

A Poll of Canadians on the Fair Share of Taxes

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Summary

- A current narrative, echoed by the federal government, is that the “rich” don’t pay their fair share of taxes. To test this notion, Leger Marketing conducted a poll on behalf of the Fraser Institute to solicit the opinions of Canadians on appropriate personal income tax rates and tax fairness.
- Current top marginal personal income tax rates on personal income are greater than 47% in all provinces, and exceed 50% in all but two provinces.
- Half of Canadians (50%) surveyed felt that the highest personal income tax rate charged on an extra \$100 of income should be 20% or less. More than three quarters (78%) believed the tax rate should not exceed 50%.
- The majority (70%) of respondents believed that some Canadians don’t pay their fair share of taxes, but only 35% thought that high-income earners should pay more in taxes.
- Roughly half (49%) of surveyed Canadians felt that the highest marginal personal income tax rate levied on the top 20% of income-earning households should be at or below 45%; 58% of respondents said that top tax rates should not exceed 50%.
- Results from the survey demonstrate that only a minority of Canadians want high-income earners to pay more in total taxes, suggesting a discrepancy between current tax policy and Canadians’ taxation preferences.

Introduction

It is popular among some Canadians advocating for higher taxes that the “rich” don’t pay their fair share. While often used as a political talking point, the idea is showing up in policy put forth by the federal government. In her 2023 Budget Speech, Minister of Finance Chrystia Freeland announced: “We’re making sure the very wealthy and our biggest corporations pay their fair share of taxes” (Canada, Department of Finance, 2023a). This speech came seven years after the federal government added a new top income tax bracket, raising the top federal tax rate from 29 to 33 percent on income over roughly \$200,000 (Fuss and Li, 2022). The main goals of this tax increase were to raise additional revenue and to ensure all Canadians paid their “fair share” of taxes.

There are two main problems with this objective. The federal government has avoided defining a “fair share,” and little is known about the actual opinions of Canadians on appropriate tax rates. In 2022, the Fraser Institute published a study that shed some light on the actual distribution of taxes Canadian families are paying. It shows the top 20 percent of income-earning households paid the majority (61.4%) of the country’s personal income taxes (Fuss and Li, 2022). Furthermore, the top 20% is the only income group to pay a higher share of taxes (61.4%) than its share of income (44.6%) (Fuss and Li, 2022).

To determine the public’s opinion on the issue, this essay explores polling data from a commissioned survey in which we asked Canadians about tax fairness. A previous report by Fuss (2023) explores the first four questions of the survey, so this essay focuses on the final four questions.

Polling methodology

The Fraser Institute commissioned a poll from Leger Marketing that surveyed Canadians about their opinions on the tax burdens imposed on families (Leger, 2023). A total of 1,554 Canadians were surveyed from January 20 to 22, 2023, via Leger’s online panel.

The survey was a “non-probability survey,” in which a margin of error is technically not reported. If the data were collected through a random sample, the margin of error would be $\pm 2.5\%$, 19 times out of 20. Results were weighted according to age, gender, education level, mother tongue, region, and presence of children in households in order to obtain a representative sample of the population. Poll results presented here have been rounded to the nearest whole number. However, the sums presented were calculated using raw values, so it may not correspond exactly to the manual addition of these numbers.

Current highest marginal personal income tax rates

When considering Canadians’ opinions on top tax rates, it is important to know where we currently stand. Table 1 shows the top combined (federal and provincial) personal income tax rates that Canadians face in each province. The province with the highest top combined personal income tax rate is Newfoundland and Labrador, at 54.8%, followed closely by Nova Scotia (54.0%), Ontario (53.53%), and British Columbia (53.5%). The only provinces with a top rate less than 50% are Saskatchewan (47.5%) and Alberta (48.0%).

A Poll of Canadians on the Fair Share of Taxes

Table 1: Top Combined (Federal and Provincial) Marginal Personal Income Tax Rate, by Province, 2023

Province	Combined Top Rate
British Columbia	53.50%
Alberta	48.00%
Saskatchewan	47.50%
Manitoba	50.40%
Ontario	53.53%
Quebec	53.31%
New Brunswick	52.50%
Nova Scotia	54.00%
Prince Edward Island	51.37%
Newfoundland & Labrador	54.80%

Notes:

- (1) Personal income tax rates include surtaxes where applicable.
- (2) The federal personal income tax rate is lower in Quebec due to the Quebec Abatement, which reduces tax payable by 16.5%.

Sources: Canada, Department of Finance (2023b); Canada Revenue Agency (2022a; 2022b); Revenu Québec (2023); authors' calculations.

