



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

Cost Estimate of Election Campaign Proposal

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Short Title: Corporate surtax on financial institutions

Description: The Introduction of a 3% surtax on Canadian taxable earnings in excess of \$1 billion for corporations operating primarily in the financial sector.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		-296	-1,196	-1,236	-1,276	-1,318	-5,323

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: Future taxable earnings were projected based on publicly available financial data and future nominal GDP growth from the EPC baseline. To account for possible behavioral responses of affected corporations, an attrition rate was applied to the estimated tax base.

Source of Uncertainty: The main sources of uncertainty relate to the projection of taxable earnings and the magnitude of the behavioural response.

Data Sources:	Variable	Source
	Segmented financial data	Capital IQ ¹ , Office of the Superintendent of Financial Institutions
	Attrition rate	Office for Budget Responsibility
	Nominal GDP growth	PBO EPC baseline

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