

Election Proposal Costing

Changing the Basic Personal Amount

April 19, 2025

Increasing the Basic Personal Amount (BPA) for individuals earning less than \$177,882 to \$19,500 from \$16,129 in 2025. At the same time, decreasing the minimum BPA for individuals earning \$177,882 or more to \$13,500 from \$14,538. The proposal will take effect for the 2025 tax year and both amounts will be indexed to the consumer price index (CPI) thereafter.

Cost of Proposed Measure

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Total cost \$ millions	11,584	11,887	12,216	12,471	12,857	61,014

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

Estimation and Projection Method

PBO used SPSPD/M to calculate the difference in federal personal income tax revenues less transfers to persons for the 2025 to 2029 tax years between a scenario with the proposed changes to BPA and current policy. The current 2025 BPA and federal personal income tax thresholds were equal to the amounts released by the Canada Revenue Agency. The proposed 2025 BPA amounts were then adjusted to reflect the proposal. For the 2026 to 2029 tax years, the BPA and income thresholds were indexed to PBO's CPI projection. Tax year results were then converted into fiscal years and the amount for 2029-30 was extrapolated based on average projected growth. Behavioural responses to changes in the BPA were not included.

Sources of Uncertainty

The main sources of uncertainty relate to the projected income tax base and potentially (incremental) behavioural responses.

Data Sources

Basic Personal Amount

SPSD/M 30.3

Federal taxes less transfers

SPSD/M 30.3

Federal personal income tax (PIT) threshold

SPSD/M 30.3

Federal PIT

SPSD/M 30.3

Federal PIT baseline

PBO EPC Baseline

Federal trust PIT

CRA T3 Trust statistics

CPI

PBO EPC Baseline

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1. This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSD/M simulation results were prepared by the Office of the Parliamentary Budget Officer (PBO) and the responsibility for the use and interpretation of these data is entirely that of the PBO.

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