

Temporary enhancement to the Goods and Services Tax/Harmonized Sales Tax credit



Published on September 29, 2022

This bill proposes doubling the goods and services tax (GST) credit for six months to support those most affected by inflation.

5-Year Cost

\$ millions	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Total cost	2,619	-	-	-	-	2,619

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).

Estimation and Projection Method

The incremental GST credit was calculated as the difference between the enhanced GST credit and the status quo quarterly GST credit amount.

To calculate the total enhanced goods and services tax/harmonized sales tax (GST/HST) credit, the parameters in Social Policy Simulation Database and Model (SPSD/M) were adjusted to reflect the new policy enhancement regarding the phase-in and the phase-out rates and the maximum payments.¹

PBO does not expect any material incremental administrative costs.

Sources of Uncertainty

The SPSPD/M family income distribution is used for the calculations assuming a full take-up rate of GST/HST credit. A behavioural response is not expected.

Prepared by

Nasreddine Ammar <Nasreddine.Ammar@parl.gc.ca>

¹ This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSPD/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.

Data Sources

Variable

GST/HST credit

Family income distribution by family type

Source

SPSD/M black box

SPSD/M black box

Supplementary information

Supplemental GST credit by family type

	Incremental GST credit (\$ million)	Beneficiaries (thousands)	GST credit supplement per family (\$)
With Kids, 1 Adult	191	476	402
With Kids, 2+ Adult	287	779	369
With Elderly, 1 Adult	543	2,496	217
With Elderly, 2+ Adult	207	841	246
Other, 1 Adult	1,239	6,443	192
Other, 2+ Adult	152	602	252
All	2,619	11,636	225

© Office of the Parliamentary Budget Officer, Ottawa, Canada, 2022 • LEG-2223-015-M_e