I. How high should the marginal tax rate be on additional income?

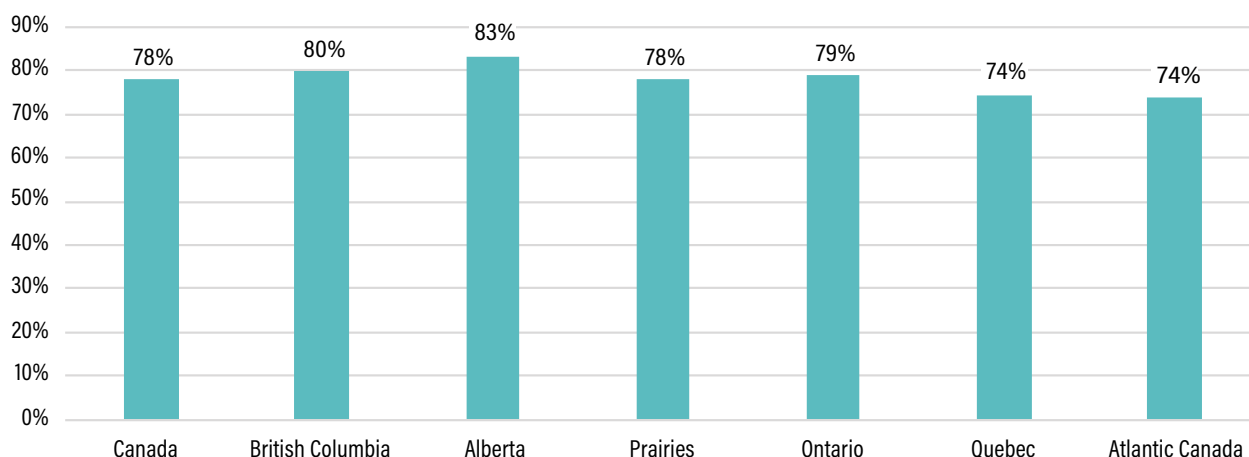
The Leger poll asked Canadians ages 18 and older the following: If a person were to receive an extra \$100 from a salary bonus or working extra hours at their job, what do you think the highest tax rate

should be on that additional income? This is called the marginal tax rate, which is the amount of additional tax paid for every additional dollar earned as income. Respondents could select from the following options:

- At or below 20%
- 20.1% to 25%
- 25.1% to 30%
- 30.1% to 35%
- 35.1% to 40%
- 40.1% to 45%
- 45.1% to 50%
- 50.1% to 55%
- 55.1% to 60%
- 60.1% to 65%
- 65.1% to 70%
- 70.1% to 75%
- 75.1% to 80%
- More than 80%
- I don't know/I prefer not to answer.

Over three-quarters (78.0%) of respondents believed the highest marginal personal income tax rate should be 50% or lower (see figure 1). Interestingly, fully half

Figure 1: Share of Canadians Who Believe the Maximum Personal Income Tax Statutory Rate Should Be 50% or Less, by Region



A Poll of Canadians on the Fair Share of Taxes

of respondents believed the highest rate should not exceed 20%. In fact, only 2% percent felt the highest tax rate should exceed 50%. As figure 1 shows, these results are fairly consistent across regions. Quebecers and Atlantic Canadians expressed the lowest support for a tax rate of 50% or lower, but that was still the preferred rate for roughly three-quarters of respondents in these regions. Albertans were the most likely to say the tax rate should not exceed 50%. In no region did more than 4% of respondents want a maximum marginal tax rate higher than 50%.

Results are also fairly consistent across age groups. More than three-quarters of respondents in all age groups said the tax rate should be 50% or lower (see figure 2). Canadians ages 25 to 34 were the most likely (82%) to express support for a maximum rate at or below 50%, while those younger than 25 or older than 64 were the least likely (76%) to support such a rate. In all age groups, 3% or less believed that the maximum rate should exceed 50%.

Responses differed slightly according to household income. As figure 3 shows, respondents with

Figure 2: Share of Canadians Who Believe the Maximum Personal Income Tax Statutory Rate Should Be 50% or Less, by Age Group

