

# 2022 New Year's Tax Changes

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CANADIAN TAXPAYERS FEDERATION

DECEMBER 2021



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 organization. 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 organizers 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 organize petition drives, events and campaigns to mobilize citizens to affect public policy change.

Each week CTF offices send out commentaries to more than 800 media outlets and personalities across Canada. 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 2019-20, the CTF raised [\\$4.8 million](#) on the strength of 31,655 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 that will occur in 2022 in each province, such as changes to income taxes, carbon taxes and property taxes.

In 2020, the average Canadian family paid more than [36 per cent](#) of its budget to taxes, according to the Fraser Institute's most recent Canadian Consumer Tax Index report. That's more than the average Canadian family paid for food, shelter and clothing combined.

Despite Canadians continuing to struggle during the pandemic, there are a number of tax increases occurring in 2022. This report will highlight the tax changes in 2022 and provide cost estimates for increases to payroll taxes, such as Canada Pension Plan and Employment Insurance contributions, and bracket creep.

Bracket creep happens when governments don't move tax brackets with inflation and inflation automatically bumps 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. The end of the report provides more information on the cost of bracket creep in 2022.

# Federal government

## Income tax:

When leaving aside payroll taxes, federal income taxes paid in 2022 will be lower because the federal basic personal amount is increasing from [\\$13,808 to \\$14,398](#). Canadians making less than [\\$155,625](#), can claim an extra [\\$590](#) in tax-free income from the increase in the personal basic amount, saving them roughly \$89 in income taxes.

The table below shows the total change in taxes Canadians will pay in 2022 when considering changes to the basic personal amount, Canada Pension Plan and Employment Insurance taxes. Canadians earning \$30,000 or less will see tax savings, but taxpayers at higher income levels will see their bill increase.

Income	Total income-based tax change
\$30,000	- \$22
\$40,000	+\$3
\$50,000	+\$28
\$60,000	+\$111
\$80,000	+\$308
\$100,000	+\$308
\$150,000	+\$308
\$200,000	+\$322

## Canada Pension Plan:

Contributions to the CPP are increasing for the fourth year in a row in 2022. The tax rate and maximum pensionable earnings covered by the tax rate are both increasing. Employers and employees will each be required to pay \$3,500 in 2022. This represents a \$333 tax increase in 2022 for both employees and employers (earning above the maximum pensionable earnings).

The [CPP tax](#) has been increasing steadily over the past several years. Since 2018, the employee and employer taxes for CPP have increased from \$2,594 in 2018 to \$3,500 in 2022. This represents a CPP tax increase of \$906 on both employees and employers since 2018.

Year	Tax Rate	Maximum pensionable earnings	Employee tax	Employer tax
2021	5.45%	\$61,600	\$3,166	\$3,166
2022	5.70%	\$64,900	\$3,500	\$3,500
2022 increase			\$333 <sup>1</sup>	\$333

<sup>1</sup> Totals may be off due to rounding

## Employment Insurance:

While the EI tax rate will remain the same, the maximum insurable earnings will increase. That will require employees to pay \$953 and employers to pay \$1,334 into EI in 2022. This represents a \$63 EI tax increase for employees and an \$89 EI tax increase for employers (earning above the maximum insurable earnings).

Year	Tax Rate	Maximum insurable earnings	Employee Tax	Employer Tax
2021	1.58%	\$56,300	\$890	\$1,245
2022	1.58%	\$60,300	\$953	\$1,334
2022 increase			\$63	\$89

The EI tax has gone up in [recent](#) years, increasing employee and employer tax bills of \$858 and \$1,202 in 2018, respectively, to \$953 and \$1,334 in 2022. This represents an overall tax increase of \$95 for employees EI and \$132 for employers EI since 2018.

## Carbon tax:

The federal government's carbon tax is set to increase from \$40 per tonne to \$50 per tonne on April 1, 2022. That would translate the current 8.84 cents per litre carbon tax to [11.05](#) cents per litre. At that higher rate, the carbon tax will cost a family about \$8.40 every time they fuel up their [minivan](#). The federal carbon tax directly applies to taxpayers in Ontario, Manitoba, Saskatchewan and Alberta.

Here's how the carbon tax hike will impact a couple in Ontario that owns a [Dodge Caravan](#) and [Ford F-150](#). The carbon tax will cost nearly \$9 to fuel up the minivan and more than \$11 to fuel up the pick-up truck by the time it reaches \$50 per

tonne. Filling up their minivan once a week and truck once every two weeks will cost the family \$716 in 2022 just to pay the carbon tax.

