



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

## Election Proposal Costing

# Increasing the basic personal amount for working seniors

April 22, 2025

Increasing the basic personal amount by up to \$10,000 (indexed to inflation) for individuals over 65 earning employment or self-employment income in the tax year, effective January 1, 2027.

### Cost of Proposed Measure

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
<b>Total cost</b> \$ millions		442	1,765	1,780	1,853	5,840

### 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

SPSD/M<sup>1</sup> was used to estimate the static impact of increasing the basic personal amount (BPA) for individuals over 65 earning employment or self-employment income in the tax year, adjusted using PBO's 2025 Election Proposal Costing Baseline. It was assumed that for individuals earning less than \$10,000 in employment and self-employment income the incremental BPA would be limited to the amount of employment and self-employment income. The cost estimate takes into consideration the gradual lowering of the first tax rate to 12.75 per cent between 2026 and 2028. The estimate does not include a behavioural response.

### Sources of Uncertainty

The main sources of uncertainty relate to the projected income tax base used to estimate the static impact and the magnitude of the behavioural response.

### Data Sources

#### **Taxable income**

SPSD/M 30.3

#### **Federal income tax payable**

SPSD/M 30.3

## **Federal taxes less transfers**

SPSD/M 30.3

## **Marginal effective tax rates**

SPSD/M 30.3

## **Federal personal income tax revenue projection**

PBO EPC Baseline

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1. This analysis is based, in part, 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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