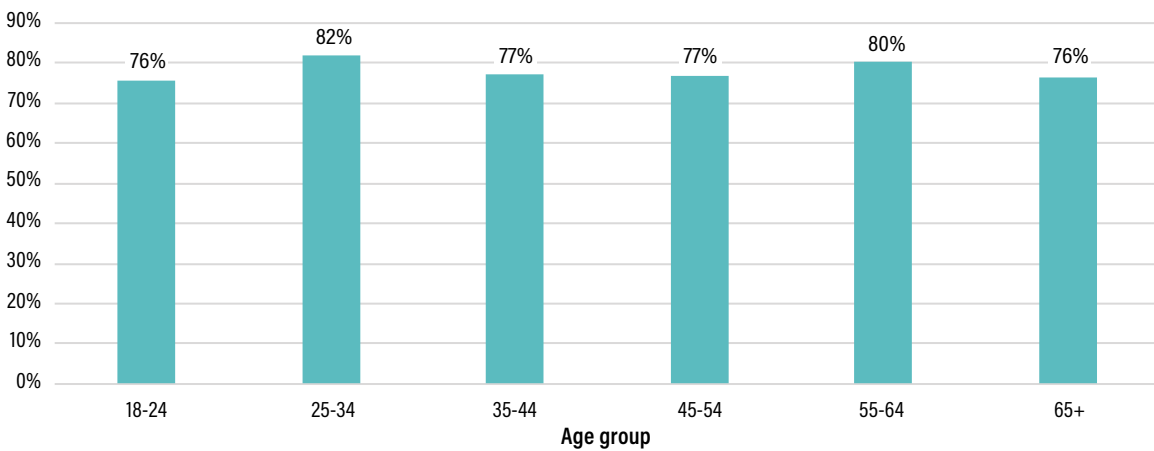
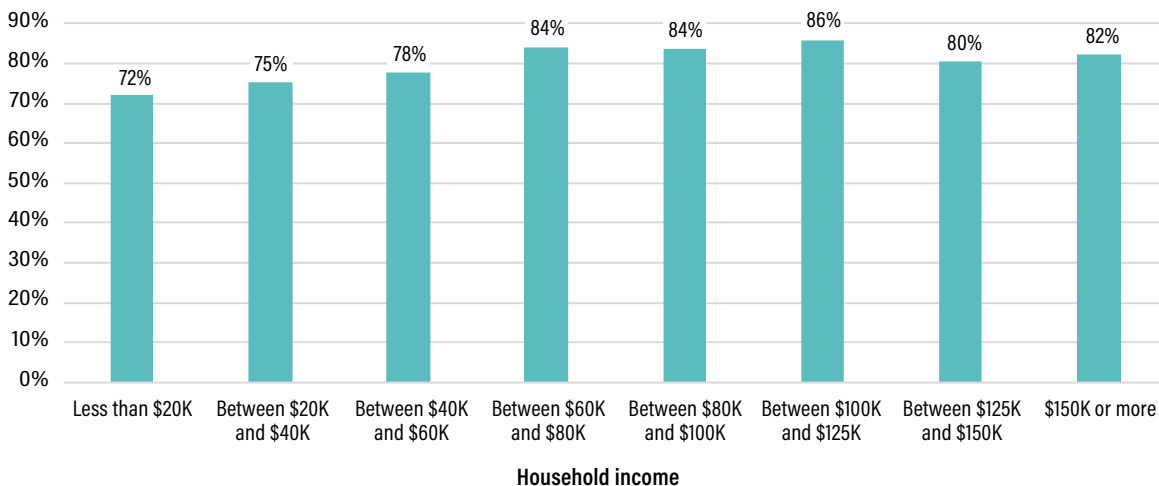


Figure 3: Share of Canadians Who Believe the Maximum Personal Income Tax Statutory Rate Should Be 50% or Less, by Household Income Group



A Poll of Canadians on the Fair Share of Taxes

household income less than \$60,000 were less likely than those with higher incomes to say that personal income tax rates should not exceed 50%. Those with household income less than \$20,000 were the least likely to say tax rates should not exceed 50%, but almost three-quarters (72%) of respondents in this income group still expressed support for a maximum rate of 50% or lower. At least three-quarters of respondents in every other income group supported a maximum tax rate of 50% or lower.

II. Are there Canadians who don't pay their fair share of taxes?

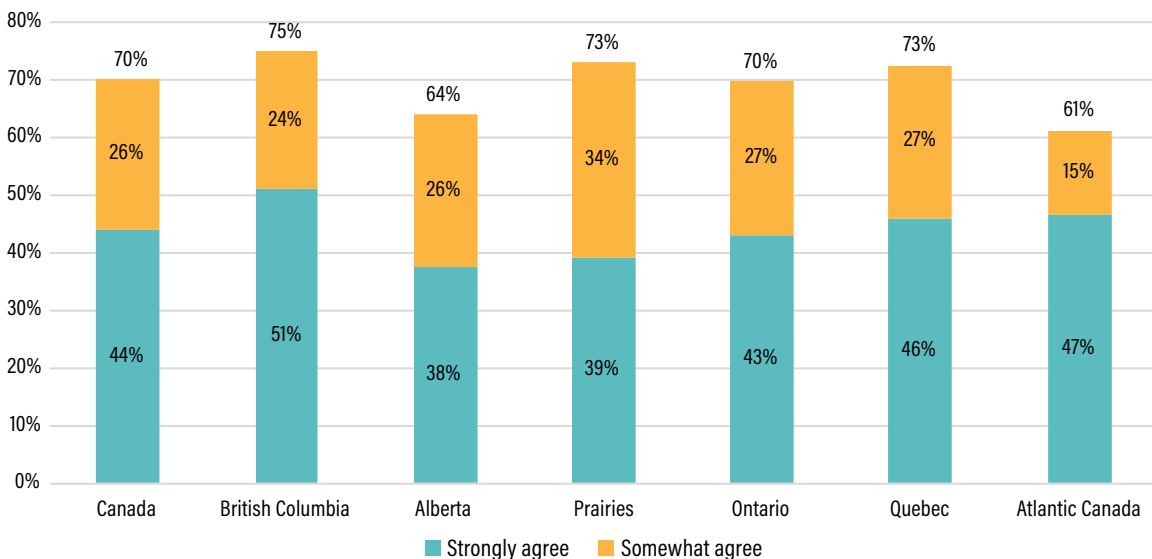
The Leger poll addressed tax fairness directly by asking the sample of Canadians ages 18 and older the following: There's a lot of discussion in Canada about tax fairness. The basic idea is that some people don't pay enough taxes compared to their level of income. In other words, their share of taxes is not proportional to their share of income. Do you agree or disagree that there are Canadians who don't pay their fair share of taxes relative to their share of

income? Respondents could select from the following options:

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree
- I don't know/prefer not to answer.

