

Revenue neutral carbon tax

British Columbia's Revenue Neutral Carbon Tax

Revenue neutral carbon tax

2008/09
through
2010/11;
\$ millions

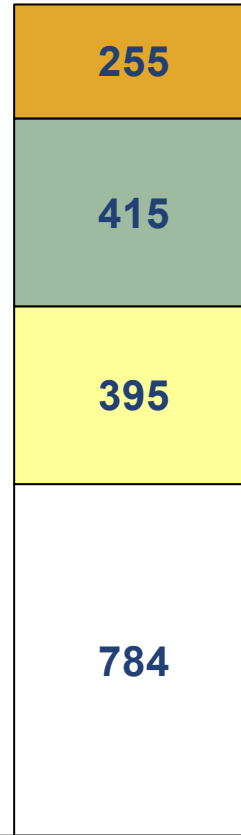
1,849



Every dollar raised
by carbon tax is
returned to
taxpayers by law



1,849



255

← Small business
corporate income
tax reductions

415

← Corporate income
tax reductions

395

← Low income
climate action
tax credit

784

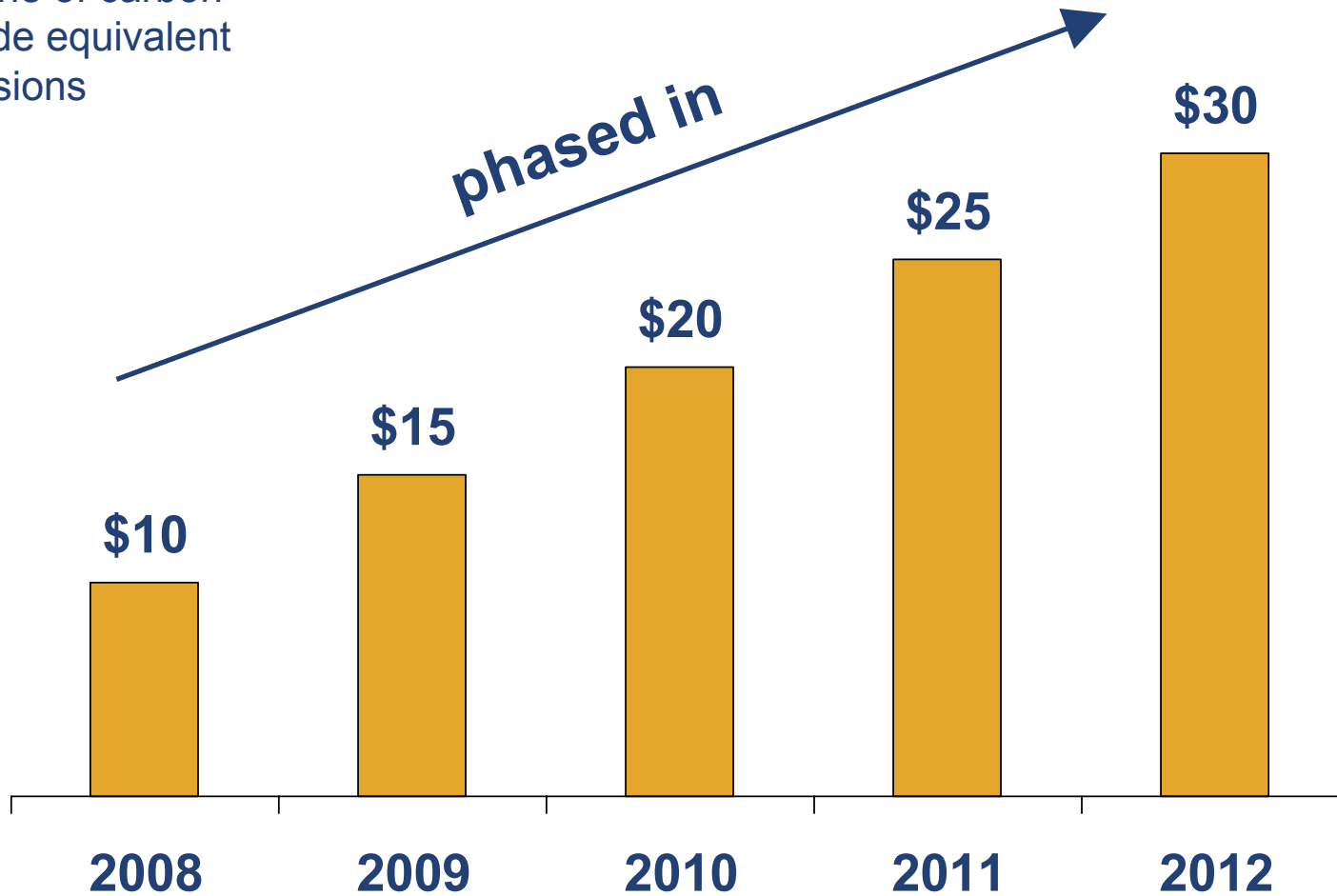
← Personal income
tax reductions

Carbon tax revenues

Tax reductions

Revenue neutral carbon tax

\$/tonne of carbon dioxide equivalent emissions



Revenue neutral carbon tax

\$784M in personal income tax reductions

Reduction in tax on the first \$70,000 in earnings:

