

**Tax**

# Canada's high taxes impact immigration | Sergio R. Karas

By **Sergio R. Karas**

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(February 10, 2023, 2:09 PM EST) -- Canada is known for its high standard of living, social welfare programs and welcoming attitude toward immigration. However, the country's high tax rates can also be a significant factor for individuals considering immigration. The taxes imposed in Canada can have a direct impact on the financial situation of immigrants, affecting their ability to achieve financial stability and prosperity in their new home.

In comparison to other countries in the Organisation for Economic Co-operation and Development (OECD), Canada's tax burden can be seen as relatively high, which can be a factor for individuals considering immigration. According to data from the OECD, Canada has an average total tax rate of 44.5 per cent, which is higher than the average rate of 34.2 per cent for all OECD countries.

This includes taxes on personal income, consumption, and property, as well as social security contributions. Australia, New Zealand, and the United States have lower average total tax rates, making them more attractive destinations for individuals seeking lower tax rates.

The tax system in Canada can be complex, and individuals may need to navigate a variety of regulations to comply with the law. This can be challenging, particularly for individuals who are new to Canada or are not familiar with the country's tax system. In comparison, countries such as New Zealand and Australia have more straightforward tax systems, which can be seen as an advantage for potential immigrants.

Also, the tax system in Canada is progressive, which means that individuals with higher incomes pay a higher percentage of their income in taxes. While some argue that this can ensure that the tax burden is distributed fairly and that those with higher incomes contribute more to the country's social welfare programs, others see it as a drawback to attract high-income earners, who may face a higher tax burden compared to other countries in the OECD.

High taxes affect immigrants by reducing the disposable income of individuals and families. The tax burden in Canada can be significant, particularly for high-income earners and those with multiple sources of income. This can result in a lower standard of living for immigrants when compared to their home country where tax rates may be lower. It can also have a negative impact on the financial stability and well-being of immigrants and can discourage highly skilled individuals from immigrating to Canada.

In my own practice, I have seen many highly qualified professionals from the United States decline good positions in Canada because of the increasing tax burden and lower deductions that they would have to comply with, in addition to increased housing and food costs.

Further, high taxes can also make it more difficult for immigrants to save for the future and achieve financial stability, as they may need to pay higher taxes on investments, rental and other sources of income. This reduces their ability to accumulate wealth and create a more secure financial future.

High taxes increase the cost of living. In many cities, the cost of housing, food and other essential goods and services is already high, and the added burden can make it even more difficult for immigrants to make ends meet. This can have a significant impact on their quality of life and may even result in some individuals choosing to leave Canada and return to their home country. A recent Angus Reid Institute and Publicis Media survey of 500 newcomers showed that almost half intended to leave Canada or considered leaving due to the high cost of living and unaffordable housing market.

Finally, high taxes can also make it more difficult for immigrants to start businesses and become entrepreneurs. The tax burden can make it challenging to secure financing, invest in their businesses and achieve success, limiting their ability to contribute to the Canadian economy and create jobs, which is an important consideration for many individuals considering immigration to Canada.

While Canada remains a desirable destination for many individuals, the country's high tax rate discourages high earners and makes life more challenging for those in lower-income brackets. To ensure that Canada remains a competitive destination for high-quality immigration, Canada must consider ways to reduce the tax burden on its residents, while maintaining the country's high standard of living and social welfare programs.

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