

The issue: Tax fairness in the North

The Northern Residents Tax Deduction (NRTD) was created in 1987 as a measure to offset the high cost of living in the territories and remote parts of the provinces. Residents of the Yukon, Northwest Territories, Nunavut and sections of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland and Labrador and Nova Scotia may apply for the deduction.

Why is it an issue?

On average Northern households spend \$15,000 more per year on living essentials than other Canadians. In the 20 years since the NRTD was first introduced inflation has risen 65%. Meanwhile, the deduction has not increased by one cent. This means the buying power of the maximum deduction available for the residency portion has shrunk from \$5,475 in 1987 to \$ 2,463.75 today.

Despite Conservative Prime Minister Stephen Harper's words of concern about the North, his government has done little to better the lives of Northern working families. Finance Canada reports that the NRTD accounts for on average \$132.5 million in lost revenue out of a budget of \$200 billion. This figure includes both the residency deduction and the travel deduction. The majority of this lost revenue comes from the provinces, with the territories each reporting about \$13 million in lost revenue. Meanwhile, it has been estimated that an increase of \$1,000 to the deduction would put about \$3 million back into the pockets of Northerners.

When the Minister of Finance James Flaherty announced an increase to the Capital Gains Exemption as part of Budget 2007 he said the increase was overdue as it has been nearly 20 years since the exemption was increased. He and the Conservative government ignored the fact that it has been 20 years and counting since the Northern Residents Tax Deduction was increased and Northerners got some tax fairness.

What can you do about this issue?

Ask your MP and candidates for office:

If your party is elected to form a government, will you pledge to

- bring tax fairness to the working families of the North by increasing the Northern Residents Tax Deduction by 50% immediately; and
- index the NRTD to a Northern inflation measurement.

A 50% increase would raise the maximum residency deduction to \$8212.50, while indexing would ensure that it would maintain its relevance as an offset to the high cost of living in the North.

[Send a letter to the Minister of Finance](#)

AND, sign the [petition](#) that is circulating in your community or print the petition below, gather signatures and return to the PSAC office in Whitehorse, Yellowknife or Iqaluit by September 1, 2007.