

TAX ME: WHY MORE PROGRESSIVE TAXATION IS NECESSARY TO HELP TACKLE WEALTH INEQUALITY

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She/her/elle

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Addressing Inequality in Canada & Around the World:

Income Inequality, the Concentration of Wealth, and Technological Change

PROPUBLICA ARTICLE RELEASED YESTERDAY

The Ultrawealthy by the Numbers

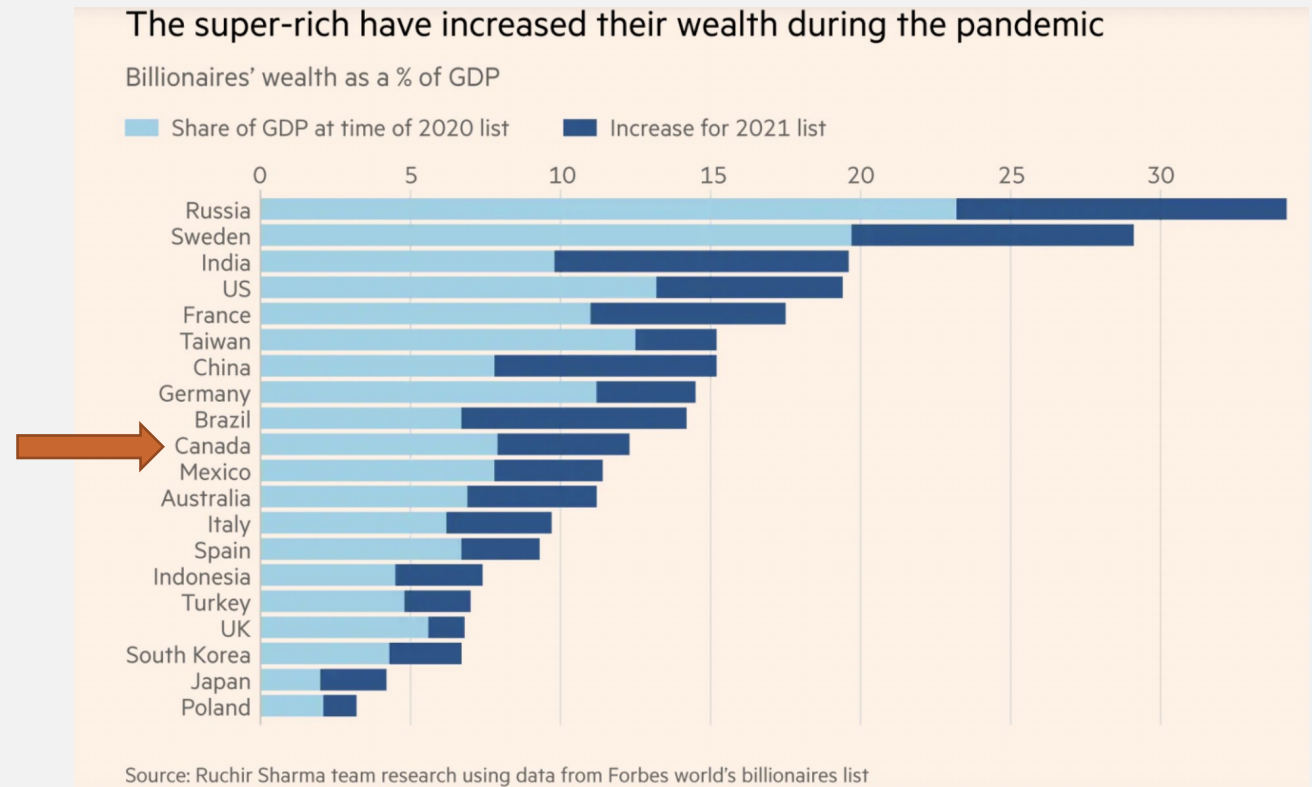
Wealth, income and taxes for four of the richest people in the country from 2014 to 2018.

		Wealth Growth	Total Income Reported		Total Taxes Paid		True Tax Rate
	Warren Buffett <i>Berkshire Hathaway Inc.</i>	\$24.3B	\$125M		\$23.7M		0.10%
	Jeff Bezos <i>Amazon.com Inc.</i>	\$99.0B	\$4.22B		\$973M		0.98%
	Michael Bloomberg <i>Bloomberg LP</i>	\$22.5B	\$10.0B		\$292M		1.30%
	Elon Musk <i>Tesla Inc.</i>	\$13.9B	\$1.52B		\$455M		3.27%

A SNAPSHOT OF INEQUALITY

- The top 1% richest Canadians hold over 25% of the wealth (in 2016) ¹
- Super-rich have gotten richer during the pandemic