As figure 4 shows the majority (70%) of respondents agreed that some Canadians don't pay their fair share of (total) taxes relative to their share of income. Only 7% of respondents disagreed, 12% were neutral on the matter, and 11% responded I don't know/I prefer not to answer. The poll results also show some variation across provinces. British Columbians were most likely (75%) to agree, while Atlantic Canadians were the least likely (61%). Besides Atlantic Canada, Alberta was the only other region to have less than 70% of respondents agree that some Canadians don't pay their fair share of taxes. Despite these variations, in all regions at least

Figure 4: Share of Canadians Who Agree that Some Do Not Pay Their Fair Share of Taxes, by Region



A Poll of Canadians on the Fair Share of Taxes

60% of respondents agreed that some Canadians don't pay their fair share of taxes.

Interestingly, the results differ significantly across age groups. As figure 5 shows, 86% of older respondents (ages 65 and older) believed some Canadians don't pay their fair share of taxes. The 18–24 age group stands out as the only one where a minority (49%) of respondents agreed with this perception. Generally, as age increased, so did the level of agreement that some are not paying their fair share.

The polling results were mostly consistent across household income groups (see figure 6). Respondents with household income of less than \$20,000 were the least likely (58%) to agree that some Canadians don't pay their fair share of taxes. The group most likely (77%) to agree was those with household incomes between \$100,000 and \$125,000. High-income households (\$150,000 or more) were the most likely (11%) to disagree that some Canadians don't pay their fair share of taxes.

Figure 5: Share of Canadians Who Agree that Some Do Not Pay Their Fair Share of Taxes, by Age Group

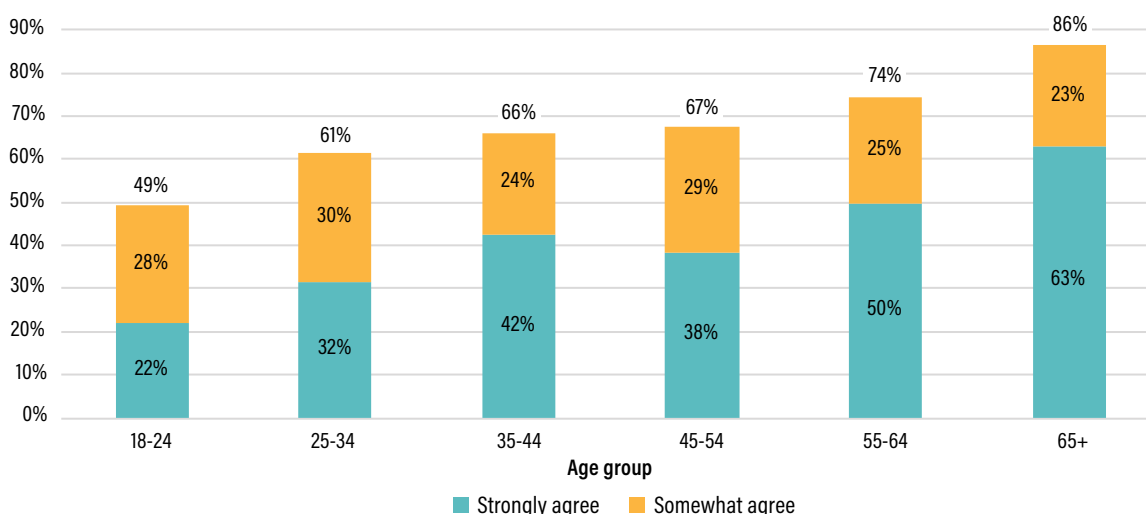
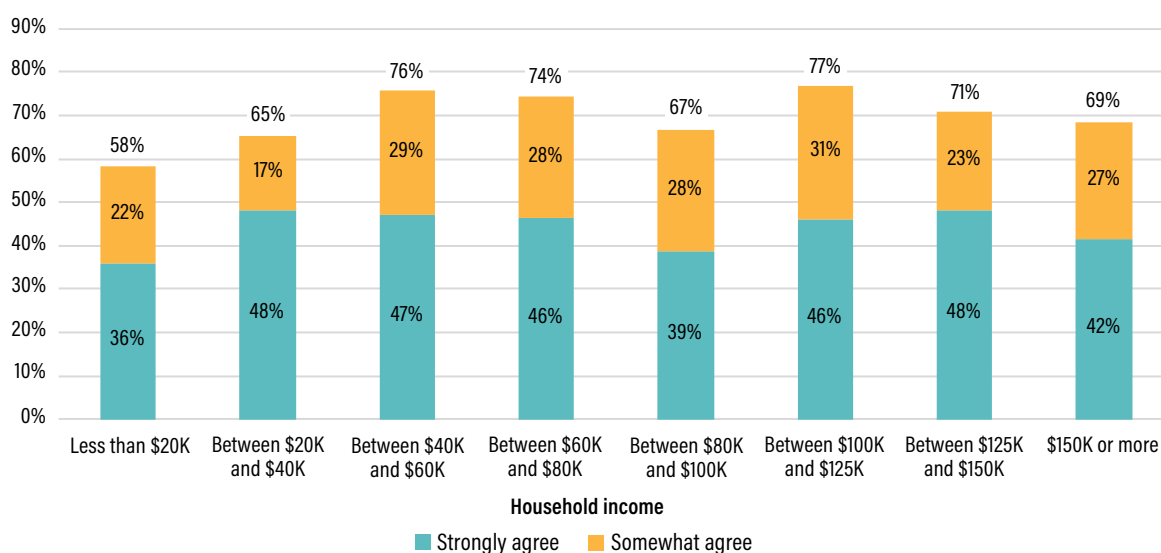


