

**OFFICE OF
THE PARLIAMENTARY BUDGET OFFICER**



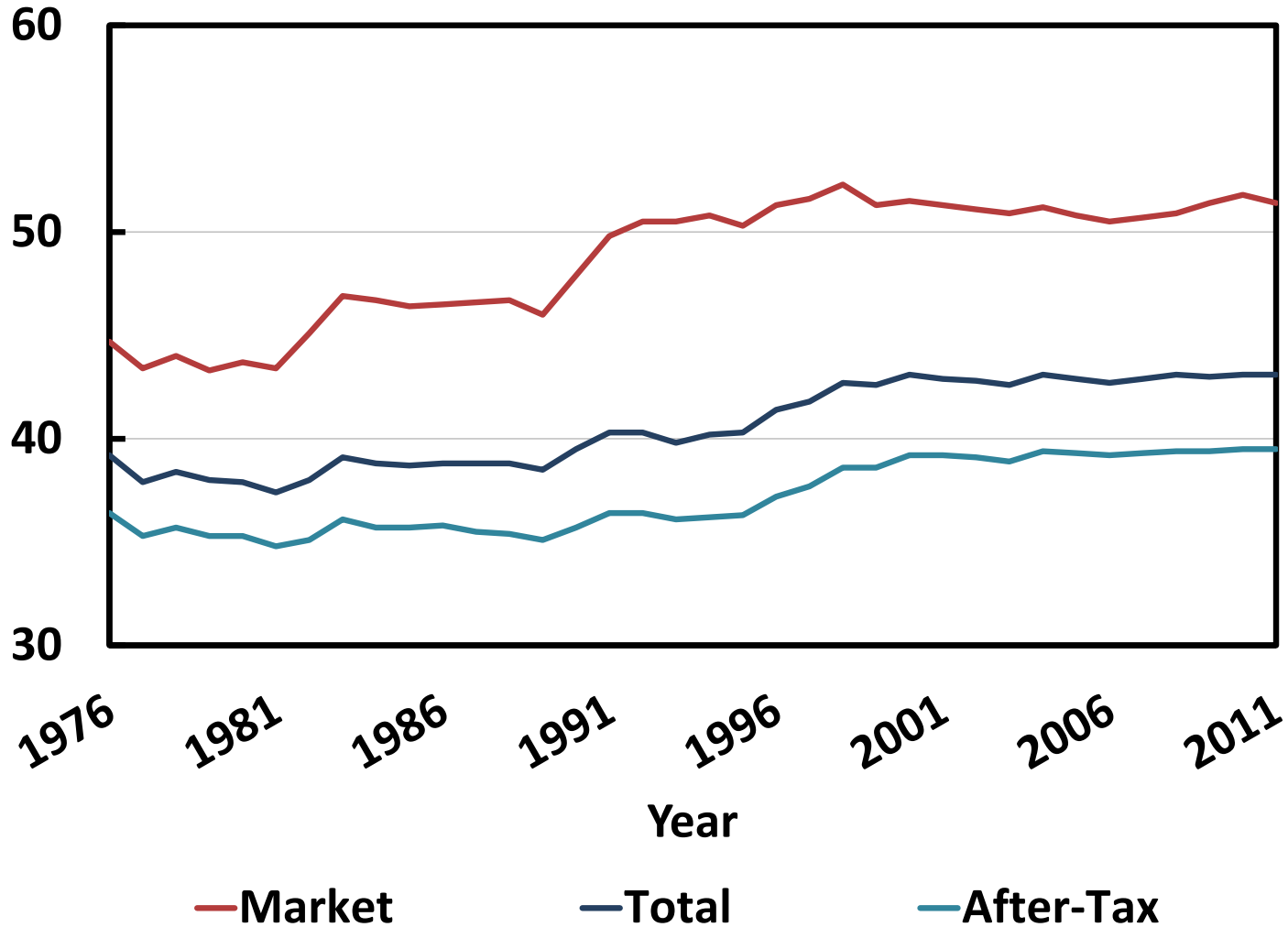
**BUREAU DU
DIRECTEUR PARLEMENTAIRE DU BUDGET**

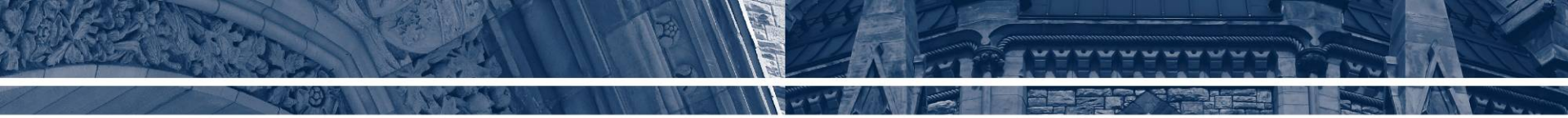
How the Federal Tax and Transfer System Interacts with Income Inequality

