	1,157	1,416	17.50%	32.61%
200,000	32.03	384	469	526	18.11%	26.97%
210,000	—	—	—	—	20.76%	27.10%
220,000	—	—	—	—	20.13%	27.14%
230,000	—	—	—	—	20.63%	28.74%
240,000	—	—	—	—	19.99%	27.73%
250,000	—	—	—	—	20.61%	29.39%

Notes:

(1) The assumptions used for the calculations in columns 1 and 2 are: 2021 tax year; and child #1 is under 6 years of age and child #2 is between 6 and 17.

(2) CCB is calculated using the online calculator: <https://www.canada.ca/en/revenue-agency/services/child-family-benefits/child-family-benefits-calculator.html>.

(3) Average and marginal tax rates identified as SPSD/M were calculated using the methodology explained in the paper based on Statistics Canada's SPSD/M.

Sources: Government of Canada (2022); Statistics Canada's SPSD/M (V. 29); calculations by authors.

Appendix Table D2: Distribution of Canada Child Benefits by Income Group, 2-Parent Family with Two Children (One Income Earner), 2019

Income groups by total income	Number of recipient families, in thousands	Total benefits, in \$ millions	Total adjusted benefits, in \$ millions	Distribution (Actual benefits - unadjusted)	Distribution (Total adjusted benefits)	Change in distribution of CCB
Less than 1	0.0	0.0	0.0	0.0%	0.0%	0.0%
1 - 10,000	0.0	0.0	0.0	0.0%	0.0%	0.0%
10,001 - 20,000	0.5	5.9	5.9	0.3%	0.2%	-0.1%
20,001 - 30,000	6.1	75.9	86.6	3.3%	3.0%	-0.3%
30,001 - 40,000	25.2	322.4	350.3	13.8%	12.0%	-1.9%
40,001 - 50,000	19.2	239.7	271.2	10.3%	9.3%	-1.0%
50,001 - 60,000	27.9	334.7	431.4	14.4%	14.7%	0.4%
60,001 - 70,000	36.2	394.4	525.2	16.9%	17.9%	1.0%
70,001 - 80,000	26.5	246.1	311.1	10.6%	10.6%	0.1%
80,001 - 90,000	14.7	117.5	157.3	5.0%	5.4%	0.3%
90,001 - 100,000	24.3	175.8	231.6	7.5%	7.9%	0.4%
100,001 - 110,000	15.2	99.2	127.3	4.3%	4.4%	0.1%
110,001 - 120,000	15.5	94.3	127.1	4.0%	4.3%	0.3%
120,001 - 130,000	12.0	66.1	88.7	2.8%	3.0%	0.2%
130,001 - 140,000	10.4	51.6	68.7	2.2%	2.3%	0.1%
140,001 - 150,000	7.6	33.5	45.0	1.4%	1.5%	0.1%
150,001 - 160,000	6.2	23.4	31.5	1.0%	1.1%	0.1%
160,001 - 170,000	4.8	15.2	20.4	0.7%	0.7%	0.0%
170,001 - 180,000	4.0	10.4	14.0	0.4%	0.5%	0.0%
180,001 - 190,000	3.5	7.4	11.0	0.3%	0.4%	0.1%
190,001 - 200,000	2.8	4.6	6.3	0.2%	0.2%	0.0%
200,001 - 210,000	2.6	3.5	4.8	0.2%	0.2%	0.0%
210,001 - 220,000	1.8	2.0	2.7	0.1%	0.1%	0.0%
220,001 - 230,000	1.7	1.6	2.2	0.1%	0.1%	0.0%
230,001 - 240,000	1.6	1.1	1.5	0.0%	0.1%	0.0%
240,001 - 250,000	1.3	0.7	1.0	0.0%	0.0%	0.0%
250,001 - Max	6.3	2.8	3.8	0.1%	0.1%	0.0%
Total	277.9	2,329.8	2,926.5			

Note: The adjustment is based on the on the marginal tax rate calculated using SPSPD/M.

Sources: Statistics Canada's SPSPD/M (V. 29); calculations by authors.

