

Tax

A British Columbia that is prosperous, fair, and ready for the future

HOW WE'RE THINKING ABOUT THIS

Tax policy is essential in shaping our society and economy, enabling the government to fund vital services like education, healthcare and infrastructure necessary for a functioning society. Moreover, tax policy creates the economic landscape by establishing incentives, influencing demand and supply, and signaling to both domestic and international audiences that British Columbia is a secure place for investment.

The design of our tax system can either enhance or undermine equity and social justice. It is essential that people have confidence that our tax system is fair and treats everyone and their contributions equally.

An effective tax system should be efficient, easy to navigate and difficult to manipulate.

PROBLEM DEFINITION

Our tax system is overly complicated, fails to set the right incentives and does not treat all forms of money equally.

Currently, the system misaligns with our values and priorities, placing excessive emphasis on taxing earned income while taxes on pollution and excise taxes shrink as a proportion of overall tax revenue. This focus on income rather than wealth contributes to extreme economic inequality, with the richest 1% in Canada controlling 25% of the nation's wealth—much of which is inadequately taxed. Additionally rising house prices have significantly increased wealth for homeowners, often at the expense of renters and non-homeowners.

BC's tax system is also overly complex, featuring seven different marginal income tax brackets, various grants and credits, and confusion surrounding carbon taxes. This complexity undermines the system's ability to provide the incentives and efficiency needed. If taxpayers are unaware of potential tax breaks, they cannot adjust their behaviour to benefit from them.

The corporate tax structure is similarly flawed. For instance, businesses earning up to \$499,999 are taxed at 2%, while income above that threshold is taxed at

12%. There are no additional marginal tax rates beyond this point, allowing large corporations to operate unchecked due to their economies of scale and price-setting powers.

The government must take an active role in addressing this imbalance, and the tax system is a key tool for doing so. We are witnessing too many billionaires and corporations extracting wealth without paying their fair share or reinvesting in the province. A fairer, more efficient tax system will help reduce inequality and ensure that the wealth generated in British Columbia benefits everyone.

POLICIES FOR ANNOUNCEMENT

The BC Greens would undertake a systematic review of British Columbia's entire tax and transfer system.

- This would look not just at what is and isn't taxed and to what extent, but also how the system treats different groups, including both census families and individuals.
- It would consider where our tax take is on the Laffer curve, and what the incentives are for both high income individuals and companies.

Enhancing progressiveness in income tax.

- The BC Greens would introduce an additional marginal tax rate of incomes over \$350,000 per year, of 22.5%. This would impact 39,936 tax filers, with an average income of \$935,090. The additional revenue raised is \$394.5 million.

Taxing windfall profits and make corporate tax fair

- The BC Greens would introduce an additional marginal tax rate for corporate revenue above \$1 billion per year, of 18%. This would impact approximately 35 companies, with an average income of \$4.75 billion per year. The additional revenue raised is approximately \$4.1 billion per annum.

Taxing property wealth effectively

- The BC Greens will increase the taxes paid on the most expensive properties in British Columbia. We will double the existing provincial property tax rates (the ‘School Tax’) on residential property valued above \$3 million to 0.4%, above \$4 million to 0.8%, and add a new bracket for properties valued above \$7 million at 1.5%.

- We will also apply these brackets to the total property holdings of a household, rather than assessing on a per-property basis.
- These changes will impact approximately 3.7% of British Columbian households with significant wealth. The additional revenue raised is approximately \$938 million per year.

CARBON TAXES

The BC Greens understand that climate change is an existential threat, and that emissions of carbon dioxide and methane are the cause of climate change.

We believe that we all have a right to a future, and that industries who are putting that future at risk should be held responsible for their emissions.

British Columbia’s price on carbon pollution is not perfect. But it is necessary, and a crucial step in ensuring British Columbia meets our greenhouse gas reduction goals, while safeguarding our environment, our health, and our economy.

The BC Greens are committed to having a price on pollution, and to improving the system such that there is a price on every tonne of carbon dioxide and methane emitted.

The BC Greens will:

- Continue with planned increases to the price of emissions, by \$15 per year. The price is currently \$80 per tonne. We will increase this to \$95 in 2025, \$110 in 2026, \$125 in 2027, etc.
- Remove the annual emissions limits for industry, established under the output-based pricing system. Every tonne (or liter) emitted will be subject to the same fee regime.
- Include emissions relating to venting and non-compression and non-processing activities in the oil and gas sector.
- Continue the oversight of emissions through the GGIRCA, including the requirement for third-party verification of emissions from industrial polluters.
- End the use of compliance mechanisms and carbon offsets.

The fossil fuel industry was responsible for

14.8

million tonnes of emissions in 2021

Under the current model, most of these emissions were exempt from the carbon tax. The BC Greens would ensure that these emissions were treated the same as all other emissions in British Columbia.

The revenue from these taxes will continue to be rebated to British Columbians, who are already paying the price of a changing climate.

We will also use the revenue to fund mitigation and response activities in communities, including providing funding to municipal and Indigenous governments. We will continue this scheme even if a future Federal Government walks back their commitments on pricing pollution.