



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

# Cost Estimate of Election Campaign Proposal

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Short Title: Doubling the Apprenticeship Job Creation Tax Credit

Description: Over the three-year period starting January 1, 2022 and ending December 31, 2024, the maximum amount an employer can claim for the non-refundable Apprenticeship Job Creation Tax Credit (AJCTC) will double from \$2,000 to \$4,000 per apprentice per year.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		16	65	69	57	19	227

Notes:

- 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: Personal income tax expenditure for the AJCTC was projected to grow based on its historical growth, taking into account the increase in the maximum amount. Corporate income tax expenditures were projected to grow in line with total employment from the EPC baseline.

AJCTC earned and claimed in the current year were doubled for the duration of the proposed measure. AJCTC claimed in the current year but earned in prior years, or credits earned in the current year but carried back to prior years, were adjusted based on historical trends. A behavioural response was not included.

Source of Uncertainty: The main source of uncertainty relates to the projected growth in personal and corporate tax expenditures. There is also uncertainty from a potential behavioural response.

Data Sources:	Variable	Source
	Apprenticeship Job Creation Tax Credit	Department of Finance Canada, Report on Federal Tax Expenditures - Concepts, Estimates and Evaluations 2021
	Labour Force Employment	Statistics Canada, PBO