Appendix Table D3: Comparing Adjusted CCB with the Previous UCCB + CCTB by Income Group, 2-Parent Family with Two Children (One Income Earner)

Income groups by total income	UCCB+CCTB			CCB adjusted			Compared to CCB adjusted		
	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Number of recipient families, in thousands	Total benefits, in \$ millions	Distribution	Change in total benefits, in \$ millions	Change in distribution	Change in number of recipient families, in thousands
Less than 1	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0%	0.0
1 - 10,000	0.1	1.2	0.1%	0.0	0.0	0.0%	-1.2	-0.1%	-0.1
10,001 - 20,000	2.1	18.6	1.3%	0.5	5.9	0.2%	-12.7	-1.1%	-1.6
20,001 - 30,000	11.0	100.5	6.9%	6.1	86.6	3.0%	-13.9	-4.0%	-4.9
30,001 - 40,000	25.6	230.7	15.9%	25.2	350.3	12.0%	119.6	-3.9%	-0.4
40,001 - 50,000	23.7	191.9	13.2%	19.2	271.2	9.3%	79.3	-4.0%	-4.5
50,001 - 60,000	34.0	209.4	14.4%	27.9	431.4	14.7%	222.0	0.3%	-6.1
60,001 - 70,000	32.6	189.1	13.0%	36.2	525.2	17.9%	336.1	4.9%	3.6
70,001 - 80,000	19.5	91.0	6.3%	26.5	311.1	10.6%	220.1	4.4%	7.0
80,001 - 90,000	19.4	80.6	5.6%	14.7	157.3	5.4%	76.7	-0.2%	-4.7
90,001 - 100,000	16.9	62.3	4.3%	24.3	231.6	7.9%	169.3	3.6%	7.4
100,001 - 110,000	16.3	58.6	4.0%	15.2	127.3	4.4%	68.7	0.3%	-1.1
110,001 - 120,000	12.6	37.7	2.6%	15.5	127.1	4.3%	89.4	1.7%	2.9
120,001 - 130,000	12.1	36.1	2.5%	12.0	88.7	3.0%	52.6	0.5%	-0.1
130,001 - 140,000	9.1	23.3	1.6%	10.4	68.7	2.3%	45.4	0.7%	1.3
140,001 - 150,000	7.3	18.9	1.3%	7.6	45.0	1.5%	26.1	0.2%	0.3
150,001 - 160,000	5.6	14.2	1.0%	6.2	31.5	1.1%	17.3	0.1%	0.6
160,001 - 170,000	4.5	11.4	0.8%	4.8	20.4	0.7%	9.0	-0.1%	0.3
170,001 - 180,000	3.7	9.0	0.6%	4.0	14.0	0.5%	5.0	-0.1%	0.3
180,001 - 190,000	3.4	8.3	0.6%	3.5	11.0	0.4%	2.7	-0.2%	0.1
190,001 - 200,000	2.8	6.7	0.5%	2.8	6.3	0.2%	-0.4	-0.2%	0.0
200,001 - 210,000	2.4	5.8	0.4%	2.6	4.8	0.2%	-1.0	-0.2%	0.2
210,001 - 220,000	2.0	4.9	0.3%	1.8	2.7	0.1%	-2.2	-0.2%	-0.2
220,001 - 230,000	1.6	3.7	0.3%	1.7	2.2	0.1%	-1.5	-0.2%	0.1
230,001 - 240,000	1.6	3.6	0.2%	1.6	1.5	0.1%	-2.1	-0.2%	0.0
240,001 - 250,000	1.4	3.0	0.2%	1.3	1.0	0.0%	-2.0	-0.2%	-0.1
250,001 - Max	12.7	29.2	2.0%	6.3	3.8	0.1%	-25.4	-1.9%	-6.4
Total	284.0	1,449.7		277.9	2,926.5				

Sources: Statistics Canada's SPSPD/M (V. 29); calculations by authors.

References

Baker, Michael, Derek Messacar, and Mark Stabile (2021). *The Effects of Child Tax Benefits on Poverty and Labor Supply: Evidence from the Canada Child Benefit and Universal Child Care Benefit*. Working Paper Series, number 28556. National Bureau of Economic Research. <https://www.nber.org/system/files/working_papers/w28556/w28556.pdf>, as of June 14, 2022.

Canada (2022). Canadian Income Tax Rates for Individuals – Current and Previous Years. Government of Canada. <<https://www.canada.ca/en/revenue-agency/services/tax/individuals/frequently-asked-questions-individuals/canadian-income-tax-rates-individuals-current-previous-years.html>>, as of June 14, 2022.

