



2024 New Year's Tax Changes

CANADIAN TAXPAYERS FEDERATION

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Canadian
Taxpayers
Federation

About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation is a federally incorporated, not-for-profit citizen's group dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national organisation. Today, the CTF has 235,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and regional offices in British Columbia, Alberta, Prairie (SK and MB), Ontario, Quebec and Atlantic. Regional offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organisers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries, online postings and publications to advocate on behalf of CTF supporters. CTF representatives speak at functions, make presentations to government, meet with politicians, and organise petition drives, events and campaigns to mobilise citizens to affect public policy change.

Any Canadian taxpayer committed to the CTF's mission is welcome to join at no cost and receive issue and Action Updates. Financial supporters can additionally receive the CTF's flagship publication *The Taxpayer* magazine published three times a year.

The CTF is independent of any institutional or partisan affiliations. All CTF staff, board and representatives are prohibited from holding a membership in any political party. In 2021-22, the CTF raised \$5.1 million on the strength of 45,509 donations. Donations to the CTF are not deductible as a charitable contribution.



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Introduction

The New Year's Tax Changes report outlines the major tax changes in 2024 in each province, such as changes to income taxes, carbon taxes and property taxes. After adding up income taxes, sales taxes, property taxes and all other taxes, the average Canadian family pays 46.1 per cent of its budget in taxes, [according](#) to the Fraser Institute.

This report highlights the tax changes in 2024 and provides cost estimates for increases to payroll taxes, such as the mandatory Canada Pension Plan and Employment Insurance payments, carbon tax hikes, alcohol tax increases and bracket creep.

Bracket creep happens when governments don't move tax brackets with inflation and inflation can automatically bump taxpayers into a higher tax bracket even though they can't actually afford to buy more. With bracket creep, the basic personal amount is also eroded over time.

While the government of Canada raised taxes, the Canadian Taxpayers Federation identified [51 other national governments](#) that provided tax relief during the pandemic or to ease the burdens of inflation. National governments that provided tax relief include more than half of G7 and G20 countries and two-thirds of the countries in the Organisation for Economic Co-operation and Development.

Federal Government

Canadian workers will see their federal income-based taxes increase in 2024 due to rising payroll taxes. The federal government is also increasing alcohol taxes and the carbon tax in 2024.

The table to the right shows the total change in federal income taxes Canadians will pay in 2024 when considering changes to the Canada Pension Plan and Employment Insurance taxes. Nearly every Canadian will pay higher federal income taxes in 2024.

Income	Total income tax increases 2024
\$30,000	\$9
\$40,000	\$12
\$50,000	\$15
\$60,000	\$18
\$80,000	\$347
\$100,000	\$347
\$150,000	\$347
\$200,000	\$347

The federal government also announced a [second CPP](#) tax beginning in 2024. The "CPP2" will be applied on any income between \$68,500 and \$73,200, and the maximum tax amount will be \$188 in 2024. That means the CPP2 is a tax increase levied on income over and above the original CPP taxable income, up to a new ceiling of \$73,200.

This means that the overall CPP tax paid for workers earning \$73,200 or more will be about \$4,055, for a total increase of \$301 (CPP + CPP2) in 2024.

Employment Insurance

The [EI tax rate](#) and maximum insurable earnings will increase. That will require employees to pay \$1,049 and employers to pay \$1,469 into EI in 2024. This represents a \$47 EI tax increase for employees and a \$66 EI tax increase for employers (for workers earning \$63,200 or more).

Canada Pension Plan

The maximum pensionable earnings covered by the [CPP tax](#) is increasing. Employers and employees will each be required to pay \$3,867 in 2024. This represents a \$113 tax increase in 2024 for both employees and employers (for workers earning \$68,500 or more).

Year	Tax rate	Maximum pensionable earnings	Basic exemption	Employee tax	Employer tax
2023	5.95%	\$66,600	\$3,500	\$3,754	\$3,754
2024	5.95%	\$68,500	\$3,500	\$3,867	\$3,867
Increase				\$113	\$113

Year	Tax rate	Maximum insurable earnings	Employee tax	Employer tax
2023	1.63%	\$61,500	\$1,002	\$1,403
2024	1.66%	\$63,200	\$1,049	\$1,469
Increase			\$47	\$66

In 2018, the employee and employer tax bills were \$858 and \$1,202 respectively. That means the EI tax for employees has increased by \$191 and has increased for employers by \$267 since 2018.

In total, federal payroll taxes (CPP and EI tax) will cost a worker making \$73,200 or more \$5,104 in 2024. Their employer will also be forced to pay \$5,524.

