

Effective tax rates and high-income Canadians, 2019

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, November 12, 2021

Total income grew at a faster pace for Canadian tax filers in the top of the income distribution in 2019 compared with those in the upper middle or bottom of the distribution, while effective tax rates were unchanged.

New statistics are now available on high income, effective tax rates, low income and income mobility for Canadian tax filers in 2019. Although these data predate the COVID-19 pandemic, they provide a baseline for future analysis on the impact of the pandemic on the income of Canadians.

Total income grows at a faster pace at the top of the income distribution

The average total income for all tax filers grew 0.7% to \$51,000 in 2019. However, total income grew at a faster pace for tax filers at the top of the income distribution compared with those in the middle or at the bottom.

Average total income for the top 1 percent of Canadian tax filers grew 1.8% in 2019, compared with a 0.8% increase among the bottom 50 percent. Average income was relatively unchanged for those in the upper middle of the distribution (51st to the 90th percentiles).

Moreover, the average total income growth for the top 0.1 percent (+5.5%) and the top 0.01 percent (+13.9%) of tax filers greatly outpaced those in the top 1 percent.

The growth in the total income of high-income tax filers was largely driven by dividend income. For example, while average employment income for tax filers in the top 1 percent increased by half a percentage point in 2019, their average dividend income grew by 10.5%. The average dividend incomes grew even faster for tax filers in the top 0.1% (+18.9%) and top 0.01% (+34.8%) in 2019.

The top 1 percent of tax filers account for a slightly larger share of the national total income in 2019

The top 1 percent of tax filers received 10.1% of the national total income in 2019, up by almost a tenth of a percentage point from a year earlier and the third straight year where the total income share of the top 1 percent tax filers rose.

Over the past three years, the total income share of the top 1 percent grew by eight-tenths of a percentage point while the income share of the upper middle of the distribution (the 51st to the 90th percentiles) declined by nine-tenths of a percentage point. Nevertheless, the income share of the top 1 percent remained at lower levels than those seen in the mid-2000s, when it peaked at 12.1% following years of booming commodity prices.

To be deemed in the top 1 percent of tax filers in 2019 required a total income of over \$250,300, while those in the top 0.1 percent required \$790,100 and the top 0.01 percent \$2,973,200. Those with a total income of \$37,200 or less were classified in the bottom 50 percent of tax filers, while those in the upper middle of the distribution (51st to 90th percentiles) had total incomes ranging from \$37,200 to \$100,000.

Women continue to make inroads into the top 1 percent

The number of Canadian women entering the top 1 percent of tax filers grew by 3.2% to 70,990 in 2019. As a result, the share of women in the top 1 percent of tax filers rose 0.4 percentage points to 24.7%. The total income share of women in the top 1 percent rose 0.1 percentage points to 2.2%.



While improved education and their entry into high-paying occupations helped Canadian women make gains in their share at the top, the gender earnings gap still persisted for the top 1 percent and also across [the income distribution](#). Consequently, women in the top 1 percent of tax filers continued to have much lower average employment income (\$221,100) than their male counterparts (\$346,500) as well as lower average total income (\$450,400) than men (\$534,400) in the top 1 percent.

Fewer top 1 percent tax filers in the three resource-rich provinces

The number of top 1 percent of tax filers in Alberta, Saskatchewan and Newfoundland and Labrador fell by 1,250 to 56,635 from 2018 to 2019, driven by a weak resource market, particularly declining oil price. In contrast, the number of top 1 percent of tax filers rose in Ontario (+3,350), British Columbia (+1,295) and Quebec (+1,090).

However, the share of the top 1 percent of tax filers in Alberta continued to exceed the other provinces and territories' share of the tax filer population (17.0% vs. 11.1%) as did Ontario's (44.3% vs. 38.5%) in 2019. The two shares were essentially even in British Columbia (13.8% vs. 13.7%), while every other province and territory had a share of the top 1 percent of tax filers below their share of the total tax filer population.

