Speaking Notes – October 1, 2025 - Opening Statement Regarding Bill C-4

Good afternoon, Committee Members. Thank you for the opportunity to appear before this Committee to discuss the measures contained in Bill C-4. My name is Kim Moody. I am a Fellow of the Chartered Professional Accountants of Alberta and Founder of one of Canada's premier taxation / legal and accounting boutique advisory firms – Moodys Tax / Moodys Private Client. I have a long history of serving the Canadian tax profession with a variety of significant leadership positions. I'm also a prolific writer and speaker on taxation matters including writing a weekly column for the Financial Post.

Today, I'd like to briefly comment on whether the Bill lives up to its title – "*An Act respecting certain affordability measures for Canadians and another measure"* and offer some suggestions for improvement.

But before I do, all Committee members and witnesses that have appeared before this committee obviously know that Bill C-4 is not yet law. That's why we are here to discuss and allow the Parliamentary process to run its course.

But if you believe the messaging from the government, this bill is indeed law including the proposed 1% tax cut for the lowest personal tax bracket. In my view, such messaging is misleading. And it's only possible because of the Canada Revenue Agency's current policy on the provisional administration of tax proposals that I have written about in one of my recent Financial Post articles.

Canadians' overall financial literacy needs to improve in order to make good financial decisions and to be better informed come election time. Trumpeting that the proposed 1% tax cut is law – when it is not - is misleading politics and does nothing to advance the important objective of improving Canadians' financial literacy. The CRA's policy should not be used to suggest such provisions are law until they are. Anything less undermines our parliamentary process. In my view, this needs to change.

With respect to the simple question of whether or not the Bill lives up to its title, the short answer is "no". While the government states that the ***maximum*** tax savings for the 1% tax cut is $400 per person, the more important statistic is what the ***average*** savings will be for Canadians. The

Parliamentary Budget Officer stated in its June 18, 2025 costing note that the "..*rate change will cost the government $4.2 billion in 2025-26, saving tax filers an average of $110. The cost will gradually increase to $6.4 billion in 2029-30, saving tax filers an average of $200*."

So, let's be generous and say the average annual savings is $200. For average Canadians, that is 55 cents per day. Less than the cost of a daily cup of coffee. Or $16.67/month. To suggest that this tax cut will make a material difference in Canadians' quest to deal with affordability issues – including the millions of Canadians who already don't pay federal income tax - is silly. It won't. And for some who suggest that this immaterial tax cut is "tax reform", well think again. It's not. More on that in a bit.

While I think tax cuts are necessary to deal with affordability, productivity and competitiveness issues – matters that I have written about many times – this minuscule tax cut is not it. It needs to go much further. And to balance such revenue loss, significant expenditure reduction by government needs to be completed. The proposed Conservative tax cut of 2.25% that was put forward during the recent election campaign combined with government expenditure reductions would have been a much more significant step in that direction.

As mentioned many times in my writings, a more meaningful and critical tax cut for the country would be to eliminate the highest personal tax bracket that was unnecessarily introduced in 2016. That introduction included messaging that asked high income earners to "*pay just a little bit more*" (an offensive speaking point that was overused for the next four-plus years, especially when one understands how much high-income earners already pay when compared to the whole of Canada).

Our country's high personal tax rates stifle productivity and competitiveness. As recently reported by the Fraser Institute, Canada's top combined statutory income tax rate ranks 5th highest out of 38 OECD countries. And, as I've written about before, these high personal tax rates have contributed to an exodus of capital and successful Canadians leaving Canada. We need to stop this.

Before I offer suggestions for improvement, I'll quickly comment on the proposed GST measures in the bill. While a GST holiday for new home purchases can assist with affordability measures, to restrict it to first-time buyers significantly reduces access. It's not only first-time buyers that are struggling with affordability matters. There are numerous reasons why existing home buyers may desire or need to purchase a new home. Why restrict this to only first-time buyers? The Conservative election policy platform that would have provided a GST holiday for ALL purchasers of new homes is much more practical and accessible.

So, how do we improve our tax system and improve affordability for Canadians? Is it with immaterial personal tax cuts? No. It's with tax reform.

As many tax practitioners who have appeared before this committee over the years have previously stated, our income tax statute is a patchwork quilt and a mess. It's tired and tattered and full of political measures – such as the prohibition of deductions on certain short-term rentals and the recent amendments to the alternative minimum tax - that are counterproductive and ineffective policies. And contribute to the fact that our tax system is far too complex. A key objective of tax reform should be to simplify and remove obvious ineffective policies, but it should also encompass "Big Bang" personal and corporate tax reforms that incentivize investment in Canada and make a real difference in improving affordability for average Canadians.

I was hopeful that the tax reform task force proposed by the Conservatives during the election campaign would have been that step in the right direction. While the Liberals have proposed "*an expert review of the corporate tax system*", such a proposal does not go far enough. Corporate tax revenues are approximately 17% of overall federal government revenues whereas personal tax revenues represent approximately 47%. And the corporate tax system is inextricably linked to the personal tax system. Given such, why such a review would be limited to only the corporate tax system is a mystery to me.

If indeed the government intends to proceed with this so-called "expert review", I would suggest it be expanded to include the entire tax system and define quickly what "expert" means. Does "expert" mean people that are friendly to the current government? Or would it invite views from all stakeholders - friendly or not? In my view, such a review should be expansive and entirely inclusive.

So, to close, does Bill C-4 meaningfully advance affordability? On the evidence, it does not. Canadians don't need symbolic tax cuts worth cents a day or GST holidays that are only available to a restricted group. They need a tax system that is simpler, more competitive, and anchored in a process they can trust. The only way to do that is to launch an inclusive, time-bound review of the entire tax system. That's how we move from empty platitudes to material progress for Canadians.

Thank you. I'd be happy to answer any questions.