Family wealth quantile	Share of total wealth (%)
Top 0.01%	5.6
Top 0.1%	12.1
Top 0.5%	20.5
Top 1%	25.6
Top 5%	43.4
Top 10%	56.4
Top 20%	73.5
Middle 40%	25.3
Bottom 40%	1.2



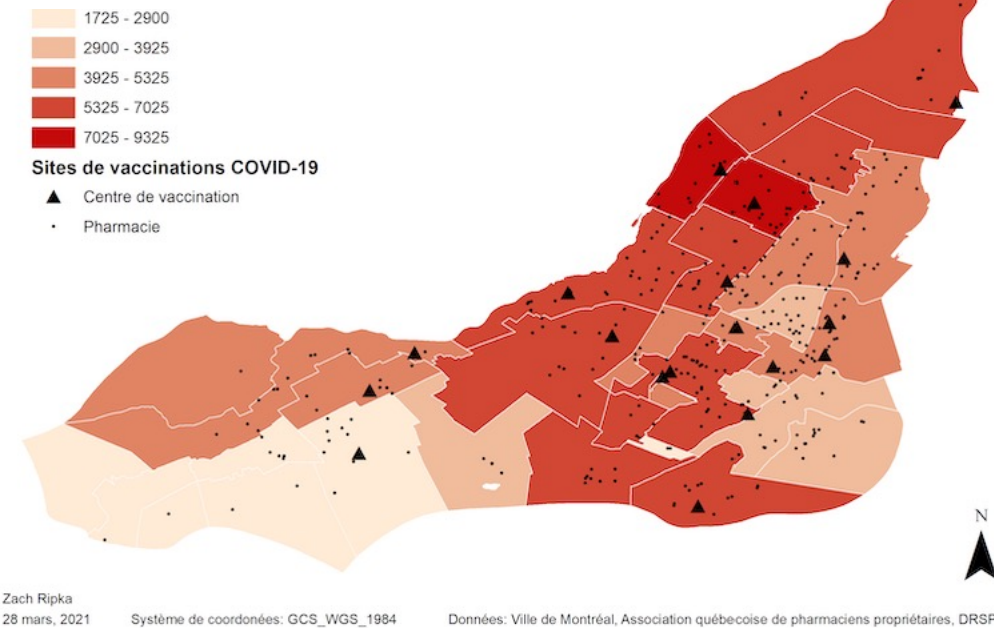
1. https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/RP-2021-007-S/RP-2021-007-S_en.pdf

COVID-19 SHINES A LIGHT ON IMPACTS OF INEQUALITY

- In Canada – higher proportion of COVID-19 cases in communities with lower income and higher proportion of racialized residents
- International inequities – cases & access to vaccines, testing and care

