



RESPONSE TO PETITION

Prepare in English and French marking 'Original Text' or 'Translation'

PETITION No.: **421-01597**

BY: **MR. KMIEC (CALGARY SHEPARD)**

DATE: **JUNE 20, 2017**

PRINT NAME OF SIGNATORY: **THE HONOURABLE GINETTE PETITPAS TAYLOR**

Response by the Minister of Finance

SIGNATURE
Minister or Parliamentary Secretary

SUBJECT

Tax system

ORIGINAL TEXT

REPLY

In Budget 2016, the Government committed to undertake a comprehensive review of federal tax expenditures, in recognition of concerns that had been expressed regarding the efficiency, fairness and complexity of the tax system:

- The tax exemption for employer contributions to health and dental plans is intended to improve access to supplementary health and dental benefits for hard-working Canadians.
- In making decisions, the Government wants to ensure that any measures taken are fair and work in the best interests of middle-class Canadians.
- Taxing employer contributions to health and dental plans does not meet this test, and therefore is not part of the Government's plan.

Budget 2017 took initial action to implement changes resulting from the Government's wide-ranging review of tax expenditures. The review identified opportunities to make existing tax measures more effective, equitable and accessible to Canadians. The measures proposed in Budget 2017 will lead to a simpler and fairer tax system, and will make existing tax measures more effective and accessible to Canadians.

The Government will continue to take concrete steps to eliminate measures that are ineffective and inefficient, and that disproportionately benefit the wealthy. The Government of Canada also committed to ensuring that federal tax expenditures are fair for Canadians, efficient and fiscally responsible.

Since taking office in 2015, the Government of Canada has put in place a plan to grow the economy in a way that works for the middle class and those working hard to join it:

- One of its first actions was to raise taxes on the wealthiest Canadians in order to cut taxes for the middle class.
- Nearly 9 million Canadians are benefitting from this middle-class tax cut, which reduced the 22 percent federal income tax rate to 20.5 percent. Single individuals who benefit are saving an average of \$330 each year, and couples who benefit are saving an average of \$540 each year.

Another key part of the Government's plan is the new Canada Child Benefit (CCB), which has been in effect since July 2016:

- Compared to the system of federal child benefits that it replaced, the CCB is simpler, entirely tax-free, much more generous, and better targeted to those who need it most.
- Nine out of ten families are receiving more in child benefits than they did under the previous system. These families will see an average increase of \$2,300 in their child benefits in the first year.

The Government remains committed to building a fair tax system that benefits the middle class and those working hard to join it. The Government will continue to look for ways to help Canadians across the country.