The average home in Canada [uses about](#) 2,442 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 \$40 per tonne, would be \$227. This family's total carbon tax bill will be about \$943 in 2022.

The carbon tax rebate for an Ontario family of four in 2022 is [\\$718](#), according to the government of Canada. In that case, the total net cost of the carbon tax to this Ontario family would be about \$225 in 2022.

## Second carbon tax:

The federal government announced its intentions to impose a second carbon tax through [fuel regulations](#). If fuel producers can't meet new requirements, they'll have to pay the second carbon tax. The federal government estimates the second carbon tax will increase the cost of gasoline by up to 11 cents per litre in 2030. The federal government's second carbon tax takes effect on Dec. 1, 2022.

## Alcohol tax:

The alcohol escalator tax will increase the excise taxes on beer, wine and spirits by the rate of inflation on April 1, 2022. 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.

## Other tax increases in Budget 2021:

The [April 2021 budget](#) included the following tax increases in 2022:

- Luxury taxes will be [imposed](#) on the sale of cars and personal aircraft with a retail price of more than \$100,000, and boats costing over \$250,000. The tax would be calculated at the lesser of 20 per cent of the value above those thresholds or 10 per cent of the full value of the luxury car, boat or personal aircraft. The budget estimates that the luxury tax will cost Canadian taxpayers \$140 million in 2022.
- Taxes on vacant foreign homeowners will cost taxpayers \$200 million in 2022, according to Budget 2021.
- Tobacco tax increase will cost \$4 per carton of 200 cigarettes, according to Budget 2021.
- Budget 2021 introduced a vaping tax rate. The budget suggests the vaping tax rate could be \$1.00 per 10 ml.
- In the recent fiscal update, the finance ministry [said](#) the digital services tax would be imposed Jan. 1, 2024 if the international treaty had not come into force. In that event, the tax would be payable on revenues earned as of Jan. 1, 2022.

## Government debt:

By March 31, 2022, each Canadian's share of the federal debt will be about [\\$32,200](#). When you add up all provincial and federal debt, each Canadian will owe \$57,500 on average. Debt should be considered a delayed tax.

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<sup>2</sup> All debt calculations in this report are based on 2021 federal and provincial government budgets and are the forecasted debt amount by the end of the 2021-22 fiscal year. For more information see: <http://www.taxpayer.com/media/Canada-Day-Debt-Report-2021.pdf>

# British Columbia

## Carbon tax:

British Columbia's carbon tax is set to rise to \$50 per tonne on April 1, 2022.

This will bring the B.C. carbon tax cost up to 11 cents per litre of gasoline, 13 cents per litre of diesel and 10 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 nearly \$9 to fuel up the minivan and more than \$11 to fuel up the pick-up truck by the time it reaches \$50 per tonne. If the couple fills up their minivan once per week and truck once every two weeks, then the carbon tax will cost a family \$735 for fuel ups in 2022.

The average home in Canada [uses about](#) 2,442 cubic metres of natural gas per year. The carbon tax will add \$233 to the family's natural gas bill in 2022.

That means the total cost of the carbon tax in 2022 will be about \$968.

Beginning on July 1, 2022, the maximum carbon tax rebate increases to \$194 for adults and \$57 for children. A single individual is no longer eligible for the B.C. carbon tax rebate once they make more than [\\$44,842](#), according to B.C. government.

B.C. taxpayers also pay a second carbon tax through fuel regulations that adds an estimated [16 cents](#) to the per litre pump price of gasoline.

## Property taxes:

There will be a 3.5 per cent increase in the property tax for Metro Vancouver Regional District property owners. This is an average annual increase of \$21 per property up to \$595 per year for regional services.

## Government debt:

By March 31, 2022, each British Columbian's average share of the federal and provincial debt will be an estimated \$52,000. Debt should be considered a delayed tax.

# Alberta

## Bracket creep:

The Alberta government stopped indexing its income tax brackets with inflation in its [2019 budget](#). This year, bracket creep will cost an Alberta taxpayer between \$44 and \$141, depending on income (see table at the end of the report for different incomes).

The table below shows the total cost of bracket creep for each Alberta taxpayer from 2020 through 2022.