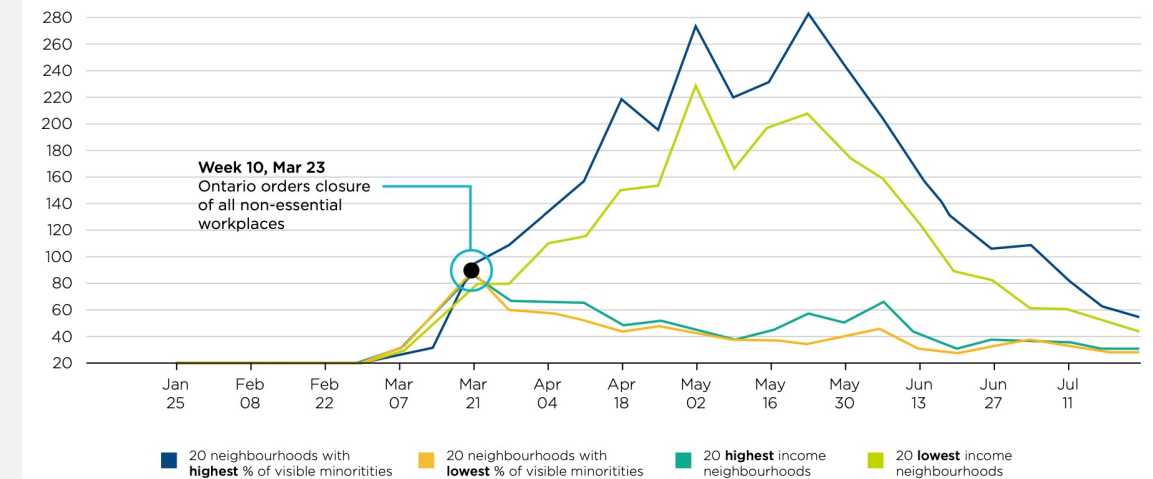


Total COVID-19 cases/100K residents in Montreal since March 2020



Weekly new sporadic COVID-19 cases, by neighbourhood characteristics

2020, City of Toronto



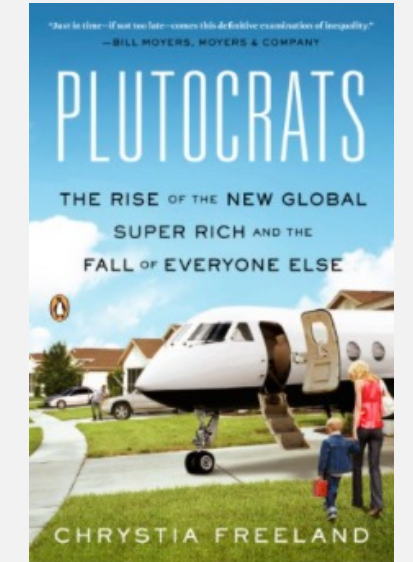
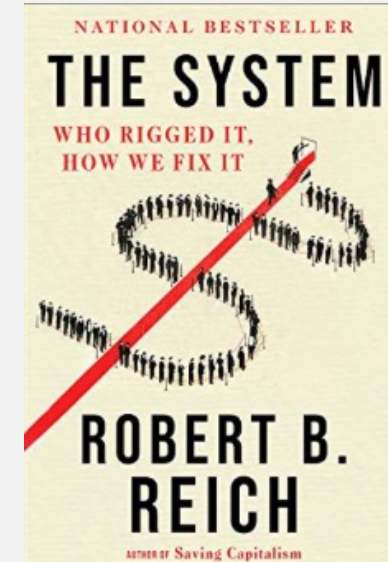
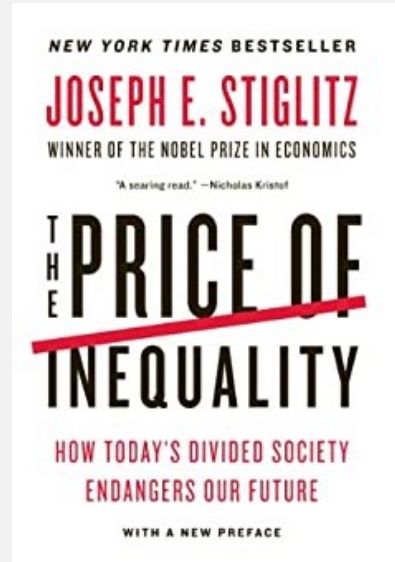
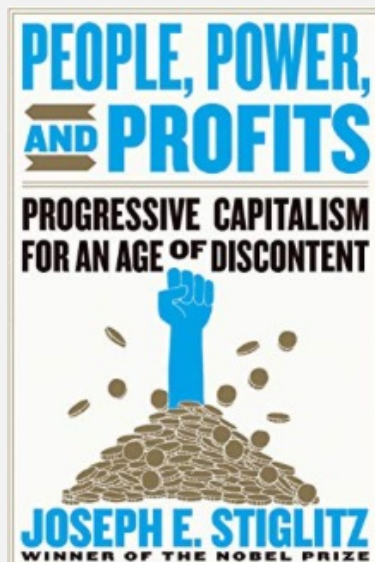
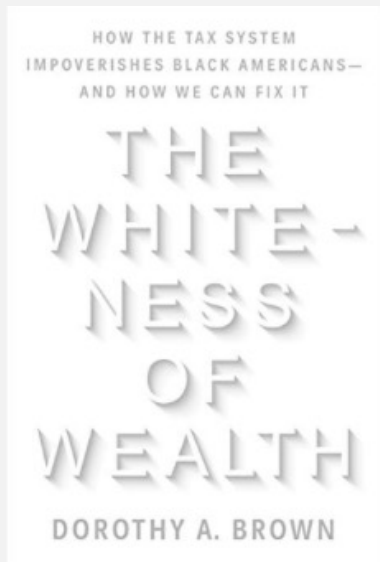
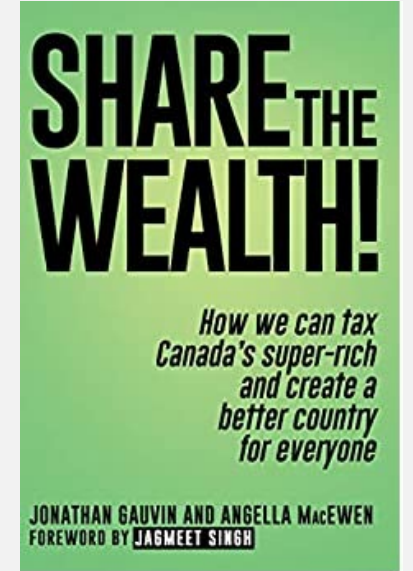
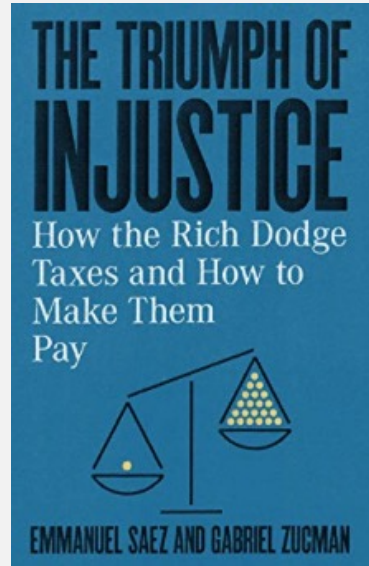
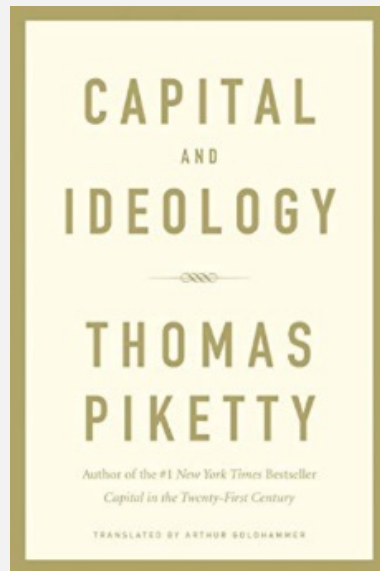
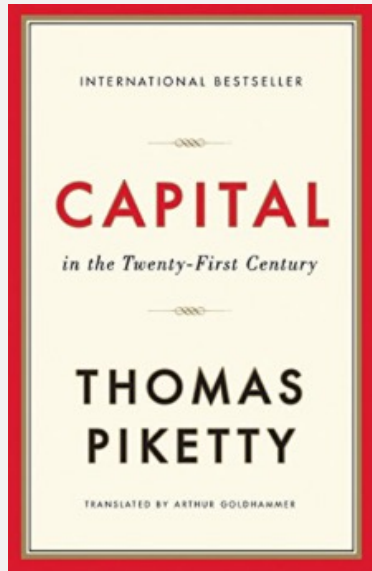
<https://twitter.com/drdragly/status/1395399955943067649?s=20>