- 2% in 2008
- 5% in 2009
- more to come

Revenue neutral carbon tax

\$395M lower income climate action tax credit

- Income tested

maximum of:

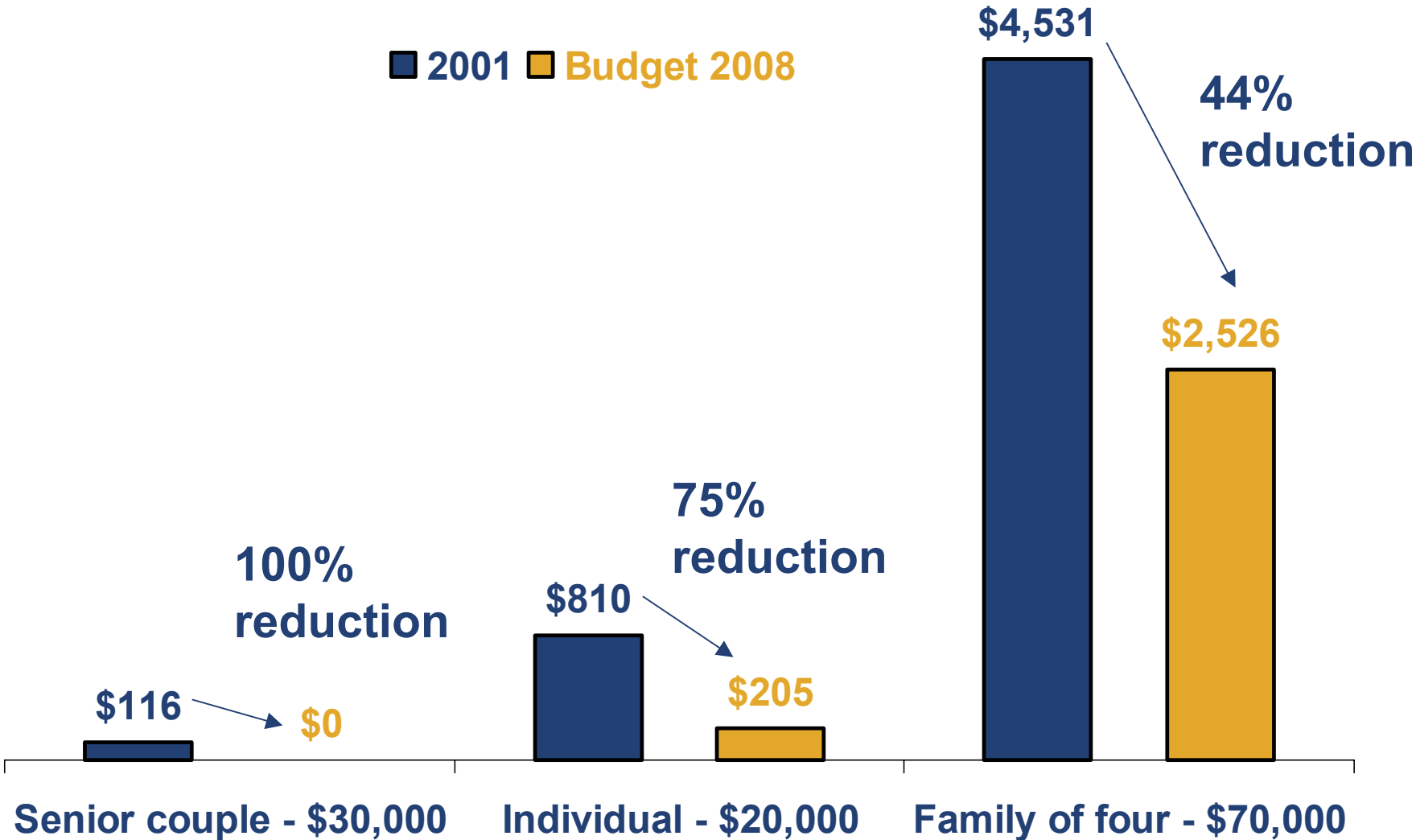
- ❖ \$100 a year per adult
 - ❖ \$30 a year per child
- Paid quarterly with the GST tax credit