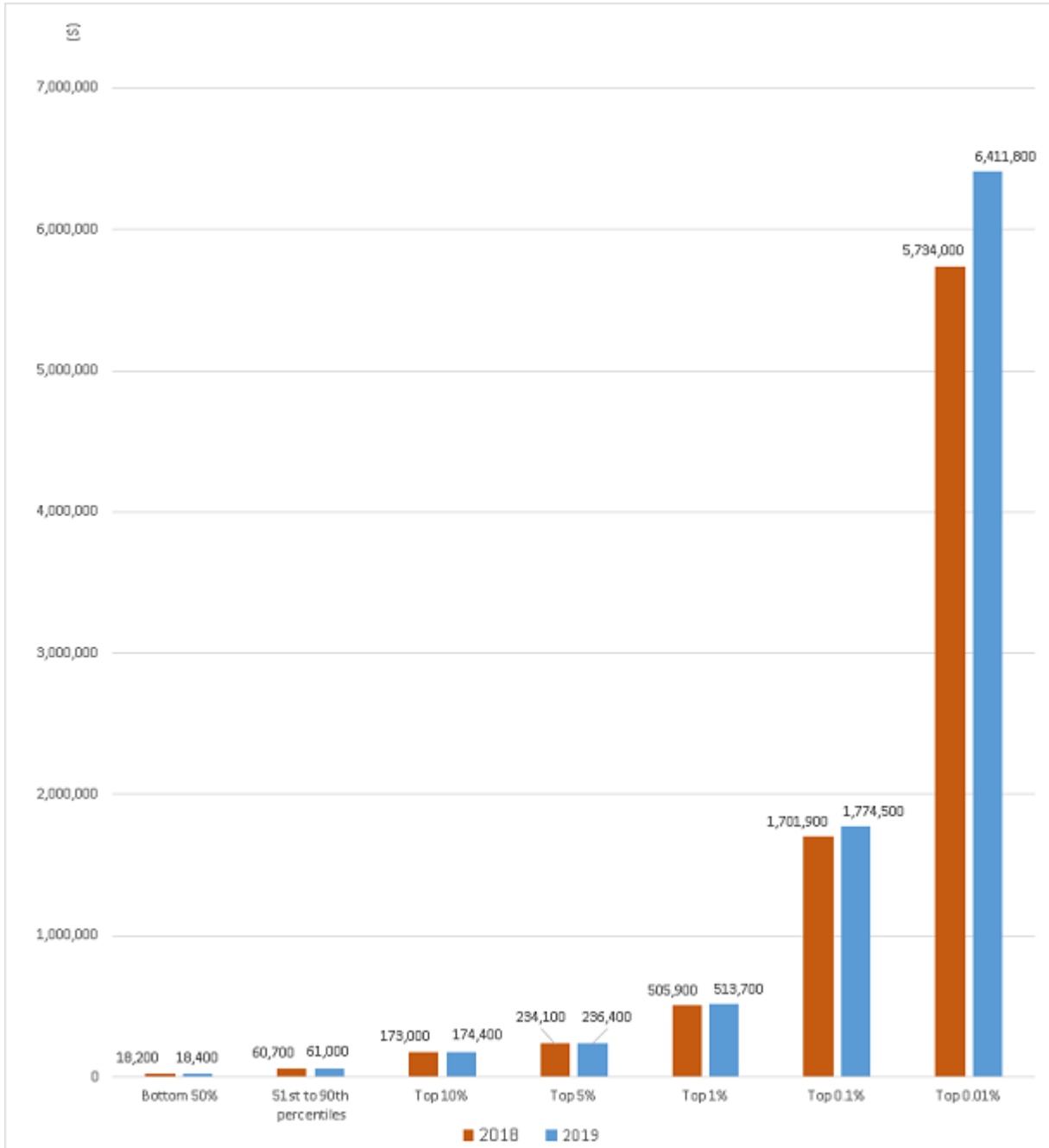
Effective tax rates hold steady in 2019

Canadian tax filers spent, on average, 11.8% of their modified total income on federal, provincial/territorial income taxes and employee contributions to Employment Insurance and the Canada/Quebec Pension Plan (federal payroll taxes) in 2019, unchanged from 2018.