Figure 6: Share of Canadians Who Agree that Some Do Not Pay Their Fair Share of Taxes, by Household Income Group



III. Should high-income earners pay more in taxes?

The Leger poll asked a follow-up question to gauge opinions on whether high-income earners should be paying more in taxes. The poll asked Canadians ages 18 and older the following: In 2022, the top 20% of income-earning households paid a larger percentage of taxes than what they collectively earned in income. This is the only income group in Canada that pays a larger share of taxes relative to its share of total income. Do you think this group should pay more, the same, or less taxes than they currently do? Respondents could select from the following options:

- Much more
- Moderately more
- The Same
- Moderately less
- Much less
- I don't know/prefer not to answer.

While the majority of respondents believed some Canadians don't pay their fair share of taxes, only 35% of respondents thought high-income earners should pay more, 28% believed they should pay the same, 14% believed they should pay less, and 23% did not know or preferred not to answer (see figure 7).

Figure 7: Share of Canadians Who Believe High-Income Earners Should Pay More, Less, or the Same in Taxes

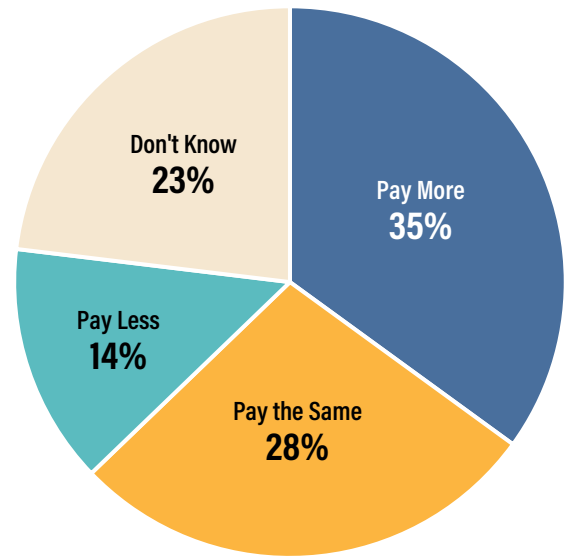
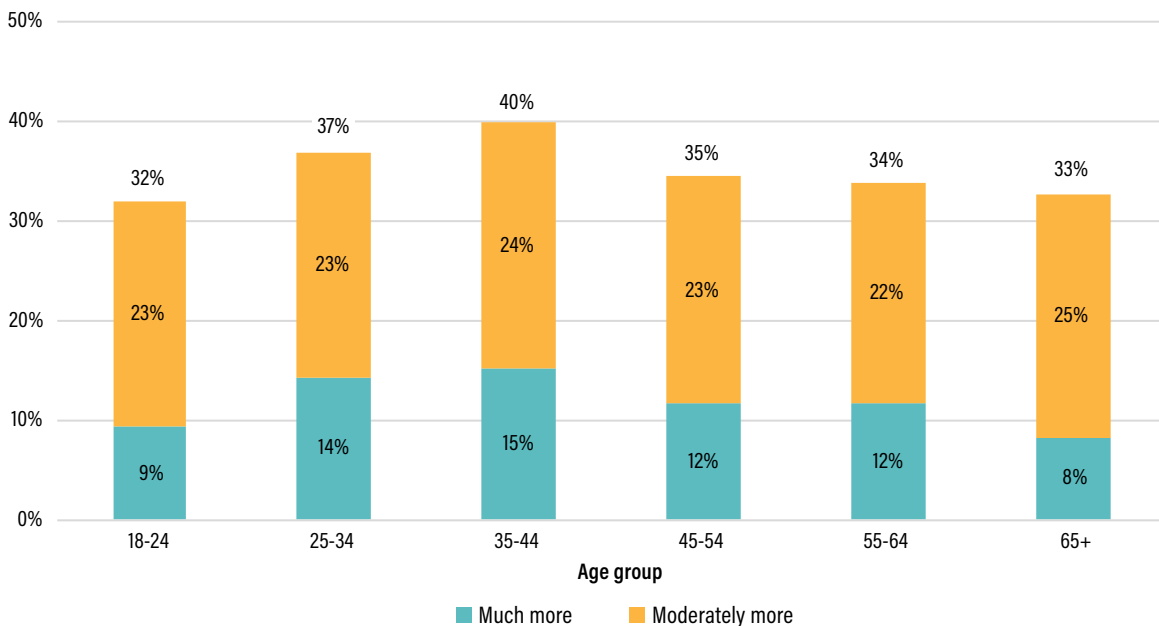


Figure 8: Share of Canadians Who Believe High-Income Earners Should Pay More in Taxes, by Age Group



A Poll of Canadians on the Fair Share of Taxes

Figure 8 shows that polling results across age groups are fairly consistent, with younger respondents roughly in line with older Canadians. Only two out of five (40%) respondents ages 35–44 said that high-income earners should pay more. All other age groups were less likely to say high-income households should pay more in taxes, with young respondents ages 18–24 being the least likely (32%) to agree.