**Office of the Parliamentary Budget Officer
March 10, 2015**

Income Inequality in Canada

Gini coefficient

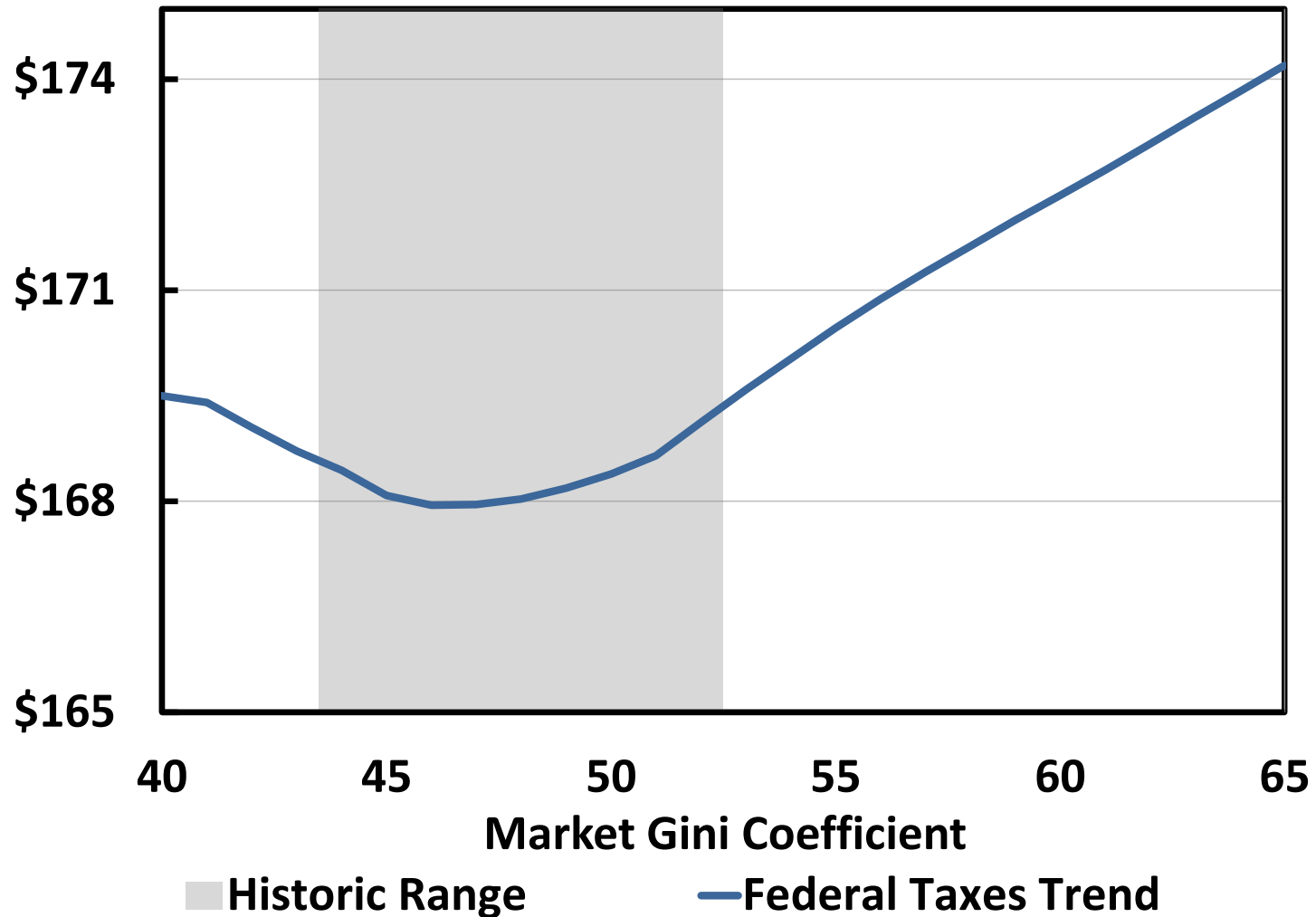




