



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

March 1, 2024

Response from the Office of the Parliamentary Budget Officer following an appearance before a parliamentary committee

February 13, 2024. Appearance of the Parliamentary Budget Officer, Mr. Yves Giroux, before the **Standing Senate Committee on National Finance** on “The subject matter of all of Bill C-59: Fall Economic Statement Implementation Act, 2023”

Topic / Question 1:

Senator Forest:

Bill C-59 also contains a three-year extension of the temporary reduction in corporate tax rates for the profits of manufacturers of zero-emission technologies, commonly known as ZETMs, so that the reduced rates would be phased out beginning in 2032. They would be completely phased out for tax years after 2034, instead of being phased out from 2029 to 2031. Do we have any sense of what this reduction may cost or has cost so far?

Answer 1:

The Office of the Parliamentary Budget Officer (OPBO) has not estimated the cost of the three-year extension of the temporary corporate income tax rate reduction for zero-emission technology manufacturers included in Bill C-59.

However, on May 20, 2021, the OPBO issued a costing note on the temporary corporate income tax rate reduction for zero-emission technology manufacturers as proposed in Budget 2021.

According to the 2021 OPBO estimates, the cost of the temporary corporate income tax rate reduction for zero-emission technology manufacturers will be:

- \$16.1 million in 2023-2024;
- \$23.7 million in 2024-2025; and
- \$28.3 million in 2025-2026.

You can access the OPBO’s costing note by clicking on the following link: [Rate Reduction for Zero-Emission Technology Manufacturers](#).

Topic / Question 2:**Senator Marshall:**

We see the corporate income tax revenue as an aggregate, but there is no breakdown. I think the breakdown would be really helpful.

Answer 2:

Federal tax revenues from corporate income tax in 2021, according to Statistics Canada, is the most recent data available.

Top 10 industries, Federal Corporate Income Tax Revenue, 2021.

Rank	Industry	Total federal CIT (\$ millions)	Share of total (%)
1	Banking and other depository credit intermediation (1)	7,347	9.3
2	Real estate (2)	7,017	8.9
3	Miscellaneous Intermediation (3)	6,157	7.8
4	Professional, scientific and technical services (4)	5,816	7.4
5	Construction (5)	5,328	6.8
6	Educational, health care and social assistance services (6)	3,554	4.5
7	Other wholesalers (7)	3,251	4.1
8	Securities and commodity exchanges, portfolio management and misc. financial investment activity (8)	2,561	3.2
9	Transportation, postal and courier services, and support activities for transportation (9)	2,094	2.7
10	Wood product and paper manufacturing (10)	2,073	2.6
	TOTAL	45,198	57.3

Sources: PBO calculations using data from Statistics Canada Tables [33-10-0499-01](#) and [33-10-0500-01](#)

Notes:

1. This combines the North American Industry Classification System (NAICS) codes 522111, 522112 and 522190.
2. This combines the NAICS codes 5311, 5312 and 5313.
3. This contains the NAICS code 523910.
4. This combines the NAICS 5411, 5412, 5413, 5414, 5416, 5417, 5418 and 5419.
5. This combines the NAICS codes 236, 237 and 238.
6. This combines the NAICS codes 61 and 62.
7. This combines the NAICS codes 4111, 4121, 4131, 4132, 4133, 4134, 4141, 4142, 4143, 4144, 4145, 4181, 4182, 4183, 4184, 4189 and 4191.
8. This combines the NAICS codes 523210, 523920, 523930 and 523990.
9. This combines the NAICS (NAICS) codes 4811, 4812, 4821, 4831, 4832, 4841, 4842, 4851, 4852, 4853, 4854, 4855, 4859, 4871, 4872, 4879, 4881, 4882, 4883, 4884, 4885, 4889, 4911, 4921 and 4922.
10. This combines the NAICS codes 3211, 3212, 3219, 3221 and 3222.