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# Composition of Corporate Income Tax Revenue, 2018 to 2022



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

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

In response to a request by the Standing Senate Committee on National Finance, this report provides an overview of the composition of federal corporate income tax revenue from 2018 to 2022.

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**Parliamentary Budget Officer**

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# Highlights

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Non-financial industries contributed approximately 73 per cent of total federal CIT revenue collected whereas finance and insurance industries contributed the remaining 27 per cent between 2018 and 2022.

In 2022, federal taxes paid reached \$83.3 billion, up 49 per cent from 2018. Both the non-financial industries and financial industries saw increases in federal taxes paid.

Since 2018, five industries have collectively contributed to more than half of the federal CIT revenues collected. The top 5 tax-paying industries are: finance and insurance, manufacturing, real estate and rental and leasing, wholesale trade, professional, scientific and technical services.

# Summary

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In response to a request by the Standing Senate Committee on National Finance, this report provides an overview of the composition of federal corporate income tax (CIT) revenues from 2018 to 2022.

The PBO utilized public data published by Statistics Canada as part of their Financial and Taxation Statistics for Enterprises (AFTS). The AFTS combines two sources of annualized data from the Quarterly Survey of Financial Statements (QSFS) and administrative corporate taxation data (T2).

## Key findings

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Non-financial industries contributed approximately 73 per cent of total federal CIT revenue collected whereas finance and insurance industries contributed the remaining 27 per cent between 2018 and 2022.

Since 2018, five industries have collectively contributed to more than half of the federal CIT revenues collected. The top 5 tax-paying industries were:

1. Finance and insurance
2. Manufacturing
3. Real estate and rental and leasing
4. Wholesale trade
5. Professional, scientific and technical services

In 2022, these five industries accounted for approximately 64 per cent of total federal CIT revenue, or equivalently \$53.2 billion.

# Background

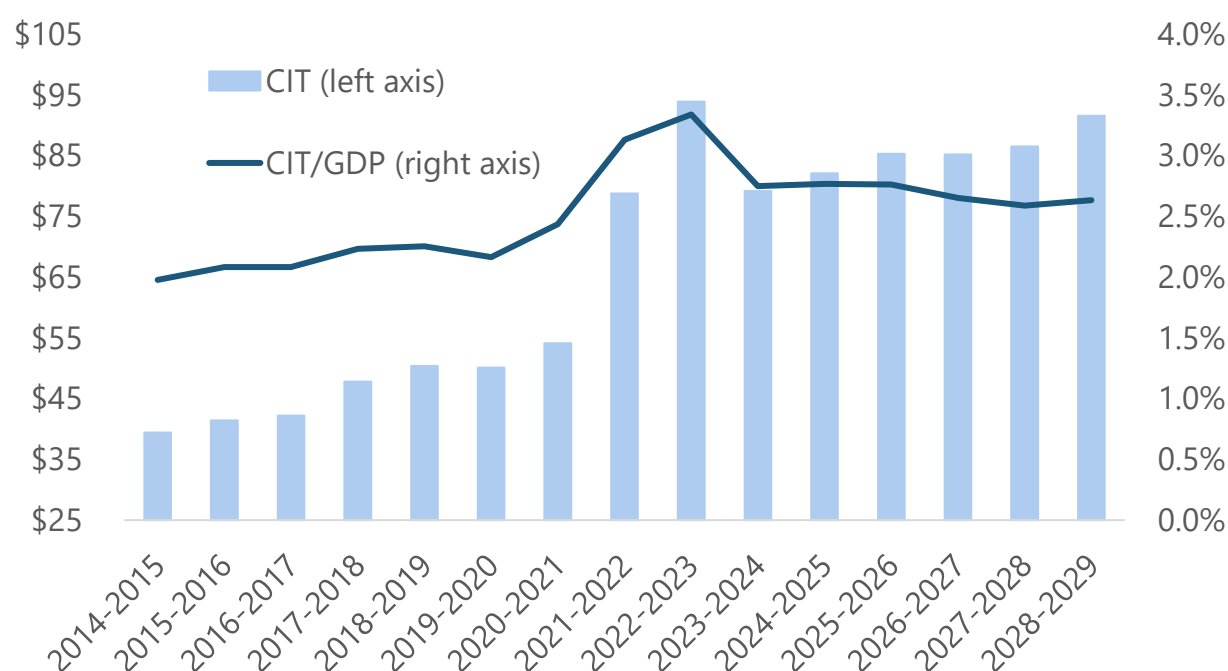
## Corporate income tax revenue

Corporate income tax (CIT) revenue increased sharply since the pandemic, growing from \$50.1 billion in 2019-20 to \$93.9 billion in 2022-23.