<https://www.torontofoundation.ca/FalloutReport/>

INEQUALITY EXISTS, AND IT
IS BAD. TIME FOR ACTION

- Concentration of wealth at the very top
- A new Gilded Age?
- Situation is problematic for many reasons
- What are the solutions?
- Solutions must address this growing gap
 - Measures to lift up those at the bottom
 - Measures to reign in those at the top
- Growing movement calling for **more progressive taxation**

MANY BOOKS ON INEQUALITY AND THE ROLE OF TAXES



INTERNATIONAL MOVEMENT

- Two key groups composed of millionaires are actively advocating for wealth taxes around the world:
 - Patriotic Millionaires
 - Millionaires for Humanity
- January 2020 – 121 millionaires signed a letter presented at Davos advocating for a wealth tax ¹
- April 2020 – 83 millionaires released a letter calling for a wealth tax in response to COVID-19 ²
- Millionaires in 21 countries have either signed one of these open letters or are active members of a group advocating for wealth taxes

They're Rich and They're Mad About Taxes (Too Low!)

An affluent few are raging against a tax law that puts more money — a lot more — in their pockets. Friends call them 'traitors to their class.'

'Raise my taxes - now!': the millionaires who want to give it all away



The wealthiest 1% of Canadians own about 26% of the wealth in this country, and that has only gone up during the pandemic. It's time for a wealth tax - we can afford it.

Dr. Claire Trottier - Canada

Millionaires for Humanity



Governments are using public funds to cope with the financial crisis. Flooding the markets with liquidity protects private wealth. A wealth tax would put some of the money back into public funds.

Gerd Hofielen - Germany

Member of Millionaires for Humanity



We need a new tax - a progressive wealth tax - to strengthen the social contract and to reduce rampant inequality. Campaigns like Millionaires for Humanity are key to enabling this change.

Gabriel Zucman -
Professor of economics at the University of California, Berkeley, and upcoming Director of the EU Tax Observatory



I want to create a more just and sustainable world, with more equal access to resources and opportunities.

Hassan Rezaei - Iran

Member of Millionaires for Humanity



¹ <https://www.millionairesagainstpitchforks.com>

² <https://millionairesforhumanity.org/letter/>

<https://www.newyorker.com/magazine/2020/01/06/the-ultra-wealthy-who-argue-that-they-should-be-paying-higher-taxes>

<https://www.nytimes.com/2019/02/12/business/rich-people-against-tax-cut.html>

<https://www.theguardian.com/news/2021/apr/03/raise-my-taxes-now-the-millionaires-who-want-to-give-it-all-away>

<https://twitter.com/Mills4Humanity>

RESOURCE MOVEMENT

RESOURCE MOVEMENT

Resource Movement is a community of young people with wealth and/or class privilege working toward the redistribution of wealth, land, and power.

