



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Election Proposal Costing

Increasing the corporate income tax rate

April 15, 2025

Increasing the general corporate income tax rate from 15% to 21% on taxable income exceeding \$100 million, effective January 1, 2026.

Cost of Proposed Measure

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
Total cost \$ millions		-10,267	-10,642	-10,530	-10,583	-42,022

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 estimated the cost of this measure by simulating the proposed changes in our T2 microsimulation model. The higher general corporate tax rate of 21% was applied to the taxable income exceeding \$100 million. Taxable income up to \$100 million continued to be taxed at the current general corporate tax rate of 15%.

Estimated revenue was assumed to grow in line with the EPC baseline projection of corporate income tax revenue over 2024 to 2030. Revenue estimates were then adjusted lower to account for corporations changing their behaviour in response to the higher tax rate.

Sources of Uncertainty

The main sources of uncertainty relate to the projection of corporate tax revenue and to assumed behavioural responses from corporations affected by this measure. There is additional uncertainty over the cumulative effect of new policies on the tax base in affected sectors.

Data Sources

Taxable income

Line 360 of the T2 form, 2023 tax reference year

Part I tax payable

Line 550 of the T2 form, 2023 tax reference year

Corporate income tax revenue

PBO EPC 2025 Baseline

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