
INFORMATION BULLETIN

2009FIN0003-000064
June 30, 2009

Ministry of Finance

REVENUE-NEUTRAL CARBON TAX CHANGES TAKE EFFECT JULY 1

VICTORIA – The Province’s revenue-neutral carbon tax rate will increase July 1 to \$15 per tonne of carbon dioxide (CO₂e) emissions from \$10 per tonne. This works out to be an increase of 1.17 cents per litre of gasoline and of 1.35 cents per litre of diesel or home heating oil.

The increased revenue from the carbon tax will finance significant tax reductions and credits:

- The Low Income Climate Action tax credit will increase by five per cent on July 1, meaning low-income families and individuals will be eligible for \$105 per adult and \$31.50 per child annually. The credit is paid quarterly.
- Individual British Columbians have seen their personal provincial income taxes reduced by five per cent on taxable income up to \$70,000. Individual taxpayers pay the lowest provincial income tax on earnings up to \$116,000.
- B.C. has also been able to reduce the general corporate income tax rate from 12 to 11 per cent and the small business corporate income tax rate from 4.5 per cent to 2.5 per cent.

The carbon tax puts a price on carbon emissions to encourage people and businesses to make sustainable choices. In 2008/09, the revenue-neutral carbon tax generated about \$300 million, all being returned in the form personal and business income tax cuts estimated at about \$338 million. As a result, the tax cuts returned \$38 million more to taxpayers than the amount of carbon tax collected.

Government has passed legislation to reduce greenhouse gas emissions by 33 per cent from 2007 levels by 2020 and 50 per cent by 2050. The government also passed legislation that creates a framework for B.C. to participate in a comprehensive cap-and-trade system. The carbon tax will be integrated into a cap and trade system to avoid unfairness and double taxation. These initiatives reduce greenhouse gas emissions, spur growth in new green technologies and help build a strong clean-energy economy.

It is estimated that the B.C. carbon tax will save up to three million tonnes of CO₂ emissions annually – equal to taking almost 800,000 cars off the road each year.

For more information about the carbon tax, visit:
www.fin.gov.bc.ca/scp/tp/climate/carbon_tax.htm

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