The impact of income inequality on taxes and transfers

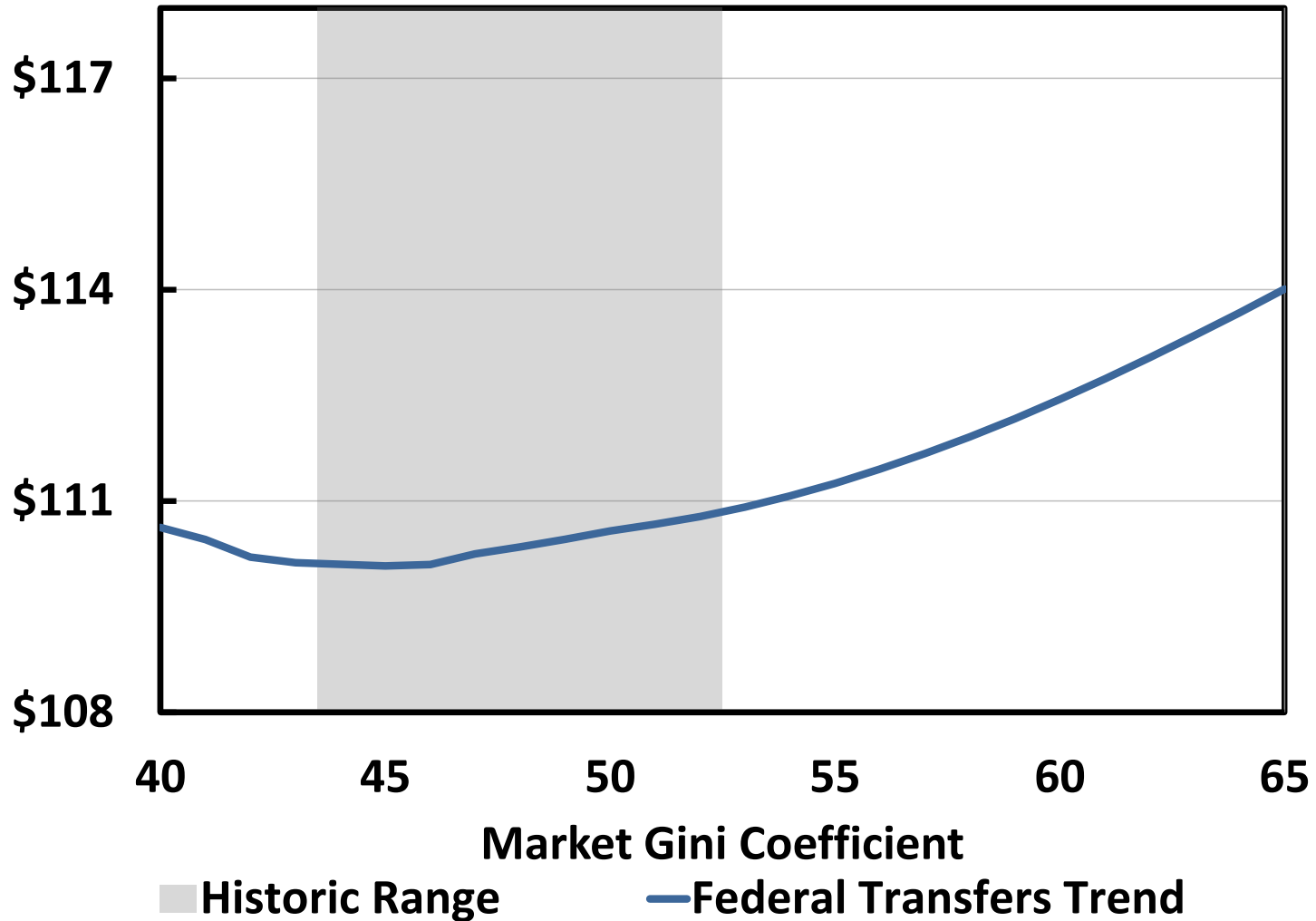
Federal Taxes at Various Gini Coefficients