Carbon tax

The federal government's [carbon tax](#) is set to increase from \$65 per tonne to \$80 per tonne on April 1, 2024. That will increase the current 14.3 cents per litre carbon tax to 17.6 cents per litre of gas. At that higher rate, the carbon tax will cost a family about \$12.32 every time they fuel up a 70-litre minivan. Taxpayers in every province and territory, except Quebec, are forced to pay this federal carbon tax rate.

The federal government [claims](#) that "families are going to be better off" with its carbon tax and rebate scheme. However, a [Parliamentary Budget Officer report](#) shows the carbon tax will cost the average household between \$377 and \$911 in 2024-25, even after the rebates.

Second carbon tax

The federal government imposed a second carbon tax through fuel regulations in 2023. If fuel producers can't meet the requirements in the regulations, then they'll be forced to pay the second carbon tax.

The second carbon tax is expected to increase the price of gas by up to 17 cents per litre and cost the average household between \$384 and \$1,157 annually by 2030, [according](#) to the PBO's analysis.

Home heating oil carbon tax exemption

The federal government [announced](#) a three-year removal of the federal carbon tax on furnace oil. This [means](#) that households using furnace oil will pay 17 cents per litre less until April 2024, and then 21 cents per litre less afterwards.

Only [three per cent](#) of Canadians use furnace oil to heat their homes. The Trudeau government has so far refused to extend the carbon tax exemption to other forms of home heating, such as natural gas. Removing the federal carbon tax from natural gas would save the average home about [\\$300 this year](#) and about \$1,100 over three years as the government increases the carbon tax each year.

Alcohol taxes

The alcohol escalator tax will increase the excise taxes on beer, wine and spirits with inflation on April 1, 2024. [Taxes already account](#) for about half of the price of beer, 65 per cent of the price of wine and more than three quarters of the price of spirits.

The alcohol escalator will [result](#) in a 4.7 per cent increase in the federal excise tax on beer, wine and spirits in 2024. This increase will cost taxpayers about \$100 million in 2024-25.

Digital services tax

The federal government [introduced](#) legislation in November 2023 that sets the stage for a digital services tax.

The PBO estimates the DST will cost taxpayers \$1.2 billion in 2024, but that revenue estimate depends on when the tax is implemented.

The DST targets large companies operating online marketplaces, social media platforms and earning revenue from online advertising, such as Amazon, Google, Facebook, Uber and Airbnb. However, consumers should expect to pay higher prices because of the tax. When faced with the three per cent DST in France, Amazon simply [increased](#) its commission charge to French vendors by the same amount.

"An economic impact assessment of the French digital services tax shows that about 55 per cent of the total tax burden will be passed on to consumers, 40 per cent to online vendors and only five per cent borne by the digital companies targeted by the new tax," [according](#) to the Tax Foundation.

Other tax changes

- Budget 2023 introduced a two per cent tax on [share buybacks](#), starting Jan. 1, 2024.
- Budget 2023 is [making changes](#) to make financial institutions pay tax on dividends received.
- Budget 2023 is implementing the [global minimum](#) business tax agreement, where every business located at least partially within a signatory country will be taxed a minimum of 15 per cent.
- Budget 2023 [raised](#) the Alternative Minimum Tax rate for higher income earners to 20.5 per cent from 15 per cent.
- The federal government is [removing](#) the GST from purpose-built rental housing and from psychotherapy and counselling therapy.

British Columbia

Carbon tax

British Columbia's carbon tax is set to rise to \$80 per tonne from \$65 per tonne on April 1, 2024. The carbon tax will cost 17 cents per litre of gas, 21 cents per litre of diesel and 15 cents per cubic metre of natural gas.

Here's how the carbon tax hike will impact a couple in B.C. that owns a Dodge Caravan and Ford F-150: The carbon tax will cost more than \$13 to fuel up the minivan and nearly \$17 to fuel up the pick-up truck when it reaches \$80 per tonne.

Filling up their minivan once a week and truck once every two weeks will cost the family \$1,124 in 2024 just to pay the carbon tax.

The average home in Canada uses about 2,385 cubic metres of natural gas per year. The total annual carbon tax bill on natural gas, including the first three months of the year at \$65 per tonne, will be \$347. That means that the total cost of the carbon tax in 2024 will be about \$1,470.

Second carbon tax

B.C. taxpayers also pay a [second carbon tax](#) through fuel regulations that costs about 17 cents per litre of gas.

Speculation and vacancy tax

The government of British Columbia is expanding the speculation and vacancy tax to 13 additional municipalities. In January 2025, residential property owners will have to declare whether they need to pay these taxes based on how they used the property in 2024.

The tax rate is currently set at 0.5 per cent for Canadian citizens and permanent residents and two per cent for people who don't pay the majority of their taxes in Canada.

Alberta

Fuel tax

The Government of Alberta is scheduled to lift the suspension of the provincial fuel tax as of Jan. 1, 2024.