We educate ourselves about the roots of inequality, encourage each other to take bold action in solidarity with social justice movements, and open space for critical voices within philanthropy, business, and public policy sectors.

With chapters in Montreal and Toronto, our network includes over 200 young people across Canada who participate in learning opportunities, show up for social justice movements, and engage in campaigns.



Why a group of rich millennials are giving their money away

Resource Movement is helping Canada's wealthy millennials learn how to redistribute their wealth. Could this be the next great trend in philanthropy?

By Linda Besner
December 10, 2019

How to pay for climate justice? Tax the rich, say the rich

By Jon McPhedran Waitzer Contributors
Claire Trotter
David Gray-Donald
▲ Thu., Oct. 17, 2019 | ⌚ 3 min. read

Why some of Canada's richest millennials want to pay more taxes

The federal government needs to tax our inheritances

By Bronwyn Oatley Contributors
Meghan Bell
Danial Hoyer
▲ Tue., Feb. 18, 2020 | ⌚ 3 min. read

I'm Part of the 0.1 Percent and I Want a Wealth Tax

In the face of rising inequality, we need to elect politicians who will tax the rich

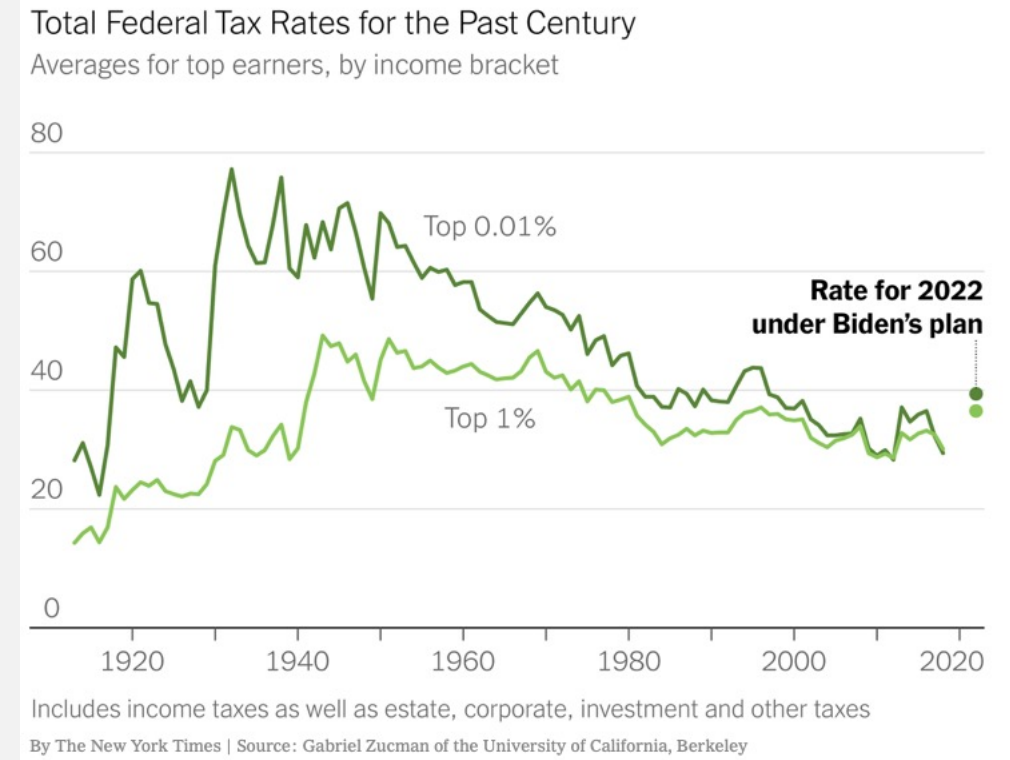
BY MEGHAN BELL

TAX THE RICH COALITION



CHANGES ALREADY ON THE TABLE

- Biden has proposed several changes:
 - Increase corporate tax rate
 - Measures to reign in profit shifting and other strategy aimed at multinationals
 - Increasing capital gains tax
- Global minimum corporate tax
 - G7 just agreed to 15% minimum corporate tax¹
 - Lower than standard in several countries
 - Parameters in the agreement would exclude Amazon from this tax²
 - Nobel prize-winning economist Joseph Stiglitz has responded saying it should be set at 25%³
- Further discussions at G20 and OECD



