

Mobility tax deduction for tradespersons and indentured apprentices



Published on May 5, 2022

Bill C-19, the Budget Implement Act, proposes to introduce a Labour Mobility Deduction which would provide a tax recognition of up to \$4,000 per year in eligible travel and temporary relocation expenses to eligible tradespersons and apprentices. This measure will apply to the 2022 tax year and any subsequent taxation years.

5-Year Cost

\$ millions	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Total cost	26	103	108	110	112	459

Notes

- Estimates are presented on an accruals basis as would appear in the budget and public accounts.
- Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

Estimation and Projection Method

PBO used employment data from Statistics Canada and projected forward the eligible subset of tradespersons and indentured apprentices by taking the average 5-year growth rate, excluding the pandemic. To estimate the cost for eligible workers that temporarily relocate, we used estimates from Canada's Building Trades Unions to determine the number of eligible workers and their average eligible expenses. The annual cost was indexed to inflation and capped at \$4,000. No behavioural effects were assumed.

Sources of Uncertainty

The main source of uncertainty relates to the assumptions used to determine the number of eligible workers and their average eligible expenses. A taxpayer does not qualify for the deduction if they received an allowance for these expenses from their employer or received an income tax deduction or tax credit under any other provision in the Act for the same expenses. Data on the percentage of construction workers that receive reimbursement was unavailable.

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Data Sources

Variable	Source
Number of construction workers	Statistics Canada
Percentage of eligible workers who relocate for work and average eligible expenses	Canada's Building Trades Union
CPI inflation	PBO's March 2022 EFO
Effective Federal Tax Rate	SPSD/M ¹

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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 (OPBO) and the responsibility for the use and interpretation of these data is entirely that of the OPBO.