



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

Cost Estimate of Election Campaign Proposal

Publication Date:	September 2021						
Short Title:	Labour Mobility Tax Deduction						
Description:	Introducing a tax deduction of up to \$4,000 annually for workers in building and construction trades with temporary relocation expenses that are not reimbursed by the employer. This proposal will be effective January 1, 2022.						
Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
	Total cost	21	87	89	91	94	382
Notes:	<ul style="list-style-type: none">· Estimates are presented on an accrual basis as would appear in the budget and public accounts.· A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).· "-" = PBO does not expect a financial cost.						
Estimation and projection method:	PBO used employment data from Statistics Canada and estimates from Canada's Building Trades Unions to determine the number of eligible workers and their average eligible expenses. These figures were projected forward using employment growth from the Canadian Occupational Projection System and inflation from the EPC baseline. The annual maximum of \$4,000 was indexed to inflation. A behavioural response was not incorporated.						
Source of Uncertainty:	The main source of uncertainty relates to the assumptions used to determine the number of eligible workers and their average eligible expenses. There is also uncertainty surrounding the behavioural response.						
Data Sources:	Variable	Source					
	Total number of construction workers	Statistics Canada					
	Percentage of eligible workers who relocate for work, average eligible expenses	Canada's Building Trades Unions					
	CPI inflation	PBO EPC baseline					
	Employment growth	Canadian Occupational Projection System					
	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 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.