



For Immediate Release

New Report says using the Tax System to Deliver a Basic Income Guarantee has both Benefits...and Barriers

July 18, 2017 – The latest report from Northern Policy Institute's [B.I.G. Series](#) argues there are a number of advantages and challenges to using the Personal Income Tax System (PIT) to deliver a basic income guarantee in Ontario.

As author Dr. Lindsay Tedds points out, our current tax system is not just used to raise revenue; it has become an increasingly important instrument for delivering income support. Many, including the Honourable Hugh Segal, special Advisor for the Ontario Basic Income Pilot, have suggested that the Canada Revenue Agency could play a 'natural role' in the administration of a basic income program.

The report, [Implementing a Basic Income Guarantee through the Personal Tax System: Benefits, Barriers and Bothers](#) explores this idea in more detail, initially highlighting the value of using the tax system to implement a B.I.G.

According to Tedds, using the tax system could simplify a very complex, often overlapping process for recipients of social benefits, while at the same time reduce administrative costs. Additionally, the tax system already has the tools to deliver a B.I.G. — namely, through refundable tax credits.

However, Tedds goes on to explain that "Although there are benefits to having a single administrative structure for social assistance, it is important to remember that Canada's tax system is itself complex, intimidating, and not easy to navigate – especially for those who may require a B.I.G. the most," And that "Although there are a number of benefits to using the income tax system to deliver a B.I.G. in Ontario, there are also a number of challenges."

The report suggests income accuracy and Canada's harmonized tax system could prove to be the most significant hurdles to in delivering basic income in this way. Any basic income would have to be funded through tax revenues and/or clawbacks, both of which depend on the accuracy of the income reported. Tedds goes on to explain the various ways in which inaccurate income reporting occurs in Ontario.

Another formidable challenge to using the tax system for a B.I.G is Canada's harmonized tax system. Provinces are bound by tax collection agreements which restrict their flexibility in designing tax programs. Provinces wishing to make significant changes are required to receive approvals from other provincial and territorial governments, along with the federal government – which requires a high degree of partnership and collaboration. Finally, although the tax system could provide a basic income through cash transfers, the Canada Revenue Agency is not



equipped to provide the many other services that are important to low-income social welfare recipients like employment supports and referrals to other agencies.

Tedds concludes, "Addressing these implementation details, in fact, would be linked to both the policy and objectives of a B.I.G. Such issues could be solved, if not easily, but they would require real effort, discussion and the maturity of all the players involved."

This paper is the fourth of a series that explores the various topics presented at NPI's Basic Income Guarantee conference in October, 2016. Report topics include food insecurity issues, potential models for a B.I.G. pilot, tax implications, and the potential impact on social innovators and First Nations.

To read the full report, visit www.northernpolicy.ca. To view presentations from the NPI's BIG conference and explore comments and feedback from participants, visit www.northernpolicy.ca/big

Media Interviews: Author Lindsay Tedds and NPI President & CEO, Charles Cirtwill are both available for comment.

To arrange an interview, please contact:

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About Northern Policy Institute:

Northern Policy Institute is Northern Ontario's independent think tank. We perform research, collect and disseminate evidence, and identify policy opportunities to support the growth of sustainable Northern communities. Our operations are located in Thunder Bay, Sault Ste. Marie, and Sudbury. We seek to enhance Northern Ontario's capacity to take the lead position on socio-economic policy that impacts Northern Ontario, Ontario, and Canada as a whole.

About the author:

Lindsay Tedds is an Associate Professor in the School of Public Administration at the University of Victoria. Her primary research and teaching area is applied economic research and policy analysis, with a particular focus on tax policy. Lindsay has also held several posts with the Government of Canada in Ottawa in the areas of public economics and policy implementation. Her research interests include public economics, economics of taxation, tax non-compliance, underground economy, executive compensation, taxation of long-term incentive awards, user fee design and implementation, and applied microeconomics.



About the Basic Income Guarantee (B.I.G.) Series:

Northern Policy Institute's B.I.G. Series explores various policy topics related to the implementation, and potential economic and social impacts of a basic income guarantee in Ontario. Research and analysis offered in the reports were first presented at NPI's Basic Income Guarantee conference in October, 2016. Report topics explored by multidisciplinary researchers and authors recognized in their field include food security, potential models for a B.I.G. pilot, tax implications, and the potential impact on social innovators and First Nations.

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