A flat tax for Canada? [1]

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A recent publication [3] by the Vancouver-based Fraser Institute argues for the introduction of flat tax in Canada, convincingly showing that the move would make the tax system both simpler and more lucrative. They call for a 15-per-cent flat tax, which would save a significant amount of time, energy and money, estimating that the current multi-rate progressive federal and provincial tax system costs the country around $30 billion per year.

The report argues that the current system is impeding Canada?s economy, constructing strong disincentives for working hard, saving, investing and engaging in entrepreneurial activities. These findings chime with those of the Adam Smith Institute: we have made similar arguments in both *Flat Tax ? The British Case* [4] by Andrei Grecu and in *A Flat Tax for the UK ? A Practical Reality* [5] by Richard Teather. Of the latter, Allister Health, the editor of *The Business,* wrote [6] the following:

> *Rarely has a think-tank publication been this influential so quickly. Its arguments have been dissected by the UK Treasury, are well known among the Shadow Treasury team, have had an influence on some parts of the Liberal Democrats and were even adopted by several minor political parties.*

Yet despite the press and political interest the research has engendered, there remain obstacles to its implementation. The much discussed Huckabee FairTax, while superficially attractive, isnot [7] the answer and may be distracting from the sounder proposals that could be implemented by governments on both sides of the Atlantic. In the UK, as in many other countries, the research is there and politicians are engaging in debate; the next stage is for them to stick their necks out and argue the case.

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