In our March 2024 Economic and Fiscal Outlook<sup>1</sup> we anticipated CIT revenues to decline in 2023-24 but remain above their pre-pandemic level throughout the projection period.

**Figure 1**

Evolution of corporate income tax revenue from 2014-15 to 2028-29, billions of dollars and as a percentage of GDP



Textual description:

Fiscal Year	Corporate income tax revenue (\$ billions)	Corporate income tax revenue as a share of GDP (percent)
2014-2015	39.4	2.0%
2015-2016	41.4	2.1%

## Composition of Corporate Income Tax Revenue, 2018 to 2022

2016-2017	42.2	2.1%
2017-2018	47.8	2.2%
2018-2019	50.4	2.3%
2019-2020	50.1	2.2%
2020-2021	54.1	2.4%
2021-2022	78.8	3.1%
2022-2023	93.9	3.3%
2023-2024	79.2	2.7%
2024-2025	82.1	2.8%
2025-2026	85.3	2.8%
2026-2027	85.2	2.7%
2027-2028	86.5	2.6%
2028-2029	91.6	2.6%

Source:

Office of the Parliamentary Budget Officer, Public Accounts Canada.

Note:

The projection period covers 2023-24 to 2028-29. The reference period is on a fiscal year basis.

## Committee request

On February 27, the Standing Senate Committee on National Finance asked the Parliamentary Budget Officer (PBO) to “analyze the composition of corporate income tax on 2020-21 to 2028-29 by sector”.<sup>2</sup>

PBO currently does not prepare projections of CIT revenue by sector. Constructing well-grounded sectoral projections would require significant time and resources. As such, this report will provide an analysis of CIT revenue by industrial sector from 2018 to 2022.

# Findings

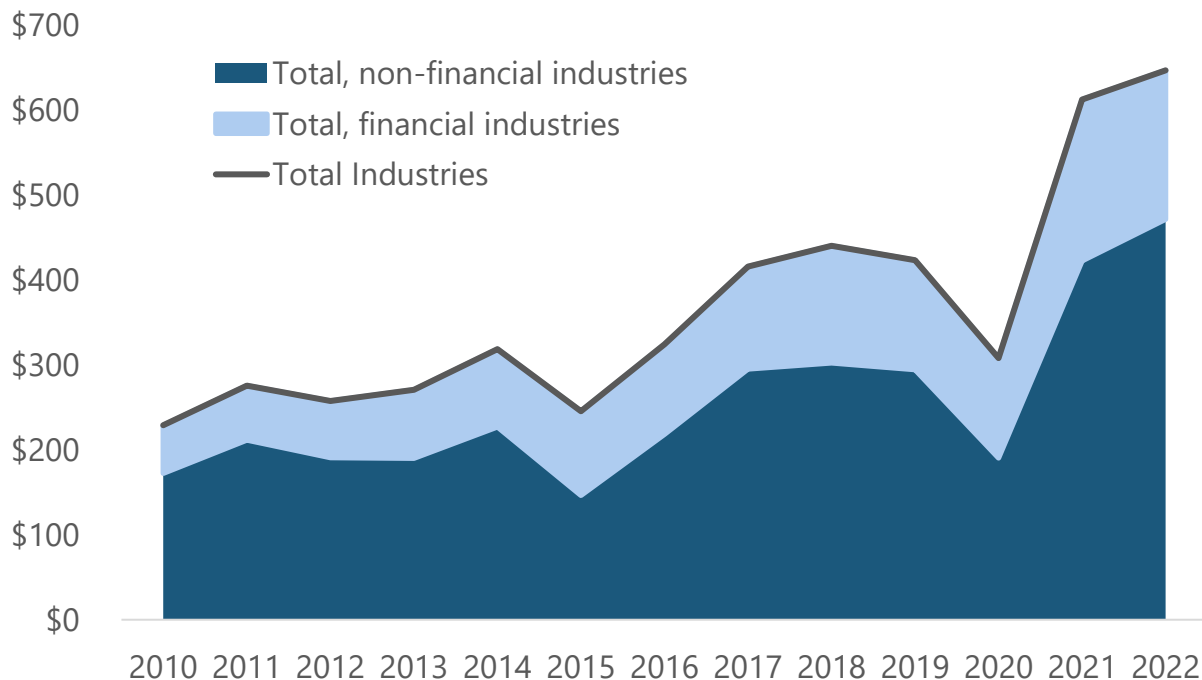
PBO utilized public data published by Statistics Canada as part of their Financial and Taxation Statistics for Enterprises (AFTS).<sup>3</sup> The AFTS combines two sources of annualized data from the Quarterly Survey of Financial Statements (QSFS) and administrative corporate taxation data (T2).