Billions (\$)



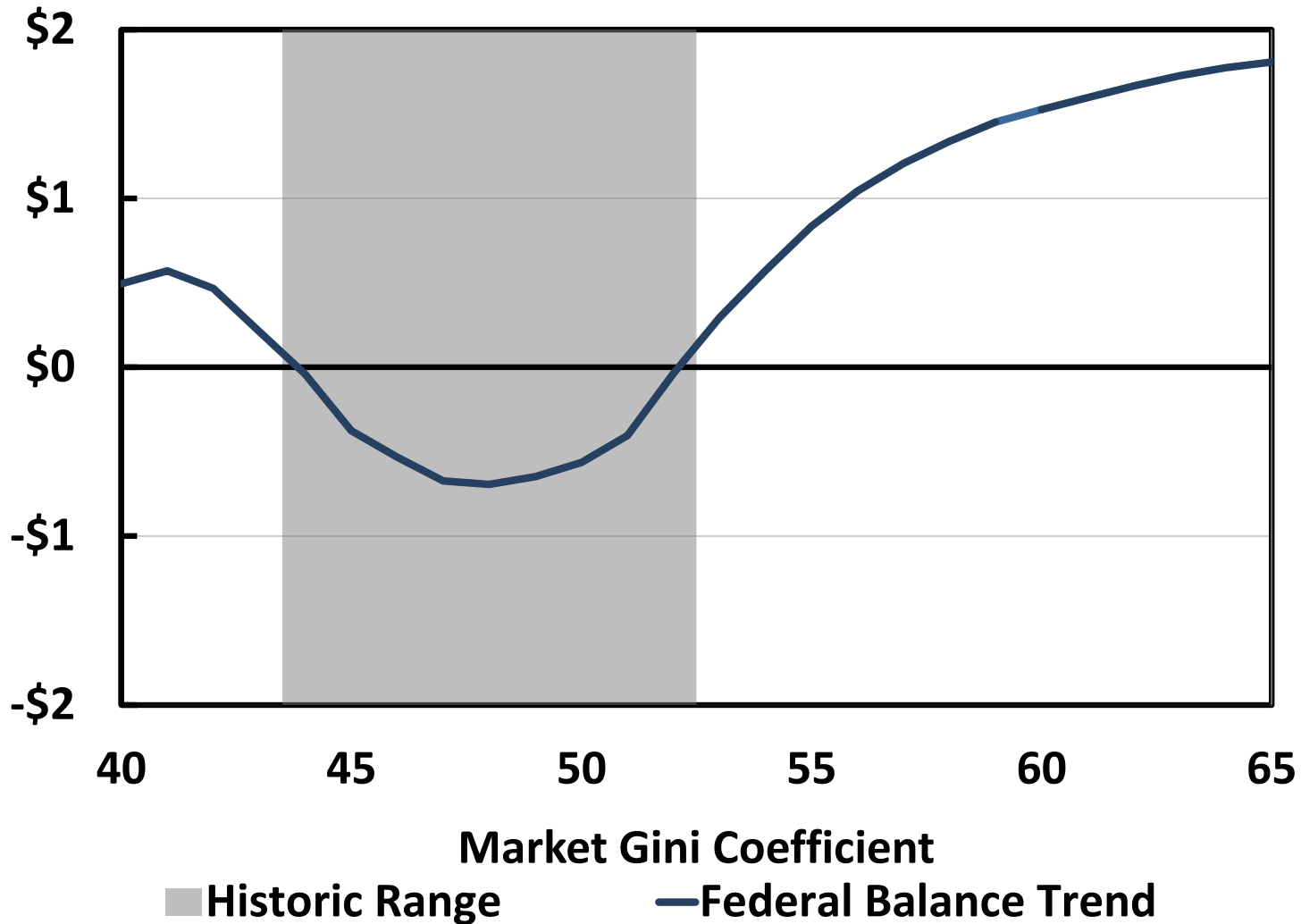
Federal Transfers at Various Gini Coefficients

Billions (\$)



