

BACKGROUND

ILLUSTRATIONS OF TAX IMPACTS 2009

The net impact of the revenue-neutral carbon tax will vary greatly, depending on individual circumstances. The following provides five different illustrations of the net impact of the carbon tax and personal income tax reductions based on different household circumstances. Assuming that individuals respond by making greener choices, they can further increase the net benefit.

1. Family : \$90,000 income (one spouse earning \$50,000 the other \$40,000)		
Tax cuts		\$224
Van: 10 L/100km fuel efficiency driving 20,000 km/year	(\$60)	
Sedan: 9 L/100km driving 15,000 km/year	(\$41)	
Natural gas heat and hot water	(\$48)	
Total carbon tax costs		(\$149)
Net benefit		\$75
2. Family with boat: \$120,000 income (both spouses earning \$60,000)		
Tax cuts		\$358
Sedan: 9 L/100km driving 20,000 km/year	(\$54)	
SUV:12 L/100km fuel efficiency driving 30,000 km/year	(\$108)	
Runabout (water skiing 3 hours per week for 8 weeks @ 30 litres per hour)	(\$21)	
Natural gas heat and hot water	(\$48)	
Total carbon tax		(\$231)
Net benefit		\$127
3. Family: \$70,000 income (one earner)		
Tax cuts		\$201
Pick-up truck: 12 L/100km fuel efficiency driving 20,000 km/year	(\$72)	
Sedan: 9 L/100km driving 21,000 km/year	(\$57)	
Propane for heat and hot water	(\$63)	
Total carbon tax		(\$192)
Net benefit		\$9
4. Single parent family: \$30,000 income (one child)		
Tax cuts		\$237
Older vehicle:12 L/100km fuel efficiency driving 20,000 km/year	(\$72)	
Electric heat	0	
Total carbon tax		(\$72)
Net benefit		\$165
5. Senior couple: \$30,000 income (equal pension incomes)		
Tax cuts		\$205
Older vehicle:12 L/100km fuel efficiency driving 7,000 km/year	(\$25)	
Oil furnace	(\$70)	
Total carbon tax		(\$95)
Net benefit		\$110

*See notes below for table assumptions

Greener Choices Can Save You Money

The cost of the revenue-neutral carbon tax will depend on the choices British Columbians make. Individuals and families who choose to reduce their carbon footprints can save enough on their household expenses to more than offset the carbon tax.

Here are some examples of lower-carbon choices and their estimated savings in fuel costs and carbon tax.

Greener Choice	Estimated Annual Savings
On the road:	
Keep vehicle tuned and tires properly inflated so it runs at peak efficiency.	More than \$200.
Drive 10 kilometres less each week.	More than \$50.
Switch to a higher efficiency vehicle (from 12 L/100km to 10 L/100km).	More than \$400.
At home:	
Weatherize doors and windows.	More than \$40.
Switch to a high-efficiency furnace.	More than \$250.

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*Notes for the Illustrations of Tax Impacts 2009 Table

The Illustrations of Tax Impacts 2009 Table shows carbon tax payable using carbon tax rates in effect in the 2009 calendar year based on CO₂e of \$10 per tonne for the first six months of 2009 and \$15 per tonne for the last six months of 2009. Relevant tax rates for the first six months of 2009 are 2.41¢ per litre gasoline; 49.88¢ per GJ natural gas; 1.53¢ per litre propane; and 2.76¢ per litre fuel oil. Relevant tax rates for the last six months of 2009 are 3.62¢ per litre gasoline; 74.82¢ per GJ natural gas; 2.30¢ per litre propane; and 4.14¢ per litre fuel oil. Carbon tax is calculated based on assumed fuel consumption. For example, assuming total annual driving of 20,000 kilometres with a fuel efficiency of 12 L/100 km, results in 20,000/100 x 12 = 2,400 litres. The family with \$90,000 in income and the family with a boat are assumed to use a mid efficiency natural gas furnace in the Lower Mainland with total consumption of 77GJ natural gas; the family with \$70,000 in income is assumed to have a mid efficiency furnace using propane in Revelstoke with total consumption of 3,290 litres propane; home heating fuel consumption is assumed to be 2,000 litres for the senior couple. The tax cuts include the five per cent personal income tax cut in 2009 (the senior couple does not pay BC personal income taxes) and the low income Climate Action Credit which is \$205 for the senior couple and the single parent (\$50 per quarter for the first half of 2009 and \$52.50 per quarter for the last half of 2009).

For the Finance Minister's speech and more details on *Balanced Budget 2008*, visit www.gov.bc.ca/bcbudget online.

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