



FAIR TAX SYSTEM

The New Brunswick reality

A progressive tax system and strong governmental fiscal capacity are needed to secure a more equal and inclusive society. A tax system where we all pay our fair share allows our government to provide services that improve the economic and social well being of all citizens.

In a progressive tax system, the more money you earn, the higher percentage of tax you pay. It is better and more equitable for government to tax income rather than taxing consumption and services to raise revenues. Taxing consumption and services only increases the tax burden on those who can least afford it.

In 2008, during the economic crisis, the provincial government embarked on a fiscal reform that saw the province losing hundreds of millions of dollars. This fiscal reform benefited only a few: a person making \$40 000 a year paid \$225 less in income tax versus a person making \$100 000 that paid \$792 less in income tax. Corporations also saw significant tax cuts. According to *The Plan for Lower Taxes in New Brunswick 2009-2012*, published by the Department of Finance, this introduction of large tax reductions for the wealthiest and the corporate tax rate reductions removed 143 million out of provincial revenue in 2009 alone.

How did the New Brunswick government make up for the revenues it lost? It increased fees for vehicle registration, drivers licence, and marriage licence and ambulance services. We all pay the same for those services whether we earn \$40 000 or \$100 000. Cuts to essential public services were also introduced: court social workers, small claims court, some ferry services, student bussing, school libraries and intervention services.

The solution

According to economist Rod Hill from UNBSJ, the province could add \$50 million more a year in revenue if it reverted back to the 2008 personal income tax rates. Furthermore, by adding a 21% tax bracket for the richest group of citizens (those whose earnings exceed \$150,000 per year) it could add \$14 million more a year in revenue. Overall, it could add \$64 million in revenue per year.

During the next provincial election, ask the candidates:

- What is your opinion on the provincial fiscal reform of 2008?
- Do you agree we should revert back the income and corporate tax rates of 2008?
- Do you agree that we should add a tax bracket of 21% for those who earn more than \$100 000?