Income	Cost of bracket creep 2020-2022
\$30,000	\$105.73
\$40,000	\$105.73
\$50,000	\$105.73
\$60,000	\$105.73
\$80,000	\$105.73
\$100,000	\$105.73
\$150,000	\$246.21
\$200,000	\$331.89

## Property taxes:

The city of Calgary approved a [3.87 per cent](#) property tax increase in 2022. The city of Edmonton has approved a [1.91 per cent](#) tax increase.

## Government debt:

By March 31, 2022, each Albertan's average share of the federal and provincial debt will be an estimated \$58,200.

# Saskatchewan

## Bracket creep:

Saskatchewan [re-indexed](#) its personal income tax brackets to the same indexation rate (2.4 per cent) as the federal government in 2021. This means that going forward, residents of Saskatchewan will not be pushed into higher tax brackets due to inflation.

## Small business tax increase:

The Saskatchewan government reduced the small business tax rate from two per cent to 0 per cent on Oct. 1, 2020, to support local businesses during the pandemic. But the government is increasing the tax rate to one per cent on July 1, 2022, and two per cent in 2023.

## Property taxes:

The city of Saskatoon voted to [increase](#) property taxes by 3.86 percent for 2022. This will cost the average taxpayer an additional \$73 a year. The City of Regina has approved a 3.4 per cent property tax in 2022. This will cost the average homeowner about \$72 extra a year.

## Government debt:

By March 31, 2022, each Saskatchewanian's average share of the federal and provincial debt will be an estimated \$47,300.

# Manitoba

## Education property tax rebates:

Manitoba is [continuing](#) to phase out the education property taxes that are part of annual property tax statements. In 2022, owners of residential and farm properties will get another 25 per cent rebate on the school division special levy and community revitalization levy payable, and owners of any other type of property will receive a 10 per cent rebate on those taxes. Combined with the 25 per cent rebate in 2021, this will mean the average taxpayer will have saved a total of \$1,140 per property over 2021 and 2022.

The new premier of Manitoba, Heather Stefanson, [implied](#) that the 2022 reduction in education property taxes might be put on hold. However, as of Nov. 18, 2021, her office maintains that “[no decision has been made](#)” on stopping the education property tax phase-out.

## Digital services tax:

As of [December 2021](#), streaming services such as Netflix or Spotify, online accommodations such as AirBnB, and online marketplaces will have to charge a provincial sales tax of seven per cent. This means that anyone with a standard \$14.99 Netflix subscription will have to pay about \$11 more per year.

## PST exemption for personal services:

Effective Dec. 1, 2021, personal services including hair services, non-medical skin care, and spa services will be [exempt](#) from charging provincial sales tax of seven per cent.

## Reduction in vehicle registration fees:

Vehicle registration fees for all non-commercial and off-road vehicles will be [reduced](#) by 10 per cent as of June 30, 2021, and are set to be reduced by a further 10 per cent by 2023.

## Property Taxes:

The city of Winnipeg is increasing property taxes by [2.33 per cent](#) for 2022.

## Government debt:

By March 31, 2022, each Manitoban's average share of the federal and provincial debt will be \$53,900.

# Ontario

## Income tax:

Ontario income taxes paid in 2022 will be lower for most taxpayers due to an [increase](#) in the provincial basic personal amount from \$10,880 to \$11,141.

## Income tax bracket creep:

In Ontario, the lower tax brackets and most of the tax credits are indexed to inflation. However, the top two brackets aren't indexed, and neither is the Low-Income Individuals and Families Tax credit. This year, the income tax bracket creep will cost an Ontario taxpayer up to \$132, depending on income (see table at the end of the report for different income levels).

## Ontario Health Premium:

While many of Ontario's income tax brackets are indexed, 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.

## Gas tax:

Ontario Premier Doug Ford has pledged to cut the Ontario gas excise tax by 5.7 cents per litre by March 31, 2022.

That promise is important for taxpayers. For example, for a family in Ontario, the gas savings would be \$4.32 when filling up the [Dodge Caravan](#) and \$3.82 when filling up a [Honda Accord](#). If this family fills up both tanks once a week, annual savings will amount to \$423 a year.

## Government debt:

By March 31, 2022, each Ontario resident will owe an estimated \$61,600 on average in provincial and federal government debt. Debt should be considered a delayed tax.

# Quebec

## Quebec Pension Plan:

The QPP tax rate is increasing in 2022 from 5.9 per cent to 6.15 per cent. That means that both employees and employers will be required to pay \$3,573 into the QPP in 2022. This represents a \$145 QPP tax increase for both employees and employers in 2022.