Regionally, respondents in British Columbia were the most likely (39%) to say that high-income

earners should pay more in taxes. Atlantic Canadians were the least likely (27%) to want them to pay more, followed by Albertans (31%). Figure 9 shows that, across all regions, less than 40% of respondents wanted high-income earners to pay more in taxes. One in five (20%) respondents from Saskatchewan and Manitoba said high-income earners should pay less in taxes, the most of any region.

Separating respondents by household income shows consistent results (see figure 10). In all income

Figure 9: Share of Canadians Who Believe High-Income Earners Should Pay More in Taxes, by Region

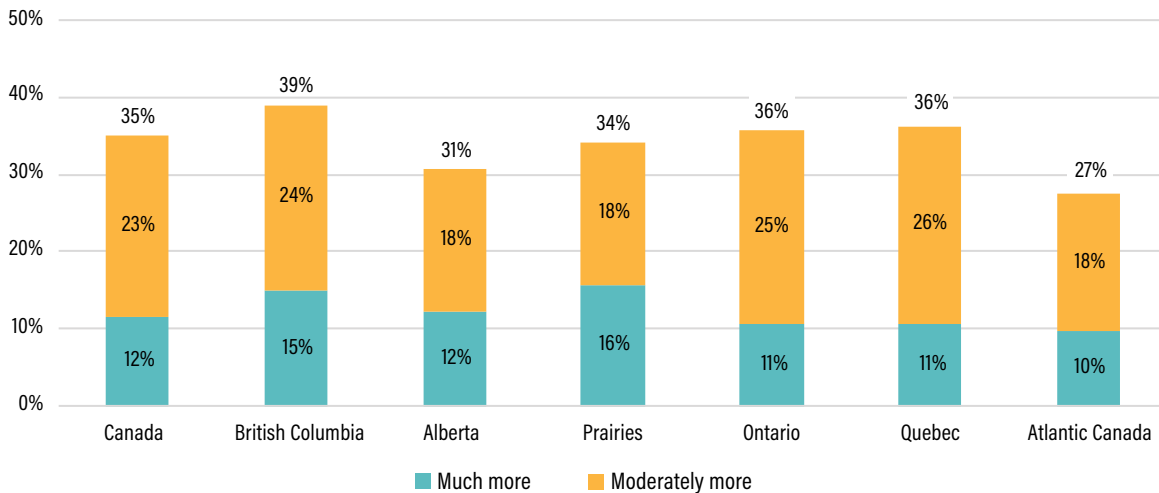
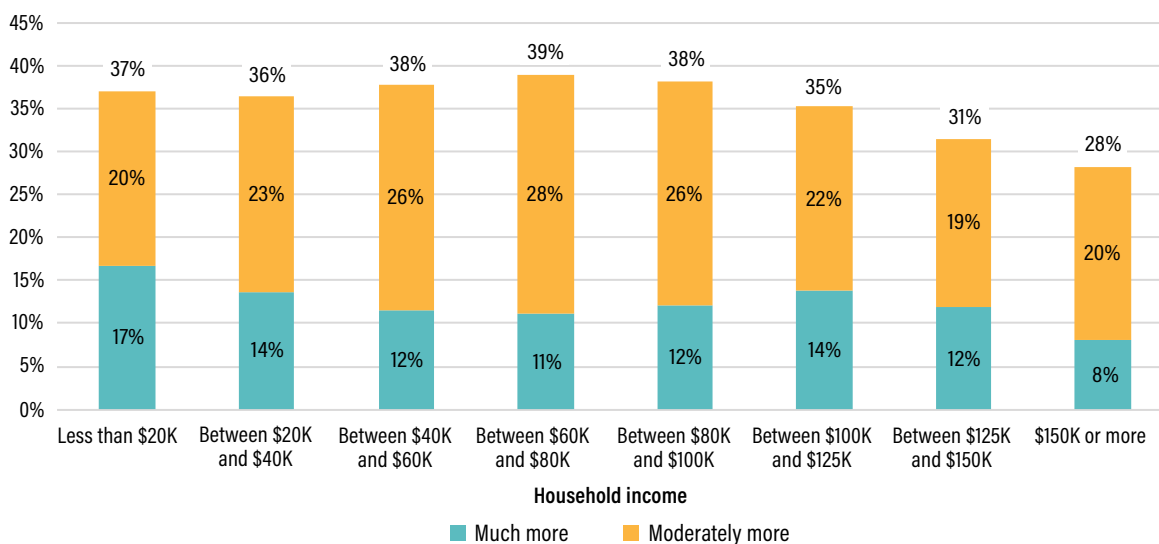


Figure 10: Share of Canadians Who Believe High-Income Earners Should Pay More in Taxes, by Household Income Group



groups, less than 40% of respondents said they wanted high-income earners to pay more in taxes. Unsurprisingly, higher-income households (\$150,000 or more) were the least likely (28%) to say that high-income earners should pay more and the most likely (26%) to say they should pay less. Respondents with household income of less than \$20,000 were the most likely (17%) to want high-income earners to pay much more.

