

MEMBER STATEMENT—KEVIN O'REILLY MLA FRAME LAKE

Second Reading of Bills

BILL 16: AN ACT TO AMEND THE INCOME TAX ACT

November 2, 2020

HON. CAROLINE WAWZONEK: Madam Speaker, I move, seconded by the honourable Member from Hay River North, that Bill 16, An Act to Amend the Income Tax Act, be read for the second time. The bill reduces the small business tax rate from 4 percent to 2 percent effective January 1, 2020. It also makes retroactive amendments to harmonize the Northwest Territories tax regime with the federal system. Those amendments do two things: ensure that split income received by a senior is factored into the determination of their Territorial Age Credit; and allow more pension credit for veterans. Thank you, Madam Speaker.

DEPUTY SPEAKER: The motion is in order. To the principle of the bill. Member for Frame Lake.

MR. O'REILLY: Merci, Madame la Presidente. I wish to speak to this bill. The main purpose, as I can see, is to reduce the small business tax rate from 4 percent to 2 percent, and I'm sure the Minister of Finance will explain at some point that this is to bring our small business tax rates in line with some of the other jurisdictions in Canada. I am not opposed in principle to reducing taxes, but I think we need to look at the issue of tax fairness. This will result in our government losing some revenue, and I'd like to know how much. I think the public deserves to know that, as well.

I am mindful that the Minister of Finance gave a fiscal update about a week-and-a-half ago that, really, we're not in good shape, Madam Speaker, in terms of our finances, and this bill is not going to help that in any way. I would have much preferred an approach that would have been revenue-neutral so, if we're going to reduce taxes, then we have to find a way to replace that lost revenue.

I am on record supporting tax fairness rather than tax reductions, and I have suggested in the past many times that we need to look at ways to increase our revenues, and I think one of the ways that we need to look at increasing our revenues is by adding another tax bracket onto our personal income tax rates. We only have four; we're one of the few jurisdictions left in Canada that only has four income tax brackets. Alberta went to five in 2016. British Columbia went to five in 2014. New Brunswick went to six in 2015. Newfoundland and Labrador went to five in 2015. Nova Scotia went to five in 2010. Ontario went to five in 2014. Yukon went to five in 2015. Even the federal government went to five in 2016.

I'm all about tax fairness, Madam Speaker, and I think we need to find a way to replace this revenue. There is an opportunity to do so by looking at increasing our personal income tax brackets by adding one. I think it's only fair that we all find ways to contribute, especially during the pandemic. One way to do that is to add another high-income tax bracket to replace the lost revenue from this reduction in small business tax.

Mahsi, Madam Speaker.