Year	Tax Rate	Maximum pensionable earnings	Employee Tax	Employer Tax
2021	5.90%	\$61,600	\$3,428	\$3,428
2022	6.15%	\$61,600	\$3,573	\$3,573
2022 increase			\$145	\$145

The QPP tax has been increasing steadily over the past several years. Since 2018, the employee and employer taxes for QPP have increased from \$2,830 in 2018 to \$3,573 in 2022. This represents a tax increase of \$743 on both employees and employers since 2018.

## Quebec Employment Insurance:

The [Quebec EI tax](#) rate and maximum insurable earnings will both increase in 2022. This means employees pay \$724 and employers pay \$1,013 into Quebec EI in 2022. This represents a \$60 EI tax increase for employees and an \$83 EI tax increase for employers.

Year	Tax Rate	Maximum insurable earnings	Employee Tax	Employer Tax
2021	1.18%	\$56,300	\$664	\$930
2022	1.20%	\$60,300	\$724	\$1,013
2022 increase			\$60	\$83

## Government debt:

By March 31, 2022, each Quebecer's average share of the federal and provincial debt will be an estimated \$57,000.

## New Brunswick

### Government debt:

By March 31, 2022, each New Brunswicker's average share of the federal and provincial debt will be an estimated \$50,200.

## Nova Scotia

### Property taxes:

The City of Halifax is proposing a [5.9 per cent](#) increase to property tax bills. This includes a new three per cent Climate Action Tax.

A family living in an average Halifax bungalow valued at \$262,700 would see its property tax bill increase by \$121, to \$2,157, in 2022.

### Bracket creep:

This year, bracket creep will cost a Nova Scotian taxpayer between \$74 and \$278, depending on income (see table at the end of the report for different income levels).

### Government debt:

By March 31, 2022, each resident of Nova Scotia's average share of the federal and provincial debt will be an estimated \$50,500.

## Prince Edward Island

### Small business taxes:

The province will [lower](#) its small business tax rate to one per cent on Jan. 1, 2022, saving local business owners \$2.8 million this year.

### Income tax:

The province will increase its [Basic Personal Exemption](#) from \$10,500 to \$11,250 on Jan. 1, 2022.

Islanders making \$40,000 will see a \$73.50 reduction in their tax bills in 2022, thanks to the increase in the Basic Personal Exemption.

The [Low-Income Reduction](#) eligibility threshold will increase from \$19,000 to \$20,000 on Jan. 1, 2022. The Low-Income Reduction is a non-refundable tax credit of up to \$350 per year.

### Bracket creep:

This year, bracket creep will cost a PEI taxpayer up to \$103, depending on income (see table at the end of the report for different incomes).

### Government debt:

By March 31, 2022, each Islander's average share of the federal and provincial debt will be an estimated \$48,600.

# Newfoundland and Labrador

## Pop tax:

The province plans to implement a 20 cents per litre tax on sugary drinks starting in [September 2022](#). This is expected to cost taxpayers an extra \$8.7 million per year.

## Government debt:

By March 31, 2022, each resident of Newfoundland and Labrador will owe an estimated \$65,200 on average in provincial and federal government debt.

# Bracket Creep

Bracket creep happens when governments don't move tax brackets with inflation and inflation automatically bumps taxpayers into a higher tax bracket even though they can't actually afford to buy more. With bracket creep, the personal basic exemption is also eroded over time. While the federal government and most provinces move their tax brackets with inflation, Alberta, Prince Edward Island and Nova Scotia continue to take more money from their taxpayers through bracket creep. In Ontario, the lower tax brackets and most of the tax credits are indexed, however the top two brackets aren't indexed, and neither is the Low-Income Individuals and Families Tax credit. The cost of bracket creep for the four provinces this year is listed in the table below:

Income	AB	ON	NS	PEI
\$30,000	\$44.55	\$132.00	\$74.48	\$ -
\$40,000	\$44.55	\$ -	\$74.48	\$42
\$50,000	\$44.55	\$ -	\$74.48	\$42
\$60,000	\$44.55	\$ -	\$104.00	\$42
\$80,000	\$44.55	\$ -	\$104.00	\$103
\$100,000	\$44.55	\$ -	\$126.38	\$103
\$150,000	\$104.91	\$36.00	\$278.63	\$103
\$200,000	\$141.13	\$36.00	\$278.63	\$103