

## **Transcript of “Alberta Next” Income Taxes Survey introductory video**

Our next topic is the option of Alberta collecting all provincial personal income taxes, rather than having Ottawa do it for us. Today, when Albertans file and pay their personal income taxes, they do so through the Canada Revenue Agency, which then remits the provincial portion of those personal income taxes back to the provincial government. However, Alberta businesses file and pay their provincial corporate taxes directly to the provincial government. Quebec does it differently. They collect both personal and corporate income taxes directly from Quebecers, bypassing the CRA altogether. What if Alberta did the same? There would definitely be start-up and ongoing administration costs, but it would also mean bringing good paying jobs to Alberta, instead of funding federal employees in other parts of the country. Under Canada's constitution, levying and collecting taxes is an area of provincial jurisdiction, and Alberta could transition over the coming years to collecting our personal income taxes, as we deal with corporate taxes now. So what are some of the benefits to Alberta collecting its own personal income taxes? One, better provincial tax policy. Currently, Alberta sets its own tax rates and credits, but definitions and treatments of income are still largely tied to federal rules, which limits our flexibility to implement more effective and competitive tax policy. We saw this recently when the federal government changed the rules on capital gains for doctors and other professionals, and Alberta was effectively forced to follow those same rules as it related to provincial personal income taxes. If Alberta were to collect its own taxes, we could tailor our entire tax framework to better reflect our economic realities and provincial policy goals, while declining federal changes to certain portions of tax policies that detrimentally affect provincial income tax policy. This could open the door to streamlining calculations and simplifying provincial income taxes for Alberta residents. Two, jobs and economic opportunity at home. Collecting our own taxes would also mean establishing the infrastructure and staffing to support it, creating thousands of good, high-paying jobs right here in Alberta, instead of funding positions in Ottawa or other provinces. Three, more Alberta less Ottawa. By moving away from the federal administration of the CRA and collecting provincial income taxes by ourselves, Alberta can exercise more direct control over a core aspect of self-government, thereby increasing our provincial independence from Ottawa. But there are also potential drawbacks to consider. One, a long-term commitment. Establishing Alberta's own personal income tax collection agency would not happen overnight. Estimates suggest it could take up to five years to fully build out the necessary systems and staffing. This would be a major logistical undertaking that would require a sustained commitment from Albertans and their government. Two, significant financial investment. The estimated cost to implement Alberta's own tax agency ranges from \$750 million to \$1.5 billion over several years. Once operational, the system could cost up to \$750 million annually and require hiring as many as 5,000 new public employees. These are substantial expenses that must be weighed against the benefits. Three, potential for added complexity. There are also practical implications for taxpayers and businesses. Albertans would need to file separate federal and provincial tax forms, although online filing would likely ease that burden. There may also be increased complexities for businesses and Albertans working in different provinces

throughout the year. Now, tell us what you think about the idea of Alberta collecting its own personal income taxes.