Canada Revenue Agency. 2021. Canada Child Benefit: How Much You Can Get. Government of Canada. <<https://www.canada.ca/en/revenue-agency/services/child-family-benefits/canada-child-benefit-overview/canada-child-benefit-we-calculate-your-ccb.html>>, as of June 14, 2022.

Canada, Department of Finance (2022). Annex 1: Details of Economic and Fiscal Projections. *Budget 2022*. Government of Canada. <<https://budget.gc.ca/2022/report-rapport/anx1-en.html#2022-1>>, as of June 14, 2022.

Ernst and Young [EY] (2021). 2020 Personal Tax Calculator. EY. <<https://www.eytaxcalculators.com/en/2021-personal-tax-calculator.html>>, as of June 14, 2022.

Palacios, Milagros, and Jason Clemens (2020). *Financing the Canada Child Benefit*. The Fraser Institute. <<http://www.fraserinstitute.org/studies/financing-the-canada-child-benefit>>, as of June 14, 2022.

Sarlo, Christopher A. (2020). *The Distribution of the Canada Child Benefit by Family Type and Income Level*. The Fraser Institute. <<http://www.fraserinstitute.org/studies/distribution-of-the-canada-child-benefit-by-family-type-and-income-level>>, as of June 14, 2022.

Sarlo, Christopher A. (2021). *Does the Canada Child Benefit Actually Reduce Child Poverty?* The Fraser Institute. <<http://www.fraserinstitute.org/studies/does-the-canada-child-benefit-actually-reduce-child-poverty>>, as of June 14, 2022.

Sarlo, Christopher A., Jason Clemens, and Milagros Palacios (2020). *Is the Canada Child Benefit Targeted to those Most in Need?* The Fraser Institute. <<http://www.fraserinstitute.org/studies/is-the-canada-child-benefit-targeted-to-those-most-in-need>>, as of June 14, 2022.

Acknowledgments

The Fraser Institute thanks the Donner Canadian Foundation for their generous support for this publication. The contributing editors thank the unidentified reviewers for their helpful comments on an earlier draft. Any remaining errors are the sole responsibility of the authors. As the researchers have worked independently, the views and conclusions expressed in this paper do not necessarily reflect those of the Board of Directors of the Fraser Institute, the staff, or supporters.

About the authors



Milagros Palacios

Milagros Palacios is the Director for the Addington Centre for Measurement at the Fraser Institute. She holds a B.S. in Industrial Engineering from the Pontifical Catholic University of Peru and a M.Sc. in Economics from the University of Concepcion, Chile. Ms. Palacios has studied public policy involving taxation, government finances, investment, productivity, labour markets, and charitable giving, for over 15 years. Since joining the Institute, Ms. Palacios has authored or coauthored over 150 comprehensive research studies, 100 commentaries and four books.



Jason Clemens

Jason Clemens is the Executive Vice President of the Fraser Institute and the President of the Fraser Institute Foundation. He has an Honors Bachelors Degree of Commerce and a Master's Degree in Business Administration from the University of Windsor as well as a Post Baccalaureate Degree in Economics from Simon Fraser University. He has published over 70 major studies on a wide range of topics, including taxation, government spending, labor market regulation, productivity, and entrepreneurship, and over 300 shorter articles that have appeared in national and international newspapers.



Steven Globerman

Steven Globerman is Resident Scholar and Addington Chair in Measurement at the Fraser Institute as well as Professor Emeritus at Western Washington University. Previously, he held tenured appointments at Simon Fraser University and York University and has been a visiting professor at the University of California, University of British Columbia, Stockholm School of Economics, Copenhagen School of Business, and the Helsinki School of Economics. He has published more than 150 articles and monographs and is the author of the book *The Impacts of 9/11 on Canada-U.S. Trade* as well as a textbook on international business management. In the early 1990s, he was responsible for coordinating Fraser Institute research on the North American Free Trade Agreement. He earned his BA in economics from Brooklyn College, his MA from the University of California, Los Angeles, and his PhD from New York University.

Publishing information

Distribution

These publications are available from <<http://www.fraserinstitute.org>> in Portable Document Format (PDF) and can be read with Adobe Acrobat® or Adobe Reader®, versions 8 or later. Adobe Reader® DC, the most recent version, is available free of charge from Adobe Systems Inc. at <<http://get.adobe.com/reader/>>. Readers having trouble viewing or printing our PDF files using applications from other manufacturers (e.g., Apple's Preview) should use Reader® or Acrobat®.

