

September 23, 2011  
No. 2011-28

## 2011 Ontario Election — Parties' Tax Policy Comparison

Ontario's next general election will be held on October 6, 2011. The major political parties' campaign platforms propose different types of changes to the tax system, so the results of this election could make a difference to the financial well-being of individuals and businesses in Ontario.

This edition of TaxNewsFlash-Canada provides a brief summary of the three major parties' campaign promises regarding selected tax policy issues. These measures obviously should not be considered in isolation, but within the wider context of each party's overall campaign platform. Additional policy announcements may be made between the time of writing and election day on October 6, 2011. These tax policy directions may also become quite relevant if the election results in a minority government which has to work with one of both of the opposition parties.

Our summary matrix on pages 3 to 5 contrasts the parties' tax and selected fiscal policies, as announced to date on their websites, in their published platforms and in press releases. We have grouped the tax and fiscal measures in the following broad categories:

- Corporate tax rates and incentives
- Personal tax changes
- Harmonized Sales Tax
- Training and jobs
- Education
- Environmental issues.

***We can help***

No matter which party ultimately wins the mandate to govern the province over the next term, there could be tax changes in store for Ontario individuals and businesses. KPMG can help you keep up on the status of new tax legislation and understand its effects on your personal and business affairs. To help make the most of any new opportunities and mitigate the effects of adverse changes, contact your KPMG adviser.

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**Corporate Tax Rates and Incentives**

Liberal	Progressive Conservative	NDP
<ul style="list-style-type: none"> <li>• Continue plan to reduce corporate tax rate to 10% by 2013</li> <li>• Reduce small business corporate tax rate to 4% (currently 4.5%)</li> <li>• Filed a pledge under the Taxpayer Protection Act to not raise taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce corporate tax rates to 10% (from 11.5%) by 2013</li> <li>• Filed a pledge under the Taxpayer Protection Act to not raise taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Not proceed with current corporate tax rate cuts, but ensure that corporate tax rates stay below U.S. levels</li> <li>• Reduce the small business corporate tax rate to 4%</li> <li>• Provide a 10% tax credit to companies that invest in buildings, machinery and equipment in Ontario</li> <li>• Amend the mining act to say that resources that are mined in Ontario must be processed in Ontario</li> </ul>

**Personal Tax Changes**

Liberal	Progressive Conservative	NDP
<ul style="list-style-type: none"> <li>• Consider a new housing benefit for Ontarians who are struggling</li> <li>• Double the Children's Activity Tax Credit to \$100 (from \$50) per child</li> <li>• Increase Ontario Child Benefit to \$1,310 (from \$1,100) in 2013</li> <li>• Create a Healthy Home Renovation Tax Credit for seniors of up to \$1,500 per year</li> <li>• Provide seniors with the option to defer property tax increases until their house is sold</li> </ul>	<ul style="list-style-type: none"> <li>• Build on the federal government's proposed Family Tax Cut, and allow couples to share up to \$50,000 of their income for tax purposes</li> <li>• Lower income taxes by 5% on the first \$75,000 of taxable income</li> <li>• Double the Caregiver Tax Credit</li> </ul>	<ul style="list-style-type: none"> <li>• Develop an Ontario Retirement Fund to provide a defined pension benefit to people who want one</li> <li>• Push for expansion of the CPP benefits</li> <li>• Give seniors daily supports so that they can stay in their homes longer</li> </ul>



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**Harmonized Sales Tax**

Liberal	Progressive Conservative	NDP
<ul style="list-style-type: none"> <li>No changes</li> </ul>	<ul style="list-style-type: none"> <li>Remove HST from home hydro and home heating</li> </ul>	<ul style="list-style-type: none"> <li>Remove HST from daily essentials, including home hydro and home heating</li> <li>Remove HST from gasoline (at 1% per year)</li> <li>Make temporary input tax credit restrictions permanent</li> <li>If federal government opposes these changes, the HST will be scrapped</li> </ul>

**Training and Jobs**

Liberal	Progressive Conservative	NDP
<ul style="list-style-type: none"> <li>Improve pathways to access apprenticeship training programs and remove barriers so apprentices can complete their training</li> <li>Continue to work with the federal government to reform the Employment Insurance system</li> <li>Create a No Skills Left Behind Tax Credit of up to \$10,000 for businesses to give highly-skilled newcomers to Canada work experience</li> <li>Develop options regarding social assistance</li> </ul>	<ul style="list-style-type: none"> <li>Delegate more responsibility for signing up apprentices to the colleges that match the apprentices with employers, and reduce ratio of journeyman to apprentice to 1:1</li> <li>Allow Ontario Works and Ontario Disability Support Program recipients that work part-time to keep more of their benefits</li> </ul>	<ul style="list-style-type: none"> <li>Create a tax training credit for companies that help their staff upgrade skills</li> <li>Increase the minimum wage to \$11 and index it to the cost of living, and increase employment standards enforcement</li> <li>Reduce the clawback of social assistance benefits from disabled people returning to work</li> </ul>



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**Education**

<b>Liberal</b>	<b>Progressive Conservative</b>	<b>NDP</b>
<ul style="list-style-type: none"><li>• Support middle-class Ontario families with an annual 30% across-the-board postsecondary undergraduate tuition grant to save five out of six families with students \$1,600 per university student or \$730 per college student</li></ul>	<ul style="list-style-type: none"><li>• Raise the threshold on financial support to make it more accessible for middle-class families to send their children to college or university</li></ul>	<ul style="list-style-type: none"><li>• Forgive student debt of new doctors who practice in underserved communities</li></ul>

**Environmental Issues**

<b>Liberal</b>	<b>Progressive Conservative</b>	<b>NDP</b>
<ul style="list-style-type: none"><li>• Continue with feed-in tariff program that provides guaranteed rates for renewable energy</li><li>• Continue replacing coal-fired plants with clean energy over the next three years</li><li>• Accelerate the plan to have 5% of all cars be electric by 2020, and a rebate to make buying an electric car more affordable</li></ul>	<ul style="list-style-type: none"><li>• End the feed-in tariff program</li><li>• Close coal powered plants by 2014</li><li>• Eliminate eco taxes on everyday items, such as light bulbs, batteries, iPods and laptops</li><li>• Focus on proven energy technologies (e.g., natural gas, hydroelectric, nuclear), but have an open and fair process for alternate energy sources (e.g., solar, wind, biomass)</li></ul>	<ul style="list-style-type: none"><li>• Expand support for energy saving home retrofits and make environmental choices more affordable</li><li>• Abandon plans to build new nuclear plants</li></ul>