## Income before taxes

From 2018 to 2022, corporate income before taxes increased by 47.0 per cent, growing from \$439.9 billion in 2018 to \$646.5 billion in 2022 (Figure 2). Both the financial and non-financial industries contributed to the sharp increase in income before taxes over this period.

**Figure 2**

Corporate income before taxes from 2010 to 2022, billions of dollars





## Composition of Corporate Income Tax Revenue, 2018 to 2022

Textual description:

<b>Year</b>	<b>Total, all industries (\$ billions)</b>	<b>Total, non-financial industries (\$ billions)</b>	<b>Total, financial industries (\$ billions)</b>
<b>2010</b>	\$ 228.9	\$ 172.4	\$ 56.5
<b>2011</b>	\$ 275.3	\$ 211.5	\$ 63.9
<b>2012</b>	\$ 257.3	\$ 190.6	\$ 66.7
<b>2013</b>	\$ 270.4	\$ 190.0	\$ 80.4
<b>2014</b>	\$ 318.3	\$ 226.9	\$ 91.4
<b>2015</b>	\$ 245.4	\$ 146.3	\$ 99.1
<b>2016</b>	\$ 324.1	\$ 218.2	\$ 106.0
<b>2017</b>	\$ 415.7	\$ 295.0	\$ 120.6
<b>2018</b>	\$ 439.9	\$ 302.1	\$ 137.8
<b>2019</b>	\$ 423.3	\$ 294.2	\$ 129.1
<b>2020</b>	\$ 308.0	\$ 190.2	\$ 117.8
<b>2021</b>	\$ 612.2	\$ 422.5	\$ 189.7
<b>2022</b>	\$ 646.5	\$ 471.4	\$ 175.1

Source:

Office of the Parliamentary Budget Officer, Statistics Canada: Table: 33-10-0499-01 and Table: 33-10-0500-01.

Note:

The reference period is on a calendar year basis.

For the financial industries, income before taxes increased from \$137.8 billion in 2018 to \$175.1 billion in 2022, or 27 percent, mainly due to the banking and credit intermediation industries.

For the non-financial industries, income before taxes increased from \$302.1 billion in 2018 to \$471.4 billion in 2022, or 56 percent. The main contributors to the growth were manufacturing, real estate and rental and leasing, wholesale trade, mining, quarrying, oil and gas extraction and construction (Table 1).

**Table 1**

Income before taxes for the top five non-financial industries from 2018 to 2022

	Income 2018 (\$ billions)	Income 2022 (\$ billions)	Growth from 2018 to 2022	Share of income 2018 to 2022 (average)	Contribution to growth 2018 to 2022
<b>Manufacturing</b>	\$71.4	\$81.5	14.1%	13.8%	4.9%
<b>Real estate and rental and leasing</b>	\$39.0	\$59.1	51.4%	9.2%	9.7%
<b>Wholesale trade</b>	\$34.0	\$53.5	57.3%	8.3%	9.4%
<b>Mining, quarrying, and oil and gas extraction</b>	\$1.8	\$70.8	3,916.2%	1.3%	33.4%
<b>Construction</b>	\$23.5	\$38.8	65.5%	6.4%	7.4%

Source: Office of the Parliamentary Budget Officer, Statistics Canada: Table: 33-10-0499-01 and Table: 33-10-0500-01.

Note: The top five non-financial industries refer to the non-financial industries that generated the most income before taxes in 2022. Certain enterprises are excluded in the financial and taxation statistics.<sup>4</sup> Federal taxes paid in the AFTS do not match the Public Accounts due to different accounting standards. Totals may not add up due to rounding.

During the pandemic, some industries experienced significant disruptions due to lockdowns, shifts in consumer behaviour, and supply chain interruptions (for example, arts, entertainment and recreation, and accommodation and food services), whereas other industries were less impacted and even saw significant growth.

The real estate industry has consistently ranked among the top industries in terms of income before taxes. During the pandemic, demand pushed home sales to new record levels and Canadian housing prices rose above pre-pandemic levels.<sup>5</sup> Between 2018 and 2022, income before taxes in the real estate, rental and leasing industries grew by more than 51 per cent, reaching \$59.1 billion in 2022.