Last spring, Premier Danielle Smith extended the fuel tax suspension which saves 13 cents per litre of gasoline and diesel.

If the provincial fuel tax is reinstated, it will cost drivers about \$10 extra to fill up a family minivan, about \$15 extra to fill up a light duty pick-up truck and about \$130 extra every time a trucker fills up the diesel tanks on a big rig truck.

Personal income tax

The government of Alberta promised to create a lower income tax bracket for the first \$59,000 earnings of Alberta workers.

Right now, Alberta workers are taxed at 10 per cent on their first \$131,220 of earnings, one of the highest income tax rates in Canada.

The government promised to create a lower income tax bracket so Albertans are taxed at eight per cent on the first \$59,999 of earnings, saving the average Alberta worker [about \\$760](#), according to the United Conservatives.

For those earning less than \$60,000, this will be a 20 per cent reduction in provincial income tax.

Legislation is expected in 2024.

Taxpayer Protection Act

In [November 2023](#), the Alberta government strengthened the Taxpayer Protection Act, meaning that a referendum will also have to be held before the government can increase personal income or business taxes.

Saskatchewan

Small business taxes

The Saskatchewan government is [hiking](#) the small business tax from one per cent to two per cent on July 1, 2024. The government previously raised it by a percentage point in July 2023.

Manitoba

Income tax

The Manitoba government made [changes](#) to personal income tax brackets in the 2023 budget. Effective in 2024, the first tax bracket will be raised to \$47,000 from \$36,842. The second tax bracket will be raised to \$100,000 from \$79,625. To the right are the estimated savings for Manitobans of various income levels due to these changes:

Income	Changes in taxes paid
\$30,000	-\$84
\$40,000	-\$177
\$50,000	-\$326
\$60,000	-\$360
\$80,000	-\$444
\$100,000	-\$1,368
\$150,000	-\$1,594
\$200,000	-\$1,820

In the [2023 budget](#), the Manitoba government also increased the basic personal amount from \$10,145 to \$15,000. This means Manitobans can earn more money before having to pay taxes. This change was implemented for the 2023 tax year and will save an individual taxpayer up to \$524 on their 2023 taxes.

The current government has not announced any intention of altering this tax relief.

Fuel tax

The Manitoba government [introduced](#) legislation to temporarily remove the 14 cent per litre provincial gas tax on Jan. 1, 2024, and keep the cut in place for six months, with the option of extending it up to a year.

[Here's](#) how the tax cut will affect Manitobans: the average Manitoba family filling up a sedan once a week and a minivan every two weeks will save \$342 over the course of the six-month tax cut.

Employer health tax

The Manitoba government is cutting the Health and Post-Secondary Education Employer Tax in January 2024. The [changes](#) to the tax thresholds will provide approximately 900 Manitoba businesses with a tax cut.

Ontario

Fuel tax

In the summer of 2022, the Ontario government cut the provincial gas tax by 6.4 cents per litre. The measure was supposed to last until Dec. 31, 2022. The Ontario government has since [extended](#) the tax cut twice, with the cut now set to expire on June 30, 2024.

Here's how the gas tax cut will impact a couple in Ontario that owns a Dodge Caravan and Ford F-150:

They will save nearly \$4.33 when fueling up their minivan and \$5.58 when fueling up their pick-up truck. Filling up their minivan once a week and truck once every two weeks means this tax cut will save the family \$185 for the first half of 2024.

Ontario health premiums

While many of Ontario's income tax brackets are indexed with inflation, the [Ontario Health Premium](#) is automatically deducted from the wages of any Ontarian earning more than \$20,000 per year and its bracket thresholds are not indexed. The OHP kicks in for anyone earning more than \$20,000 annually and gradually increases to a maximum of \$900 per taxpayer. The base threshold of \$20,000 has remained the same since the tax was introduced in 2004. The \$900 maximum applies to anyone earning \$200,600 or more, which has also not changed since the tax was first introduced. This means that every Ontarian earning more than \$20,000 is subject to bracket creep.

A taxpayer earning \$60,000 will pay \$600 because of the OHP in 2024.

Vacant home tax

The city of Toronto is [hiking](#) its vacant home tax in 2024. Any residence that is left unoccupied for more than six months of the year will be subject to a tax of three per cent of the current assessed value, up from one per cent when it was introduced in 2022.

Quebec

Income tax

The Quebec government [lowered](#) the income tax rate on the first two brackets by one percentage point in the 2023 budget. That means Quebec taxpayers will save up to \$814 when filing their 2023 taxes this spring.

Quebec Pension Plan

The [Quebec Pension Plan](#) tax rate is increasing in 2024, with the government adding another component to the extra plan created in 2022. This means that employees and employers each pay \$4,348 into the QPP in 2024. This represents a \$310 QPP tax increase for employees and employers. The maximum QPP tax is slated to continue increasing in the future and will reach \$4,410 for employees and employers by 2025.