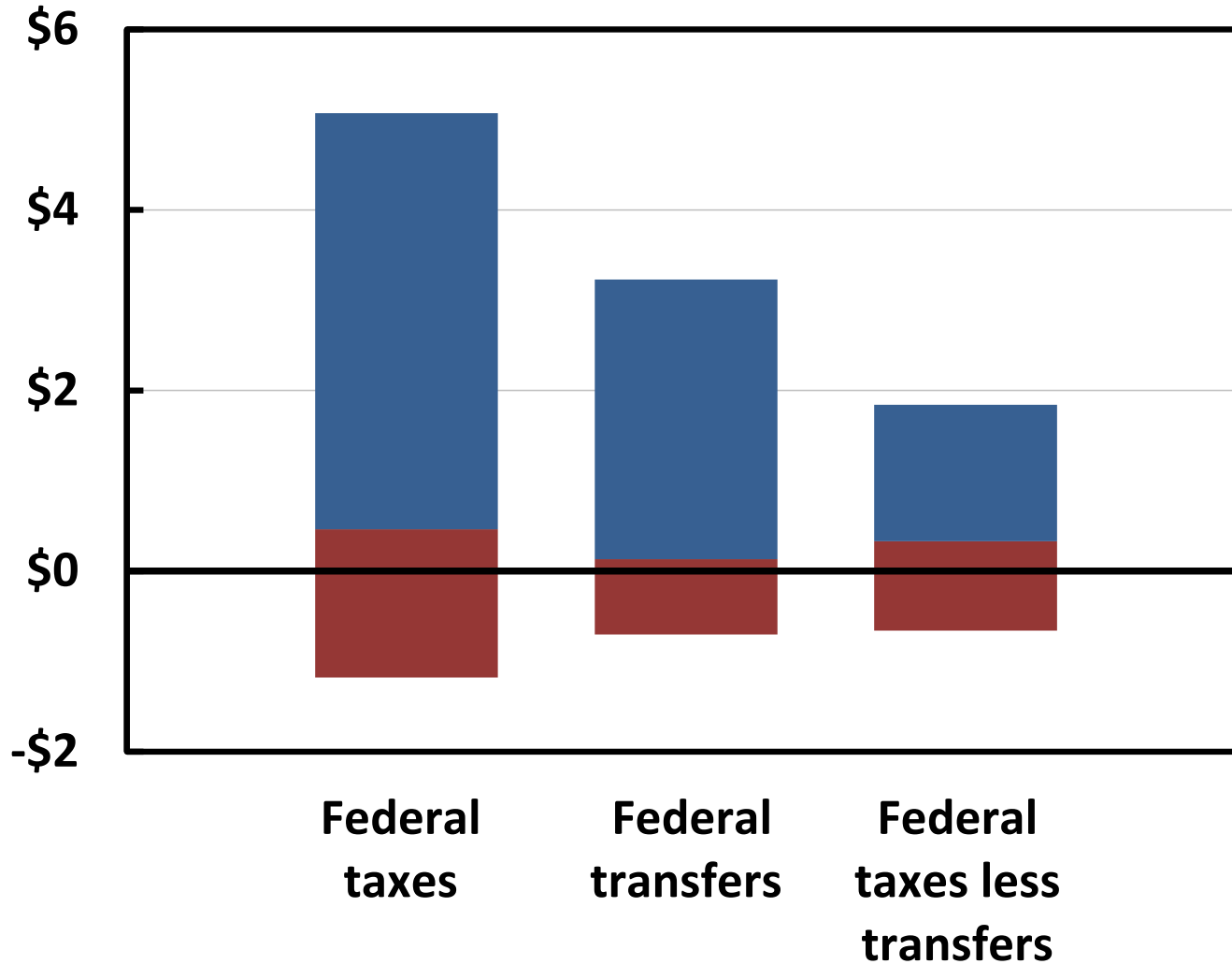
Change in the Balance: Taxes Less Transfers