Revenue neutral carbon tax

\$670M benefit to BC businesses

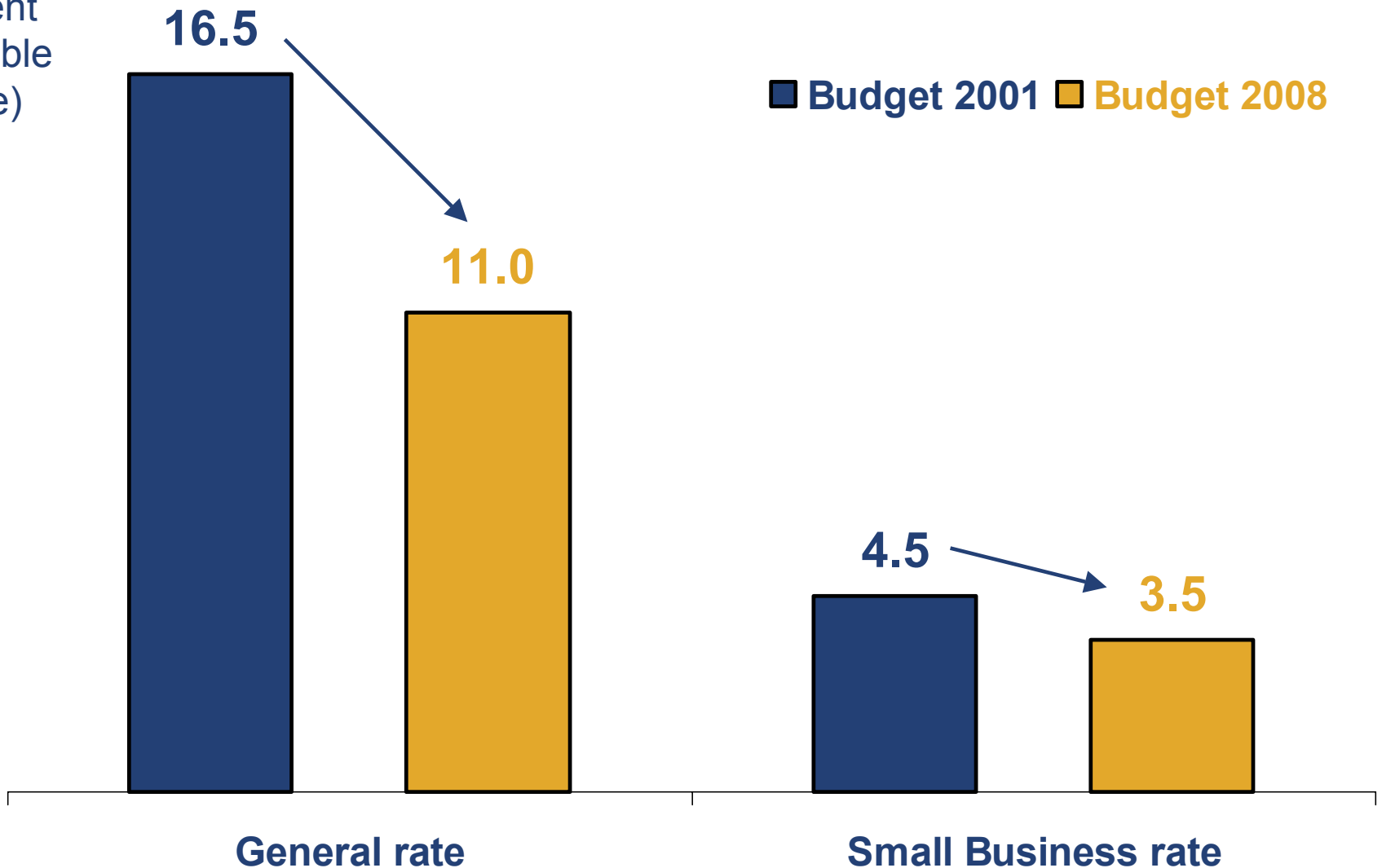
- **\$255M in small business tax reductions**
 - ❖ Cut to 3.5% July 1, 2008 (from 4.5%)
 - ❖ 2.5% by 2011
- **\$415M in corporate income tax reductions**
 - ❖ Cut to 11% July 1, 2008 (from 12%)
 - ❖ 10% by 2011

Personal income tax reductions since 2001



Corporate tax reductions since 2001

(per cent of taxable income)



Other Climate Action Tax Cuts

\$64 million over three years

- ❖ Tax relief for fuel efficient vehicles
- ❖ PST exemptions for ENERGYSTAR appliances
- ❖ Equity Capital credits for clean tech

Competitiveness Tax Cuts

\$407 million benefit to business

- ❖ Higher film tax credits
- ❖ Property tax cuts for major industry
- ❖ Phase out capital tax for financial institutions