Year	Maximum pensionable earnings	Basic exemption	Employee tax	Employer tax
2023	\$66,600	\$3,500	\$4,038	\$4,038
2024	\$71,200	\$3,500	\$4,348	\$4,348
Increase			\$310	\$310

The Quebec government also [announced changes](#) for 2024 that will allow workers over the age of 65 to voluntarily stop paying the QPP tax.

Quebec Employment Insurance

The Quebec EI tax rate and maximum insurable earnings will both increase in 2024. This means employees will pay \$834 and employers will pay \$1,168 into Quebec EI in 2024. This represents a \$53 EI tax increase for employees and an \$74 EI tax increase for employers.

Year	Tax rate	Maximum insurable earnings	Employee tax	Employer tax
2023	1.27%	\$61,500	\$781	\$1,093
2024	1.32%	\$63,200	\$834	\$1,168
Increase			\$53	\$75

Carbon tax

Quebec's provincial carbon tax recently increased to 12.27 cents per litre of gasoline and 14.86 cents per litre of diesel. That means, the carbon tax will cost a family about \$9 every time they fuel up their minivan.

New Brunswick

Home heating carbon tax exemption

Due to the federal government's [announcement](#) of a three-year carbon tax cut on Oct. 26, New Brunswick residents, who on [average](#) use 2,484 litres of furnace oil per year, will save \$582 on their heating bills in 2024, taking into account the carbon tax hike on April 1. About [seven per cent](#) of families in New Brunswick use home heating oil.

Nova Scotia

Home heating carbon tax exemption

Due to the federal government's [announcement](#) of a three-year carbon tax cut on Oct. 26, Nova Scotians, who on [average](#) use 2,484 litres of furnace oil per year, will save \$582 on their heating bills in 2024, taking into account the carbon tax hike on April 1. About [32 per cent](#) of families in Nova Scotia use furnace oil.

Bracket creep

The Nova Scotia government does not index income tax brackets to inflation. This means that every year, as incomes go up with inflation, Nova Scotians pay more in income taxes because they're pushed into higher tax brackets.

The table to the right shows how much bracket creep will cost Nova Scotians at different income levels in 2024:

Income	Tax increase 2024
\$30,000	\$134
\$40,000	\$134
\$50,000	\$134
\$60,000	\$186
\$80,000	\$186
\$100,000	\$227
\$150,000	\$479
\$200,000	\$500

Prince Edward Island

Home heating carbon tax exemption

Due to the federal government's [announcement](#) of a three-year carbon tax cut on October 26th, Islanders, who on [average](#) use 3,000 litres of furnace oil per year, will save \$704 on their heating bills in 2024, taking into account the carbon tax hike on April 1. About [40 per cent](#) of families in PEI use home furnace oil.

Income tax changes

The P.E.I. government announced significant income tax changes in its [2023 budget](#). The government increased the basic personal amount by \$750 to \$12,750 for the 2023 tax year, and raised it to \$13,500 for the 2024 tax year. It also added additional tax brackets, and lowered the rates for the first three.

The table below shows the effects of the Basic Personal Amount and income tax bracket changes for Islanders at various income levels:

Income	Tax changes 2024
\$30,000	-\$148
\$40,000	-\$165
\$50,000	-\$182
\$60,000	-\$200
\$80,000	-\$185
\$100,000	-\$195
\$150,000	+\$528
\$200,000	+\$1,575

The P.E.I. government also implemented some [additional](#) tax changes for 2024:

- The Children's Wellness Tax Credit is going up by \$500 to \$1,000
- The Age Amount tax credit for people above 65 was increased to \$5,595
- The Low Income Tax Reduction threshold was increased in 2024 to \$21,500 from \$20,750

Newfoundland and Labrador

Home heating carbon tax exemption

Due to the federal government's [announcement](#) of a three-year carbon tax cut on Oct. 26, Newfoundlanders, who on [average](#) use 1,380 litres of furnace oil per year, will save \$323 on their heating bills in 2024, taking into account the carbon tax hike on April 1. About [18 per cent](#) of families in Newfoundland and Labrador use home furnace oil.

Fuel tax

The Newfoundland and Labrador government [extended](#) its seven cents per litre gas tax cut until March 31, 2024. Due to tax-on-tax from the HST, this equates to an 8.05 cents per litre tax reduction.

Here's how the gas tax cut will impact a couple in Newfoundland that owns a Dodge Caravan and Ford F-150:

They will save nearly \$6.12 when fueling up their minivan and \$7.89 when fueling up their pick-up truck. Filling up their minivan once a week and truck once every two weeks means this tax cut will save the family \$134 for the first quarter of 2024.