<https://www.nytimes.com/2021/04/07/business/economy/tax-plan-biden.html>
<https://www.nytimes.com/2021/05/04/briefing/biden-tax-plan-wealthy.html?partner=slack&smid=sl-share>
<https://www.taxobservatory.eu>
<https://www.theguardian.com/us-news/2021/jun/01/biden-corporate-tax-plan-could-earn-eu-and-uk-billions-study-shows>
<https://www.bbc.com/news/world-57368247>
<https://www.bbc.com/news/world-57368247>
<https://www.theguardian.com/technology/2021/jun/06/global-g7-deal-may-let-amazon-off-hook-on-tax-say-experts>
<https://twitter.com/democracynow/status/1401877267366694915>

SOLUTIONS

- Many different tools
- Aligned with same vision for a more equitable system of taxation
- Impact on the very rich and corporations to ensure fairness
- For the benefit of broader society

WEALTH TAX

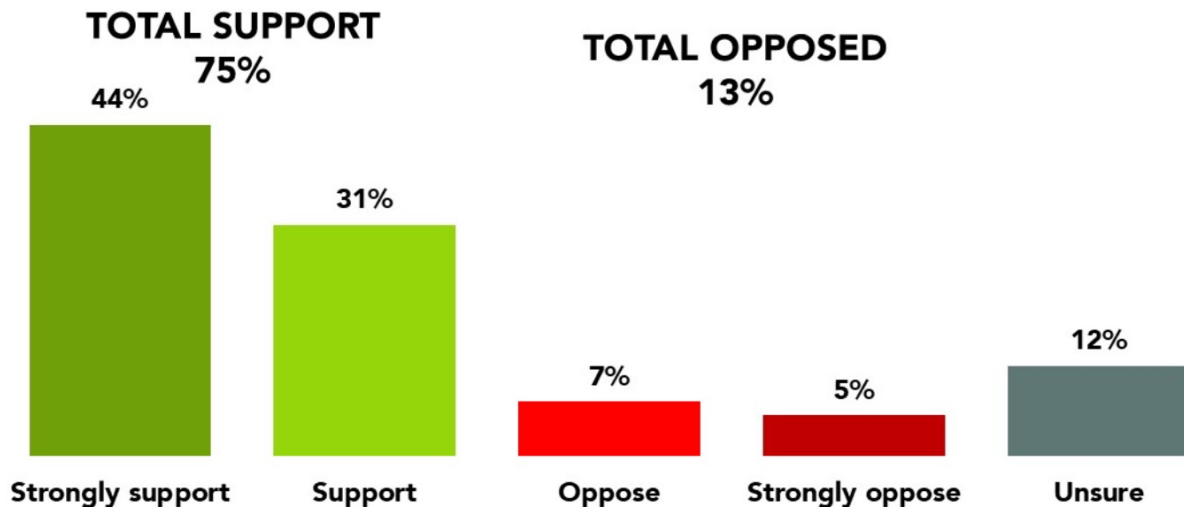
- 1% wealth tax on wealth above \$20M
 - Someone with \$25M would only pay \$50K per year
 - Would raise \$5.6B/year in first year, rising to \$9.5B/year¹
- 1% tax on wealth over \$10M + 2% on wealth over \$100M + 3% on wealth over \$1B = \$20B annual revenue²
- **This type of taxation will have zero impact on my life or the life of people like me**

¹ https://www.pbo-dpb.gc.ca/web/default/files/Documents/ElectionProposalCosting/Results/32630202_EN.pdf?timestamp=1579968607224

² https://www.taxfairness.ca/sites/default/files/resource/c4tf_fair_tax_recovery_plan.pdf

CANADIANS SUPPORT A WEALTH TAX

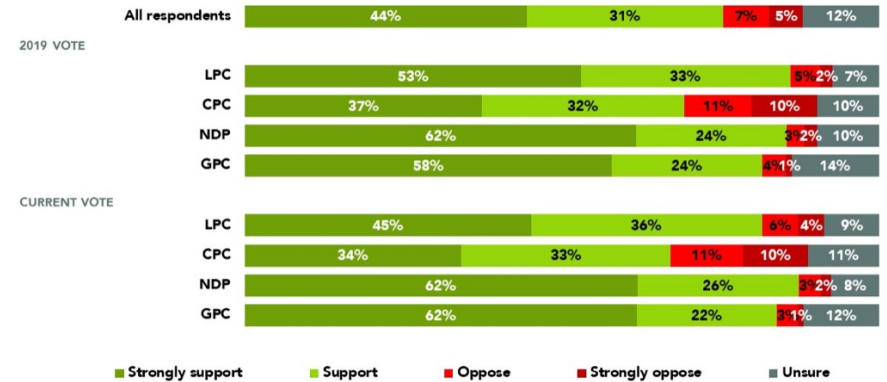
- 75% overall support for a wealth tax
- Support is seen across political spectrum, geography, gender, and age
- **Clear consensus among all Canadians**



As a way to help pay for the recovery, one idea being discussed is implementing a wealth tax on Canada's wealthiest people. This could mean the wealthiest pay a 1% to 2% tax of the value of their assets every year. Would you support or oppose this idea?