While the mining, quarrying, oil and gas extraction industries are volatile industries, they were a significant contributor to growth in CIT revenue over 2018 to 2022. Over 2018 to 2022, income before taxes in these industries grew from \$1.8 billion in 2018 to \$70.8 billion in 2022. With that said, these industries experienced significant volatility during the pandemic. In 2020, oil price competition between Saudi Arabia and Russia in the

second quarter, and pandemic-induced travel restrictions led to a substantial downturn in oil demand resulting in a loss of \$43.3 billion. By 2021, these industries mostly recovered and had a positive income of \$45.3 billion.

## Federal CIT paid

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As previously discussed, corporate income before taxes increased significantly, surpassing the growth of 47 per cent since 2018. Consequently, this increase led to higher CIT revenues collected by the government. In 2022, federal taxes paid reached \$83.3 billion, up 49 per cent from 2018. Both the non-financial industries and financial industries saw increases in federal taxes paid.

From 2018 to 2022, non-financial industries contributed, on average, 73 per cent of total federal CIT collected per year whereas finance and insurance industries contributed the remaining 27 per cent.<sup>6</sup>

**Table 2****Total share of federal tax paid by industry**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Finance and insurance</b>	27.8%	28.6%	28.8%	27.2%	22.2%
<b>Manufacturing</b>	11.8%	10.7%	10.4%	12.2%	15.3%
<b>Real estate and rental and leasing</b>	10.3%	10.3%	9.8%	9.8%	10.5%
<b>Wholesale trade</b>	9.7%	8.3%	8.6%	8.7%	9.1%
<b>Professional, scientific and technical services</b>	6.8%	6.9%	7.5%	7.5%	6.8%
<b>Construction</b>	6.9%	6.9%	7.5%	6.9%	6.7%
<b>Retail trade</b>	5.5%	5.3%	6.0%	6.3%	6.1%
<b>Educational, health care and social assistance services</b>	5.2%	5.5%	5.1%	4.6%	4.4%
<b>Transportation and warehousing</b>	3.8%	4.6%	4.1%	3.7%	4.1%
<b>Information and cultural industries</b>	1.3%	1.7%	1.4%	3.8%	5.3%
<b>Agriculture, forestry, fishing and hunting</b>	3.2%	3.5%	3.5%	2.9%	2.6%
<b>Administrative and support, waste management and remediation services</b>	2.2%	2.0%	2.2%	2.0%	2.1%
<b>Mining, quarrying, and oil and gas extraction</b>	2.1%	2.2%	2.2%	1.9%	2.0%
<b>Arts, entertainment and recreation, and accommodation and food services</b>	2.0%	2.0%	1.5%	1.4%	1.7%
<b>Other services</b>	0.9%	1.0%	1.0%	0.9%	0.8%
<b>Utilities</b>	0.4%	0.4%	0.4%	0.3%	0.4%

Source: Office of the Parliamentary Budget Officer, Statistics Canada: Table: 33-10-0499-01 and Table: 33-10-0500-01.

Note: Certain enterprises are excluded in the financial and taxation statistics.<sup>7</sup> Federal taxes paid in the AFTS do not match the Public Accounts due to different accounting standards.

Since 2018, five industries have consistently contributed to nearly half of federal CIT revenues collected. The top five tax-paying non-financial industries were manufacturing, real estate, wholesale trade, professional, scientific and technical services and construction (Table 2).

**Table 3**

Analysis of federal CIT paid for the five top paying non-financial industries from 2018 to 2022

	Federal tax paid 2018 (\$ billions)	Federal tax paid 2022 (\$ billions)	Growth from 2018 to 2022	Share of total federal tax 2018 to 2022	Contribution to growth 2018 to 2022
<b>Manufacturing</b>	\$6.6	\$12.8	93.5%	12.1%	22.4%
<b>Real estate and rental and leasing</b>	\$5.8	\$8.7	51.4%	10.1%	10.7%
<b>Wholesale trade</b>	\$5.4	\$7.6	40.1%	8.9%	7.9%
<b>Professional, scientific and technical services</b>	\$3.8	\$5.7	48.6%	7.1%	6.7%
<b>Construction</b>	\$3.8	\$5.6	46.0%	7.0%	6.4%

Source: Office of the Parliamentary Budget Officer, Statistics Canada: Table: 33-10-0499-01 and Table: 33-10-0500-01.

Note: Certain enterprises are excluded in the financial and taxation statistics.<sup>8</sup> Federal taxes paid in the AFTS do not match the Public Accounts due to different accounting standards. Totals may not add up due to rounding.