Comparing the rate by province/territory, there was a marginal decrease in the provincial effective income tax rates in Ontario and Manitoba (-0.1 percentage point), no change in Newfoundland and Labrador, New Brunswick and Saskatchewan, and a 0.2 percentage point increase in Prince Edward Island. The remaining four provinces and three territories reported a 0.1 percentage point increase in effective income tax rates.

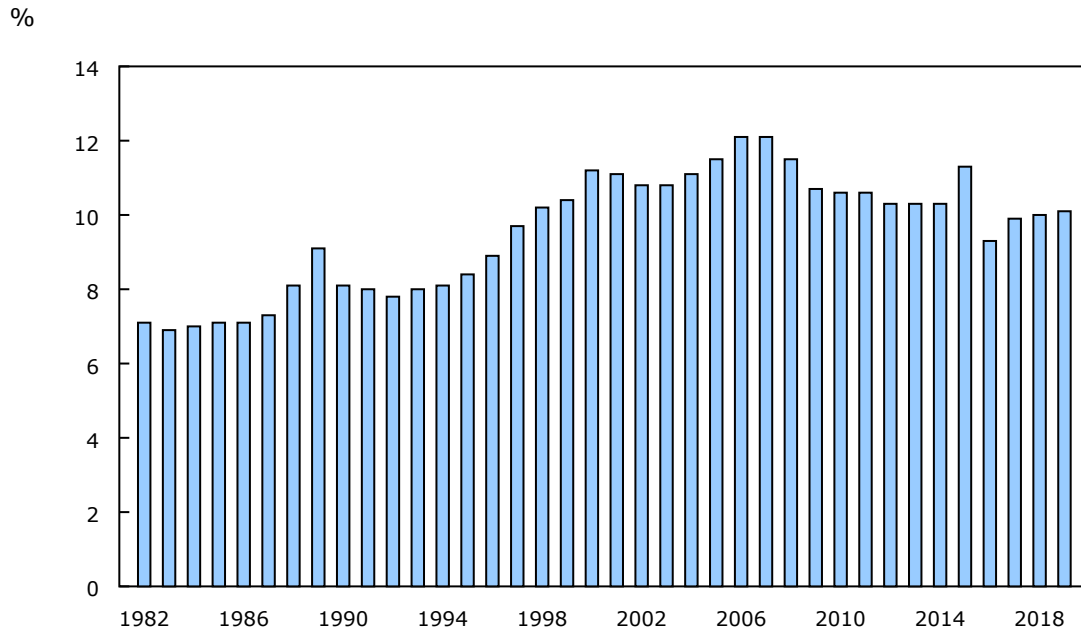
The effective tax rates for Canada's top 1 percent tax filers was unchanged from 2018 at 31.7%. The effective tax rates for the top 1 percent of tax filers in Saskatchewan and British Columbia increased slightly, while it was unchanged for those living in Ontario and Prince Edward Island. The top 1 percent of tax filers living in every other province and territory saw their effective tax rates decline, with those living in Manitoba (-1.0 percentage point) seeing the largest decrease.

Infographic 1 – Changes in average total income for selected income groups of tax filers, 2018 and 2019



Source(s): Longitudinal Administrative Databank, Statistics Canada, table 11-10-0055-01.

Chart 1
Total income share — top 1 percent of tax filers



Source(s): Table [11-10-0055-01](#).

Table 1
Total income and income share for Canadian tax filers by gender and selected income groups