ABACUS DATA

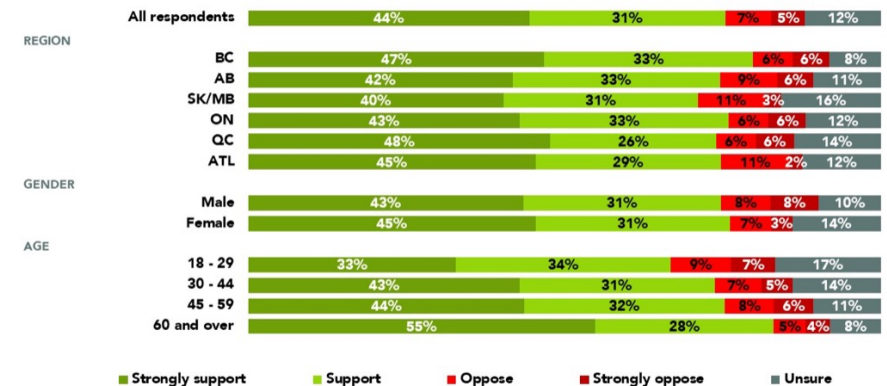
A WEALTH TAX TO PAY FOR THE RECOVERY



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ABACUS DATA

INCOME TAX

- Additional taxes for the very top earners
- In Canada, CEOs make 197 more than the average workers' salary
- Highest income tax rate in 1980 was 43%. Today it's 33%
- Proposal from Canadians for Tax Fairness:
 - 5% federal surtax on income over \$550K + 10% on income over \$1M = \$2B income

Federal income tax brackets	%
First ~49K	15
Next up to ~98K	20.5
Next up to ~152K	26
Next up to ~217K	29
Over ~217K	33

Quebec income tax brackets	%
First ~45K	15
Next up to ~90K	20
Next up to ~110K	24
Over ~110K	25.75

<https://www.broadbentinstitute.ca/tax-index>

https://www.taxfairness.ca/sites/default/files/resource/c4tf_fair_tax_recovery_plan.pdf

CAPITAL GAINS TAX

- **I will be taxed less on my income now than when I was a full-time professor**
- Why isn't income on capital gains taxed the same as regular income?
- Even then, there are legal ways to avoid paying these taxes¹
- Capital gains tax is currently only on 50% of gains
- Increase inclusion rate on capital gains could result in up to \$17B in annual revenue²
- Many tech CEOs hold their wealth as shares and don't have much taxable income, including unrealized capital gains
 - Set a date to realize the gains to be paid over a number of years³

