

## Election Proposal Costing

# Financial Transaction Tax

April 11, 2025

Introducing a financial transaction tax on all financial transactions in Canada equal to 0.2% of transaction value, effective July 1, 2025.

### Cost of Proposed Measure

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	Total
<b>Total cost</b> \$ millions	-32,047	-46,349	-49,484	-52,869	-56,525	-237,273

### 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

The tax base was estimated using transaction volumes for equity trading, bond trading, exchange traded derivatives, over-the-counter (OTC) derivatives, foreign exchange (FX) spot market, FX swaps, FX outright forwards, FX OTC, and the money market. Potential revenue from the proposal was estimated using the methodology in European Commission report's Securities and Exchange Commission (2011) 1102 final. Growth in transactions was projected based on most recent 10-year trends, depending on data availability. Relocation and fiscal evasion between 10% to 90% was assumed depending on the financial product.

### Sources of Uncertainty

The main sources of uncertainty relate to the magnitude of the behavioural responses and to the trend projection of financial transactions.

### Data Sources

IIROC: Investment Industry Regulatory Organization of Canada

#### **Equity market transactions**

Bank of Canada / Cboe Global Markets, Inc.

#### **Bond market transactions**

Bank of Canada / IIROC

**Money market transactions**

Bank of Canada / Cboe Global Markets, Inc.

**Derivative transactions**

Bank for International Settlements / Depository Trust and Clearing Corporation

**Foreign exchange transactions**

Canadian Foreign Exchange Committee

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