

## Election Proposal Costing

# Implementing annual wealth tax

April 9, 2025

Implementing an annual tax on the net worth of households, 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	-22,790	-23,078	-23,628	-25,137	-26,848	-121,479

### 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

Estimated taxable assets include all categories of assets. Wealth is assumed to be measured at the end of each calendar year. Proposed tax rates are set at: 1% on household net worth over \$10 million and up to \$50 million; 2% on household net worth over \$50 million and up to \$100 million; and 3% on household net worth over \$100 million.

The net wealth tax base was derived from an updated version of PBO's High-net-worth Family Database (HFD) which uses the 2023 Survey of Financial Security as well as lists of billionaires in Canada from Forbes and Maclean's. The tax base was projected forward using growth rates of household net worth from PBO's EPC baseline.

Wealth tax revenues were then estimated by applying the tax to the wealth database each year, keeping track of the after-tax wealth of each household over the projection period. A behavioural response is expected as high-wealth households may find ways to reduce their tax exposure. To account for this behaviour, it was assumed that 35% of each household's net worth would be hidden and reduced from the overall tax base. Administrative costs were assumed to be 2% of gross revenues.

### Sources of Uncertainty

The main sources of uncertainty relate to the wealth distribution of high-net-worth households in the database as well as the magnitude of the behavioural response. There is also uncertainty in the magnitudes of the administrative cost.

## Data Sources

### **Household net worth**

Statistics Canada Survey of Financial Security 2023, [Forbes Real Time Billionaires](#), [Maclean's Canada's Richest People](#), [Statistics Canada Table 36-10-0580-01](#), [Statistics Canada Table 17-10-0009-01](#)

### **Household net worth growth rate**

PBO EPC baseline

### **Behavioural response assumption**

[PBO September 2021 EPC costing: Implement annual net wealth tax](#)

### **Administrative cost ratio**

[PBO September 2021 EPC costing: Implement annual net wealth tax](#)

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