IV. What's the highest tax rate the top 20% of income-earning households should pay?

Finally, the Leger poll asked Canadians ages 18 and older the following: What is the highest tax rate on personal income you believe should be charged to someone in the top 20% of income-earners? Respondents could select from the following options:

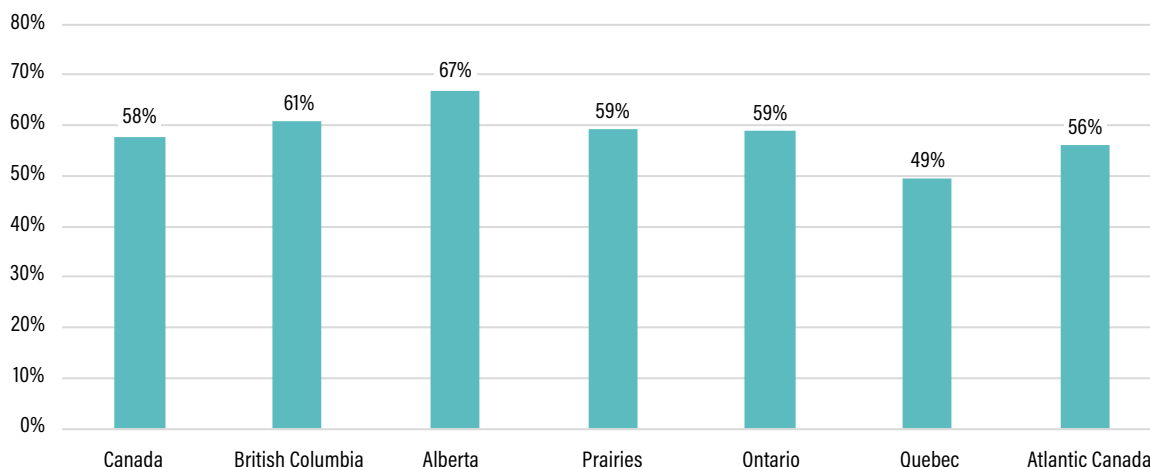
- At or below 20%
- 20.1% to 25%
- 25.1% to 30%
- 30.1% to 35%
- 35.1% to 40%

- 40.1% to 45%
- 45.1% to 50%
- 50.1% to 55%
- 55.1% to 60%
- 60.1% to 65%
- 65.1% to 70%
- 70.1% to 75%
- 75.1% to 80%
- More than 80%
- I don't know/I prefer not to answer.

Over half of respondents (58%) believed the highest tax rate should be at or below 50% (see figure 11). Roughly half (49%) believed it should be at or below 45%. Less than one in five (19%) believed that high-income earners should face tax rates above 50%. Comparing these results with those in table 1 shows there is a large discrepancy between top marginal tax rates in most provinces and Canadians' preferences on maximum tax rates for high-income earners.

Comparison with Figure 1 yields another interesting insight. The figure appears to show Canadians' preferences with respect to marginal tax rates levied presumably on their own extra \$100, while figure 11

Figure 11: Share of Canadians Who Believe the Top Marginal Personal Income Tax Rate for High-Income Families Should Be 50% or Less, by Region



A Poll of Canadians on the Fair Share of Taxes

shows their preferences when taxes are levied specifically on high-income earners. Results show that 78% of respondents were opposed to paying income tax rates higher than 50% on an extra \$100 in general, while 58% were opposed to those tax rates levied specifically on high-income earners.

The majority of Atlantic Canadians (56%) believed the maximum tax rate should be at or below 50% (see figure 11). This is an interesting result, since top marginal tax rates currently exceed 50% in all four Atlantic provinces. In every region except Quebec, the majority of respondents believed top tax rates should not exceed 50%. Furthermore, the majority of respondents in British Columbia (54%), Alberta (58%), the Prairies (55%), and Ontario (51%) believed that top tax rates should be at or below 45% for high-income earners. Seemingly, this suggests that most respondents actually might want to reduce tax rates, considering that top marginal tax rates are higher than 45% in all four regions.

Looking at responses from different age groups, results are fairly consistent. As figure 12 shows, the

majority of respondents in all age groups believed that maximum tax rates for high-income earners should be at or below 50%. Respondents ages 18–24 and those 65 and older were the least likely (both 55%) to believe that maximum tax rates should be at or below 50%. While it follows that respondents ages 65 and older were the most likely (23%) to say that maximum tax rates should exceed 50%, younger respondents (ages 18–24) were actually the least likely to agree (15%). Those ages 45–64 were the most likely (60%) to believe that maximum tax rates should be at or below 50%.

As figure 13 shows, results are consistent when grouped by household income. The majority of respondents across all income groups believed maximum tax rates should not exceed 50%. Respondents with household income of \$150,000 or more were the most likely (65%) to say that maximum tax rates should be at or below 50%, while those earning between \$60,000 and \$80,000 were the least likely (56%).