	Average total income		Income share		Income thresholds	
	2018	2019	2018	2019	2018	2019
All tax filers	50,700	51,000	100.0	100.0	...	...
Male filers	60,400	60,500	57.5	57.3	...	...
Female filers	41,700	42,200	42.5	42.7	...	...
Top 0.01%	5,734,000	6,411,800	1.1	1.3	2,830,300	2,973,200
Male filers	5,814,200	6,586,900	1.0	1.1	...	...
Female filers	5,125,900	5,279,600	0.1	0.1	...	...
Top 0.1%	1,701,900	1,774,500	3.4	3.5	791,100	790,100
Male filers	1,753,300	1,829,000	2.9	2.9	...	...
Female filers	1,460,200	1,524,900	0.5	0.5	...	...
Top 1%	505,900	513,700	10.0	10.1	249,600	250,300
Male filers	525,600	534,400	7.9	7.9	...	...
Female filers	444,100	450,400	2.1	2.2	...	...
Top 5%	234,100	236,400	23.1	23.2	129,000	129,600
Male filers	241,500	244,300	17.3	17.2	...	...
Female filers	214,600	216,100	5.8	5.9	...	...
Top 10%	173,000	174,400	34.2	34.2	99,800	100,000
Male filers	181,000	182,600	24.4	24.3	...	...
Female filers	156,000	157,100	9.8	9.9	...	...
51st to 90th percentiles						37,200 to 100,000
Male filers	60,700	61,000	47.9	47.8	37,000 to 99,800	...
Female filers	62,200	62,500	25.6	25.4	...	...
Bottom 50%	58,900	59,300	22.3	22.4	...	...
Male filers	18,200	18,400	18.0	18.0	37,000	37,200
Female filers	18,500	18,600	7.5	7.6	...	...
Female filers	18,000	18,300	10.5	10.4	...	...

... not applicable

Source(s): Longitudinal Administrative Databank, table 11-10-0055-01.

Table 2
Distribution of tax filers in the provinces and territories

	2018				2019			
	All filers	Top 1%	Share of all filers	Share of top 1%	All filers	Top 1%	Share of all filers	Share of top 1%
Canada	28,300,550	283,015	100.0	100.0	28,748,720	287,490	100.0	100.0
Newfoundland and Labrador	421,815	2,815	1.5	1.0	419,625	2,725	1.5	0.9
Prince Edward Island	119,765	F	0.4	F	121,455	590	0.4	0.2
Nova Scotia	751,000	3,925	2.7	1.4	758,215	3,790	2.6	1.3
New Brunswick	615,870	2,470	2.2	0.9	618,550	2,545	2.2	0.9
Quebec	6,634,735	48,540	23.4	17.2	6,689,970	49,630	23.3	17.3
Ontario	10,851,450	124,005	38.3	43.8	11,059,150	127,355	38.5	44.3
Manitoba	994,500	6,625	3.5	2.3	1,003,605	6,565	3.5	2.3
Saskatchewan	848,840	5,550	3.0	2.0	851,760	5,155	3.0	1.8
Alberta	3,140,200	49,530	11.1	17.5	3,205,400	48,755	11.1	17.0
British Columbia	3,838,760	38,400	13.6	13.6	3,937,770	39,695	13.7	13.8
Territories	83,615	660	0.3	0.2	83,220	685	0.3	0.2

F too unreliable to be published
Source(s): Table [11-10-0055-01](#).

Table 3
Average effective tax rates, Canada, provinces and territories, 2018 and 2019

