

Fair Taxes

Fair taxation is essential if we are going to recover from the COVID-19 pandemic. Governments will need funds to ensure no one is left behind as we recover. Serious problems with services like long-term care need to be fixed. And we need to ensure that the cost of responding to the pandemic doesn't result in further cuts to public services that will leave many of us behind. That means we can no longer afford to give profitable large corporations and the wealthy a free ride.

Canadians for Tax Fairness, a tax justice organization, has estimated that tax fairness measures would generate between \$80 billion and \$100 billion a year. These measures include reversing tax cuts that largely benefited the wealthy and large corporations and closing tax loopholes that cost Canadian's billions in lost revenue. Other important measures include closing gaps in laws that allow corporations and the wealthy to take advantage of tax havens, and providing more money for enforcement.

Liberal

During their time in government, the Liberals opposed a wealth tax and failed to reverse cuts to corporate income tax rates made by previous governments. They have taken a number of small steps towards tax fairness, including closing, or partially closing, some loopholes and introducing a new top marginal rate. At the G7 leaders' summit, the Liberals agreed to the proposal for a global minimum corporate tax, but the rate is seen to be too low to do much good. Digital multinationals are now required to collect GST, which is a small step to leveling the playing field.

The Liberal election platform continues the pattern of very modest steps. For example, the proposal to increase corporate income tax for only a small number of companies will generate just 15% of the revenue that restoring the rate to its pre-Harper level would. A minimum tax of 15% for those in the top income tax bracket is proposed, but this is seen as less effective than closing tax loopholes.

Conservative

While the Conservative platform uses the phrase "tax fairness," it has little to say about how that would be achieved. There is no mention of measures like a wealth tax or a windfall profits tax. There are proposals for more tax cuts for corporations. Conservatives are also opposed to a global minimum tax rate—even the low rate agreed to at the G-7 leaders' summit. The Conservative Party does support digital multinationals paying sales tax and applying a 3% digital-services tax to their Canadian revenues for foreign tax companies not paying corporate taxes in Canada.

While the Conservatives are proposing to increase funding for the Canada Revenue Agency (CRA) to tackle tax dodging by wealthy individuals and corporations, this is still not enough to reverse the cuts to funding they made when in government (and that the Liberals failed to fully reverse). The Conservative program calls for a registry of who really owns properties, but it would not be public. Similarly, the Conservatives opposed

a public registry of who really controls corporations, even though making the registry public would make it far more effective for fighting tax dodging and money laundering.

NDP

The NDP platform calls for corporate income taxes to be increased to 18% (the level in 2010), but the current lower rate for small businesses wouldn't be changed. A COVID-19 excess profits tax of 15% will be applied to windfall profits during the pandemic. The top marginal tax rate (which currently applies to income above \$214,000) would be increased by 2%, and a 1% wealth tax would be applied to those with over \$10 million in wealth.

There are also commitments to close loopholes like the stock options deduction and increase the share of unearned income subject to taxation to 75%. Measures to crack down on the use of tax havens include forcing corporations to prove the economic reason for offshore transactions, improving transparency on taxes paid by large corporations, and an increase in funding for the Canada Revenue Agency's enforcement section dealing with international and corporate taxation. To address both tax dodging and money laundering, the platform includes a commitment for a public registry of who really owns properties, and the NDP has also supported a similar registry for corporations.

Green

The Green Party has called for a Federal Tax Commission. It has called for corporate income taxes to be increased to 21%, while keeping the lower rate for small businesses. A corporate tax on multinational e-commerce corporations doing business in Canada and a Financial Transactions tax would be introduced. The party supports a wealth tax on those with over \$20 million in wealth.

There have also been commitments to close tax loopholes with the stock option loophole and capital gains loophole singled out. On the use of tax havens, the Green Party is proposing requiring companies to "prove that their foreign affiliates are actual functioning businesses for tax purposes" and to increase funding for the Canada Revenue Agency.

Conclusion

Where parties stand on tax fairness is the real test of whether they really want to help low- and middle-income Canadians and reduce income inequality. Years of tax cuts that went largely to the wealthy and large corporations have failed to deliver the economic growth we were promised. Instead, those tax cuts led to income inequality and the underfunding of our public services. We will not have a fair recovery unless the federal government is willing to ensure that the wealthy and large corporations are paying their share.