Ordering publications

To order printed publications from the Fraser Institute, please contact:

- e-mail: sales@fraserinstitute.org
- telephone: 604.688.0221 ext. 580 or, toll free, 1.800.665.3558 ext. 580
- fax: 604.688.8539.

Media

For media enquiries, please contact our Communications Department:

- 604.714.4582
- e-mail: communications@fraserinstitute.org.

Copyright

Copyright © 2022 by the Fraser Institute. All rights reserved. No part of this publication may be reproduced in any manner whatsoever without written permission except in the case of brief passages quoted in critical articles and reviews.

Date of issue

August 2022

ISBN

978-0-88975-619-9

Citation

Christopher Sarlo and Jason Clemens (eds.) (2020). *Better Understanding the Canada Child Benefit: Essay Series*. Fraser Institute. <<http://www.fraserinstitute.org>>.

Supporting the Fraser Institute

To learn how to support the Fraser Institute, please contact

- Development Department, Fraser Institute
Fourth Floor, 1770 Burrard Street
Vancouver, British Columbia, V6J 3G7 Canada
- telephone, toll-free: 1.800.665.3558 ext. 548
- e-mail: development@fraserinstitute.org
- website: <<http://www.fraserinstitute.org/donate>>

Purpose, funding, and independence

The Fraser Institute provides a useful public service. We report objective information about the economic and social effects of current public policies, and we offer evidence-based research and education about policy options that can improve the quality of life.

The Institute is a non-profit organization. Our activities are funded by charitable donations, unrestricted grants, ticket sales, and sponsorships from events, the licensing of products for public distribution, and the sale of publications.

All research is subject to rigorous review by external experts, and is conducted and published separately from the Institute's Board of Trustees and its donors.

The opinions expressed by authors are their own, and do not necessarily reflect those of the Institute, its Board of Trustees, its donors and supporters, or its staff. This publication in no way implies that the Fraser Institute, its trustees, or staff are in favour of, or oppose the passage of, any bill; or that they support or oppose any particular political party or candidate.

As a healthy part of public discussion among fellow citizens who desire to improve the lives of people through better public policy, the Institute welcomes evidence-focused scrutiny of the research we publish, including verification of data sources, replication of analytical methods, and intelligent debate about the practical effects of policy recommendations.

About the Fraser Institute

Our mission is to improve the quality of life for Canadians, their families, and future generations by studying, measuring, and broadly communicating the effects of government policies, entrepreneurship, and choice on their well-being.

Notre mission consiste à améliorer la qualité de vie des Canadiens et des générations à venir en étudiant, en mesurant et en diffusant les effets des politiques gouvernementales, de l'entrepreneuriat et des choix sur leur bien-être.

Peer review—validating the accuracy of our research

The Fraser Institute maintains a rigorous peer review process for its research. New research, major research projects, and substantively modified research conducted by the Fraser Institute are reviewed by experts with a recognized expertise in the topic area being addressed. Whenever possible, external review is a blind process. Updates to previously reviewed research or new editions of previously reviewed research are not reviewed unless the update includes substantive or material changes in the methodology.

The review process is overseen by the directors of the Institute's research departments who are responsible for ensuring all research published by the Institute passes through the appropriate peer review. If a dispute about the recommendations of the reviewers should arise during the Institute's peer review process, the Institute has an Editorial Advisory Board, a panel of scholars from Canada, the United States, and Europe to whom it can turn for help in resolving the dispute.

Editorial Advisory Board

Members

Prof. Terry L. Anderson

Prof. Robert Barro

Prof. Jean-Pierre Centi

Prof. John Chant

Prof. Bev Dahlby

Prof. Erwin Diewert

Prof. Stephen Easton

Prof. J.C. Herbert Emery

Prof. Jack L. Granatstein

Prof. Herbert G. Grubel

Prof. James Gwartney

Prof. Ronald W. Jones

Dr. Jerry Jordan

Prof. Ross McKittrick

Prof. Michael Parkin

Prof. Friedrich Schneider

Prof. Lawrence B. Smith

Dr. Vito Tanzi

Past members

Prof. Armen Alchian*

Prof. Michael Bliss*

Prof. James M. Buchanan* †

Prof. Friedrich A. Hayek* †

Prof. H.G. Johnson*

Prof. F.G. Pannance*

Prof. George Stigler* †

Sir Alan Walters*

Prof. Edwin G. West*

* deceased; † Nobel Laureate