Figure 12: Share of Canadians Who Believe the Top Marginal Personal Income Tax Rate for High-Income Families Should Be 50% or Less, by Age Group

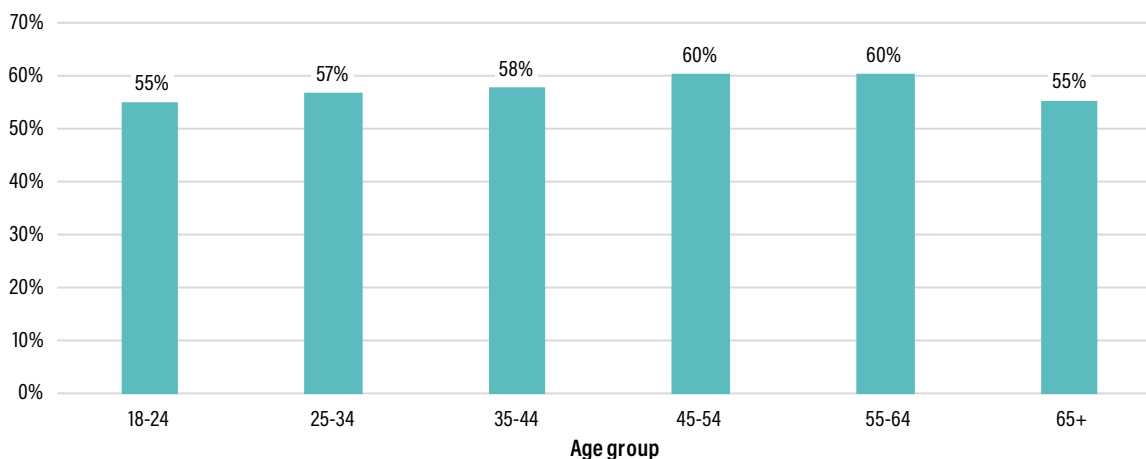
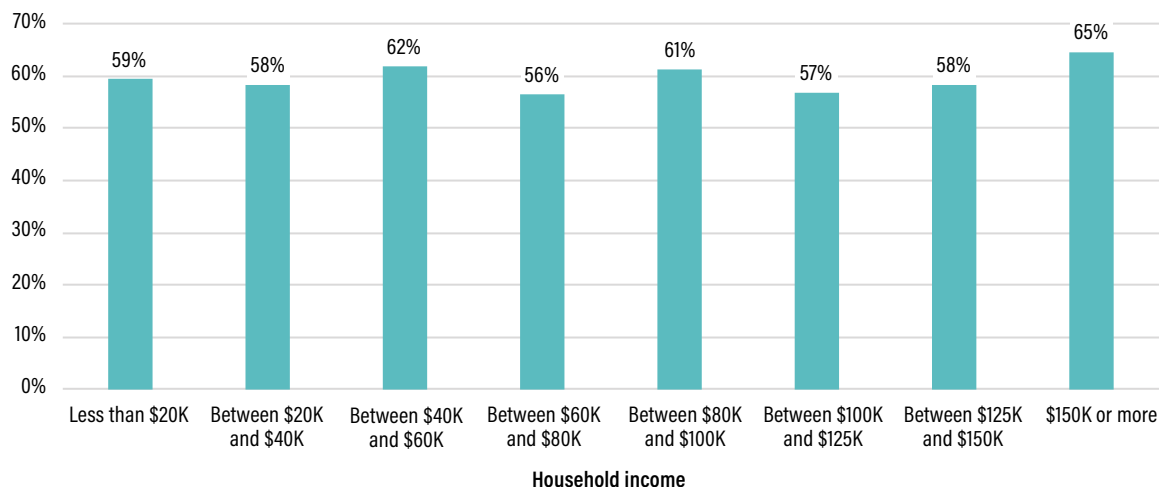


Figure 13: Share of Canadians Who Believe the Top Marginal Personal Income Tax Rate for High-Income Families Should Be 50% or Less, by Household Income Group



Conclusion

The federal government is pushing a narrative that the “rich” do not pay their fair share of taxes. Indeed, when asked, seven of every ten respondents seemed to agree with this narrative. Follow-up survey questions, however, provide more insight. Half of the respondents believed the highest tax rate one should pay on an extra \$100 of income should be 20% or less. Only 35% of respondents believed the top 20% of income-earning households should pay more in taxes, while 42% believed they should either pay the same or less than they currently do. When examined by region, age, and income, no more than 40% of respondents believed that high-income earners should pay more in taxes.

The majority of respondents (58%) said that the maximum tax rate charged to the top 20% of income-earning households should be 50% or less; most of the rest thought it should be 45% or less. Since top combined marginal tax rates range by province from a low of 47.5% to a high of nearly

55%, this suggests that top tax rates might be higher than Canadians desire. The polling results clearly demonstrate that only a minority of Canadians want high-income earners to pay more in taxes.

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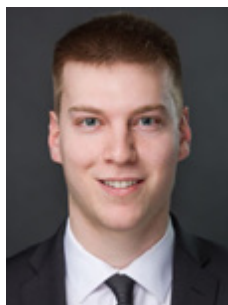
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