	2018				2019			
	Federal and provincial/territorial income tax and federal payroll tax	Federal income tax	Provincial/territorial income tax	Federal payroll tax	Federal and provincial/territorial income tax and federal payroll tax	Federal income tax	Provincial/territorial income tax	Federal payroll tax
Top 1% taxfilers								
Canada	31.7	19.1	12.0	0.6	31.7	19.1	12.0	0.6
Newfoundland and Labrador	35.8	21.3	13.7	0.7	35.3	21.0	13.5	0.7
Prince Edward Island	27.0	16.0	10.3	0.7	27.0	16.1	10.3	0.6
Nova Scotia	32.4	18.6	13.2	0.6	31.8	18.1	13.1	0.6
New Brunswick	30.9	18.5	11.8	0.7	30.2	18.1	11.4	0.7
Quebec	33.5	16.3	16.6	0.6	33.4	16.3	16.5	0.7
Ontario	33.4	20.1	12.7	0.6	33.4	20.1	12.7	0.6
Manitoba	30.4	18.5	11.4	0.6	29.4	17.9	10.9	0.6
Saskatchewan	23.9	15.9	7.5	0.5	24.2	16.1	7.6	0.5
Alberta	29.8	20.3	8.9	0.7	29.6	20.1	8.8	0.7
British Columbia	28.4	18.4	9.5	0.5	28.6	18.7	9.3	0.6
Territories	29.6	20.6	8.3	0.7	29.5	20.5	8.2	0.8
All tax filers								
Canada	11.8	5.5	3.6	2.7	11.8	5.5	3.6	2.7
Newfoundland and Labrador	12.3	5.6	4.4	2.3	12.3	5.5	4.4	2.3
Prince Edward Island	12.8	5.3	4.7	2.7	13.0	5.3	4.8	2.8
Nova Scotia	12.3	5.3	4.5	2.5	12.4	5.2	4.6	2.6
New Brunswick	11.7	5.2	4.0	2.6	11.7	5.2	3.9	2.7
Quebec	12.3	4.5	5.1	2.7	12.5	4.5	5.1	2.8
Ontario	11.6	5.8	3.2	2.6	11.5	5.8	3.1	2.7
Manitoba	12.7	5.3	4.7	2.7	12.6	5.3	4.6	2.8
Saskatchewan	11.5	5.8	3.1	2.6	11.5	5.7	3.1	2.6
Alberta	12.5	6.7	3.0	2.7	12.3	6.6	3.0	2.8
British Columbia	10.7	5.7	2.3	2.6	10.8	5.7	2.3	2.7
Territories	11.5	6.1	2.6	2.8	11.6	6.2	2.5	2.9

Source(s): Table 11-10-0054-01.

Note to readers

Data for 2019 have been added to the Longitudinal Administrative Databank (LAD). This databank now spans 38 years, from 1982 to 2019, and contains information about individuals and their families.

The LAD consists of a 20% longitudinal sample of tax filers drawn from the T1 Family File (T1FF). The LAD contains a wide variety of income and demographic variables and its large sample ensures reliable data for Canada, the provinces, census metropolitan areas (CMAs) and some subprovincial regions. It provides researchers and analysts with a tool for studying the changes in income of individuals and their families.

The main differences between the LAD and the T1FF is that in the LAD, the same tax filers are linked over time and the income concepts are made comparable.

Derived from the LAD, data tables for 1982 to 2019 on high income, low-income dynamics, family income mobility and effective tax rates are now available at the national level and for various provinces and selected CMAs.

All dollar figures in this article are expressed in 2019 constant dollars unless otherwise noted.

Total income consists of income from earnings, investments, pensions, spousal support payments and other taxable income plus government transfers and refundable tax credits.

Effective tax rate provides a measure of the size of certain government taxes relative to individual incomes. It is calculated by averaging every individual tax filer's ratio of taxes paid to modified total income.

Modified total income is used for purposes of calculating effective tax rates and is defined as total income plus capital gains and registered retirement savings plan withdrawals made by persons under 65 years, less social benefits repayments. Further adjustments to allocate elected split-pension amounts to the spouse claiming the amount were also made.

Federal income taxes are derived from line 420 of the federal income tax return and exclude the Quebec abatement.

Provincial income taxes are derived from line 428 of the federal income tax return except for Quebec residents, where these taxes are modelled. Since not all individuals file income tax returns and a small share of tax filers die each year, statistics contained in these tables should be interpreted in the context of living tax filers, not the whole population.

Available tables: [11-10-0024-01](#) to [11-10-0026-01](#) , [11-10-0054-01](#) to [11-10-0056-01](#) , [11-10-0058-01](#), [11-10-0059-01](#) and [11-10-0061-01](#).

Definitions, data sources and methods: [survey number 4107](#).

The *Longitudinal Administrative Data Dictionary* ([12-585-X](#)) contains a description for each of the income and demographic variables in the Longitudinal Administrative Databank, including name, acronym, definition, source, historical availability and historical continuity.

The [Income, pensions, spending and wealth](#) portal, which is accessible from the Subjects module of the Statistics Canada website, provides users with a single point of access to a wide variety of information related to revenue, pensions, spending and wealth.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).