Capital gains tax by province	%
Quebec	26.65
Ontario	27.76
Alberta	24
BC	26.75

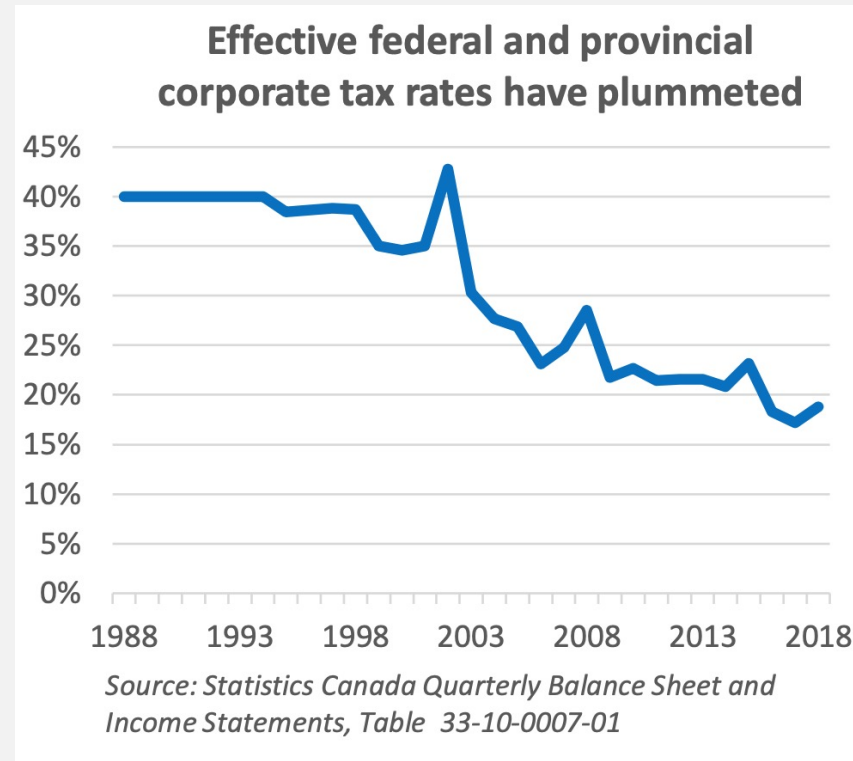
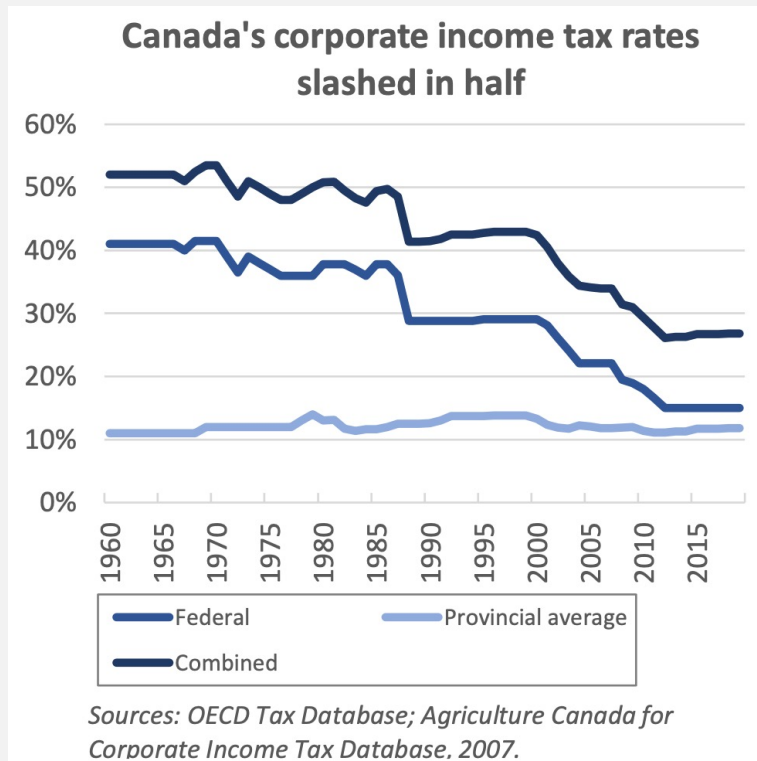
¹ <https://www.wealthsimple.com/en-ca/learn/avoiding-capital-gains-tax>

² https://www.taxfairness.ca/sites/default/files/resource/c4tf_fair_tax_recovery_plan.pdf

³ <https://www.forbes.com/sites/denizcam/2021/04/06/how-mackenzie-scott-gave-away-nearly-6-billion-last-year-and-ended-up-richer/?sh=4c82fd6568cc>

CORPORATE TAXES

- Official tax rates vs effective tax rates – both have declined
 - Combined federal and provincial rate is 26%
 - Effective corporate income tax rate is 18.8%



Patriotic Millionaires @Patriot... 4h
Corporate tax rates throughout history:

Reagan: 34%
Clinton: 35%
Bush: 35%
Obama: 35%
Trump: 21%

Recent G7 agreement for on a global minimum tax rate: 15%

Corporations can and should pay more.

2 40 67

BETTER ENFORCEMENT, LOOPHOLES & INHERITANCE

- Investing in tax enforcement could raise federal tax revenue by up to \$3B ¹
 - Biden is re-investing in IRS
- Ultra-rich and corporations utilize legal loopholes to minimize and defer their taxes – why not target these loopholes?
- Canada doesn't have an inheritance tax – time to change that

¹ https://www.pbo-dpb.gc.ca/web/default/files/Documents/ElectionProposalCosting/Results/33016735_EN.pdf?timestamp=1590519127631

RESPONSE TO COMMON COUNTER ARGUMENTS

- People will just use XYZ strategies to avoid these taxes!
 - Implement measures to close those predicted loopholes
- People will just leave Canada!
 - Exit tax¹
- They worked hard and deserve it!
 - I didn't "work for it" – wealth accumulation & inheritance
 - Other people work hard too – the rich don't work orders of magnitude harder
 - Wealth creates wealth without work
- What about philanthropy? Or cut a cheque to the government?
 - "Generosity is not a substitute for justice"²

¹ https://www.washingtonpost.com/outlook/wealth-taxes-often-failed-in-europe-they-wouldnt-here/2019/10/25/23a59cb0-f4ff-11e9-829d-87b12c2f85dd_story.html

² Anand Giridharadas, "Winners Take All"

CONCLUSION AND CALL TO ACTION

THANK YOU