In 2022 alone, these 5 non-financial industries made up 48 per cent of total federal CIT revenues, or \$40.3 billion. The finance and insurance industries, when combined with the top five highest-paying non-financial industries, accounted for 71 per cent of federal CIT paid in 2022.

Finance and insurance industries made up 22 per cent of total federal CIT revenues in 2022, equivalent to \$18.5 billion. Between 2018 and 2021, federal CIT revenues from the financial and insurance industries rose from \$15.5 to \$18.5 billion, a 19 percent increase. Federal CIT revenues from the financial and insurance industries saw a decline in 2022 compared to 2021. However, we anticipate going forward to see an increase in tax revenues for future years due to the introduction of the additional tax on banks and life

insurers along with the implementation of the Canada Recovery Dividend introduced in Budget 2022.<sup>9</sup>

We also anticipate a rise in federal tax revenue as a result of the Budget 2024 announcement to increase the capital gains inclusion rate from one half to two thirds for corporations.<sup>10</sup> This will come into effect on capital gains realized on or after June 25, 2024.

In 2022, taxable capital gains amounted to \$44.8 billion. Industries which realized the highest capital gains that year include real estate and rental and leasing (\$11.9 billion), finance and insurance (\$11.8 billion), professional, scientific and technical services (\$3.5 billion), wholesale trade (\$2.6 billion) and construction (\$2.5 billion). Together, these five industries accounted for \$32.3 billion in taxable capital gains. With the announcement and based on the Department of Finance's estimate, we can anticipate an increase in federal tax revenue of \$4.9 billion in 2024-25 resulting from the new inclusion rate for capital gains.<sup>11</sup>



# Notes

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<sup>1</sup> [Economic and Fiscal Outlook — March 2024.](#)

<sup>2</sup> Standing Senate Committee on National Finance [meeting](#) on [Bill C-59, Fall Economic Statement Implementation Act, 2023.](#)

<sup>3</sup> [Surveys and statistical programs - Financial and Taxation Statistics for Enterprises \(AFTS\).](#)

<sup>4</sup> A full list of excluded NAICS codes are specified under the data sources and methodologies section. [Surveys and statistical programs - Financial and Taxation Statistics for Enterprises \(AFTS\).](#)

<sup>5</sup> [Trends in the Canadian mortgage market: Before and during COVID-19 \(statcan.gc.ca\).](#)

<sup>6</sup> "The financial and taxation statistics cover all incorporated enterprises within the domestic economy of Canada, but exclude enterprises classified to Management of Companies and Enterprises (NAICS 55); Religious Organizations (NAICS 8131); Political Organizations (NAICS 81394); Public Administration (NAICS 91); as well as Funds and other Financial Vehicles (NAICS 526)." [Financial and Taxation Statistics for Enterprises \(AFTS\).](#)

<sup>7</sup> A full list of excluded NAICS codes is specified under the data sources and methodologies section. [Surveys and statistical programs – Financial and Taxation Statistics for Enterprises \(AFTS\).](#)

<sup>8</sup> A full list of excluded NAICS codes is specified under the data sources and methodologies section. [Surveys and statistical programs - Financial and Taxation Statistics for Enterprises \(AFTS\).](#)

<sup>9</sup> Budget 2022 introduced an increase of the corporate income tax rate of 1.5 percentage points on the taxable income of banking and life insurance groups above \$100 million. The Canada Recovery Dividend is a one-time tax on banking and life insurance groups. The amount payable is calculated as 15% of the average Canadian-based taxable income over 2020 and 2021 minus a 1 billion deduction. It is imposed for

the 2022 taxation year and will be paid in equal instalments over five years. [Tax Measures: Supplementary Information | Budget 2022.](#)

The report on federal tax expenditures details the government's projections for the cost of these two measures. Combined, the government estimated that these tax expenditures will bring in \$955 million in additional CIT revenue in 2022. That is, \$260 million in additional revenue coming from the additional tax on banks and life insurers and \$695 million due to the Canada Recovery Dividend. [Report on Federal Tax Expenditures – Concepts, Estimates and Evaluations 2024: part 2.](#)

<sup>10</sup> [Tax Measures: Supplementary Information | Budget 2024.](#)

<sup>11</sup> Budget 2024 announced that the capital gains measure would raise corporate income tax revenues by \$4.9 billion in 2024-25 and by \$10.6 billion over the forecast horizon. [Tax Measures: Supplementary Information | Budget 2024.](#)

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