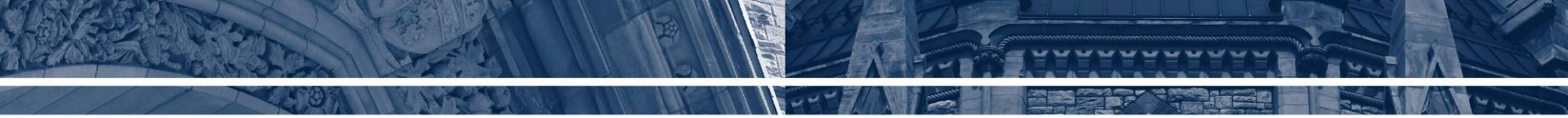
Billions (\$)



Inequality Based Fiscal Impacts

Billions (\$)

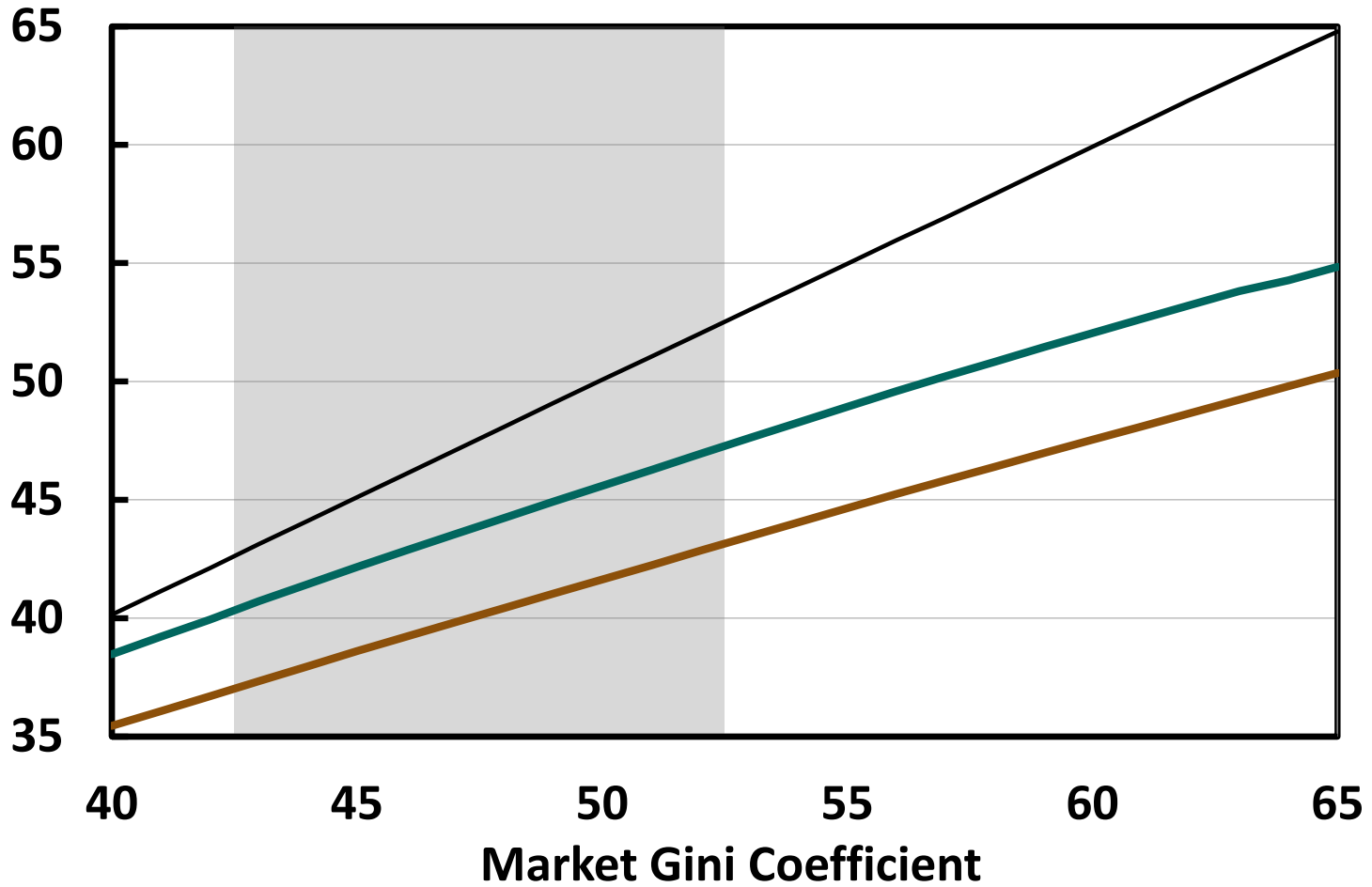




The impact of the tax and transfer system on income inequality

Gini Coefficient for Total and After-Tax Income

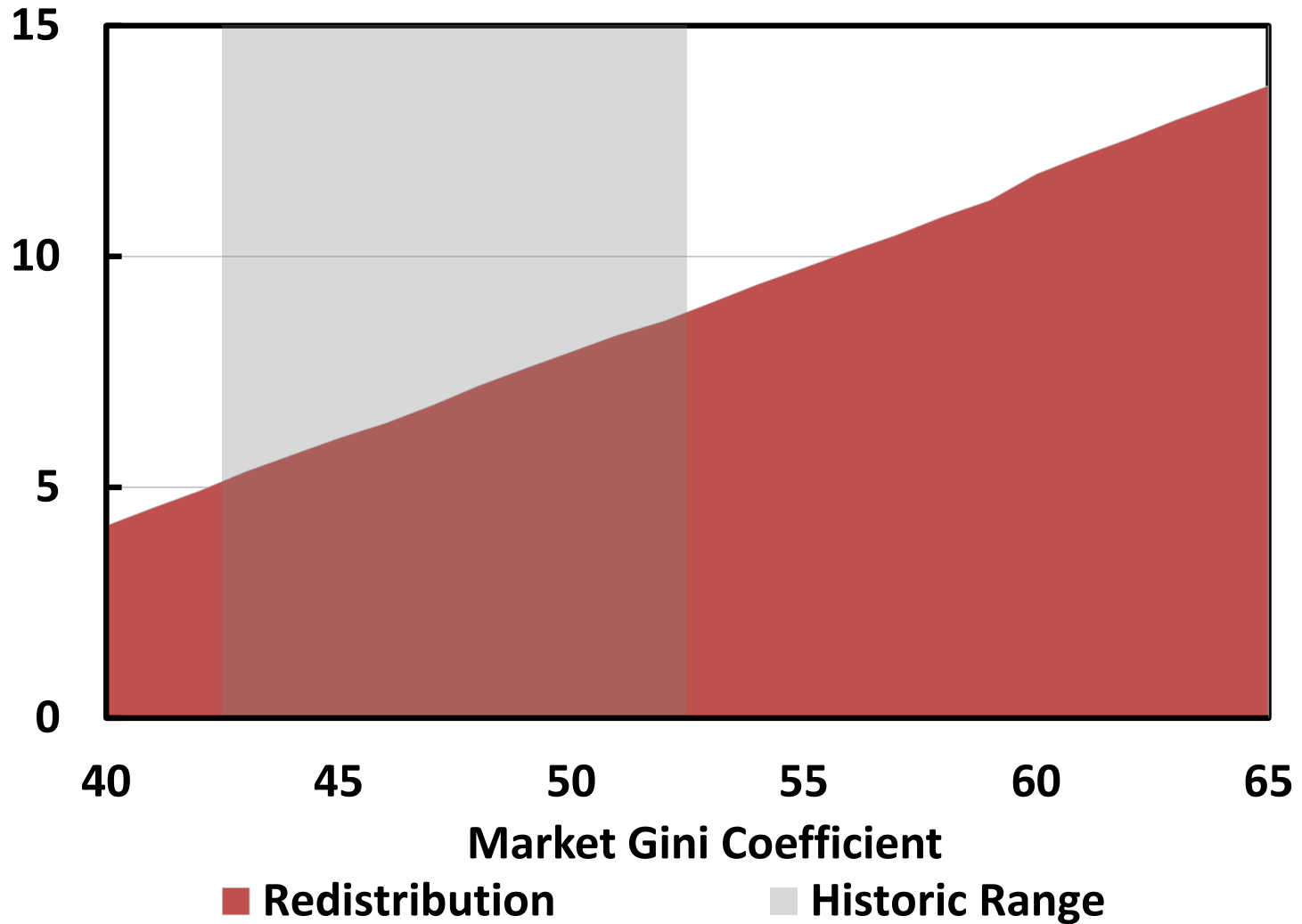
Gini Coefficient



■ Historic range — Market (45° line) — Total — After-Tax

Equalizing Effect of the Tax and Transfer System

Gini coefficient units



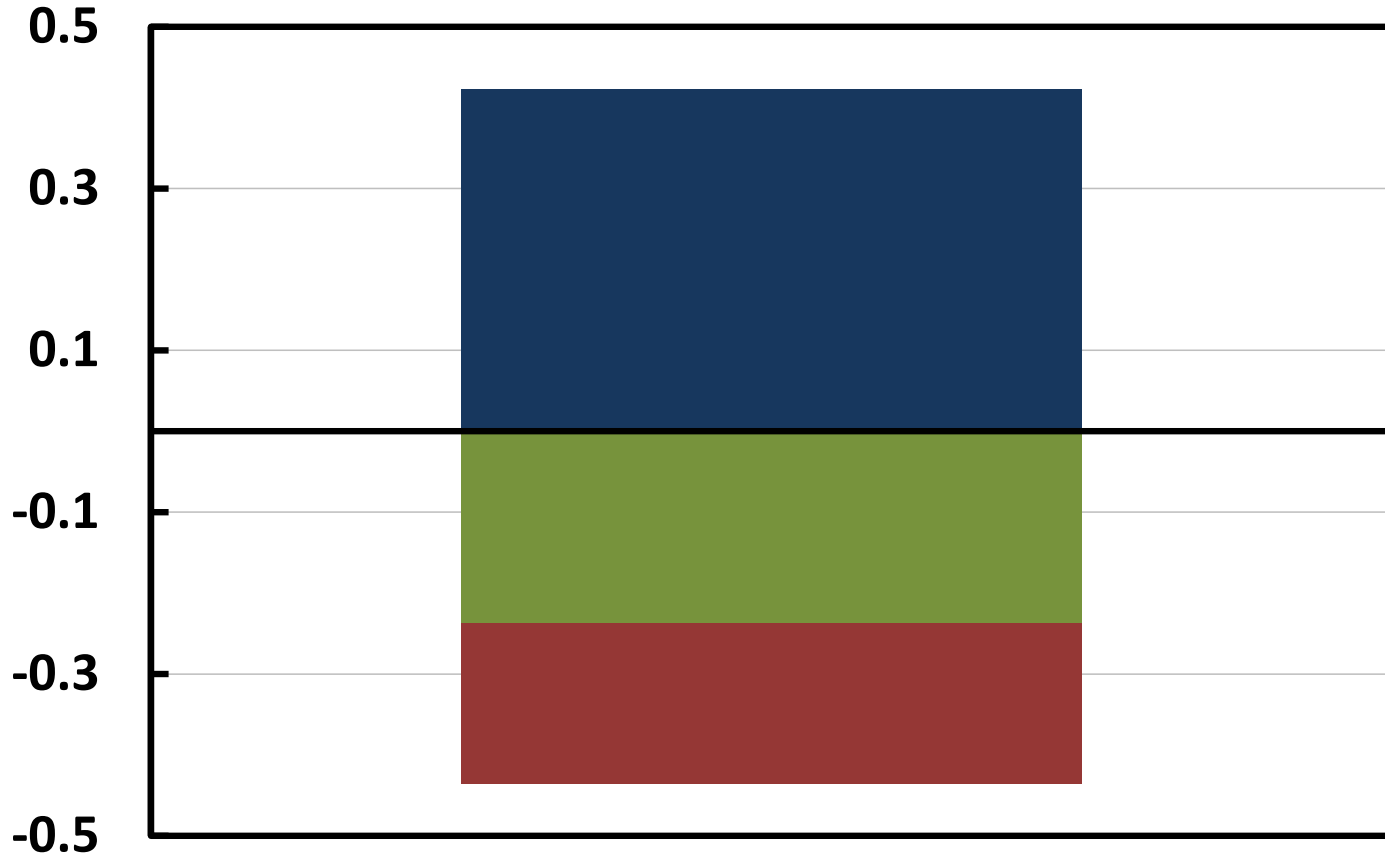
Inequality Reduction with the Tax and Transfer System

Gini coefficient units



Change in Average Inequality Reduction: 2006 to 2014

Gini coefficient units



2006 to 2014

■ Transfer System

■ Direct Taxes

■ Indirect Taxes



Questions about this report?

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