

## **APPENDIX 1**

### **ESTIMATED COST OF POLICY FOR FEDERAL GOVERNMENT, ONTARIO AND QUEBEC**

- To provide an accurate estimate, the author conducted an analysis using a sample from the public microdata files of the December 2022 Labour Force Survey (LFS).<sup>1</sup>
- The Stata syntax used for the analysis is available upon request.

#### **STEP 1: ASCERTAIN THE EARNINGS THRESHOLD FOR THE POLICY**

- The reset policy targets multiple job holders in paid employment, over 25 years old. Additionally, the focus is on low- to middle-income individuals. Thus, the policy's threshold aligns with the average Canada-wide earnings of this subset of the labour force. The resulting figure is \$68,190. For the sake of simplicity and ease of application in policy contexts, a rounded threshold of \$70,000 for main-job earnings is used. This approximation will have a negligible impact on the overall revenue impact assessment.

#### **STEP 2: IDENTIFY THE NUMBER OF FULL-TIME WORKERS IN THE LOWER HALF OF EARNINGS WHO ARE MULTIPLE JOB HOLDERS BY EARNINGS CATEGORY**

- The sample was restricted to full-time, paid employees aged 25 or older, who hold multiple jobs and have earnings equal to or lower than \$70,000.
- The analysis involves calculating annual earnings based on a worker's usual hourly wage and hours worked in their main job and assuming a standard 49-week work year.
- Table A1 below shows the number of multiple job holders for the target group outlined above. To estimate the number of full-time workers with multiple jobs, an adjustment factor is applied. This factor is derived from the ratio of the final restricted sample size, which exclusively includes full-time, salaried employees over the age of 25, each earning less than or equal to \$70,000 annually, to the original total size of the labour force sample. When this adjustment factor is applied to the entire Canadian labour force data for December 2022, the

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<sup>1</sup> Statistics Canada, "Labour Force Survey's Public Use Micro Data Files," Table 14-10-0287-01, December 2022, <https://www150.statcan.gc.ca/n1/en/catalogue/71M0001X>. Accessed 9 Dec. 2023.

total number of multiple job holders is calculated to be 428,174. individuals. In the case of Ontario and Quebec, applying their respective labour force data and adjustment factors yields specific counts of 154,591 and 76,943, respectively.

**Table A1: Full-Time Multiple Job Holders by Earnings**

Earnings Category	Canada		Ontario		Québec	
	(%)	(#)	(%)	(#)	(%)	(#)
\$15,000 to \$29,999	28.1	122,553	26.9	41,531	30.5	23,469
\$30,000 to \$39,999	24.5	107,116	25.4	39,251	21.4	16,446
\$40,000 to \$49,999	25.2	109,844	25.0	38,659	24.1	18,541
\$50,000 to \$70,000	22.3	88,661	22.8	35,150	24.0	18,487
	100	428,174	100	154,591	100	76,943

Based on the author's analysis of the December 2022 Labour Force Survey, this table details multiple job holders who are full-time, paid employees, aged over 25, whose annual earnings do not exceed the threshold of \$70,000.

### **STEP 3: CALCULATE TAXES PAYABLE FOR VARYING LEVELS OF THE EARNINGS DISTRIBUTION WITH AND WITHOUT THE POLICY RESET**

- Table A2, below, outlines the calculations forming the basis for the estimated revenue loss attributed to the policy. Please see Appendix 2 for the detailed tax calculations. Column 1 in the table displays the four distinct earnings categories, as referenced in Table A1. The tax calculations use the midpoints of these categories and incorporate the basic personal exemptions for the year 2022.
- Column 2, “Tax Jurisdiction,” and Column 3, “Tax on Main Job Earnings,” together illustrate the taxes payable on main job earnings for each tax jurisdiction—either Federal, Ontario, or Quebec—based on federal and provincial rates for 2022. Column 2 details the tax amount due on earnings from the main job alone.
- Column 4, “Tax on Combined Main and Secondary Earnings,” presents the tax on combined main and secondary earnings without any policy reset, showing the incremental tax burden should an individual have two sources of income. The average earnings in secondary jobs for the target population are estimated by multiplying the target population’s estimated part-time wage with the hours worked in these secondary, or “main,” jobs. This calculation takes the difference between total hours worked and those dedicated solely to the main job. For Ontario, the estimated figure is \$18,596, while for Quebec, the estimate is \$18,463. To maintain consistency and streamline the calculations at the federal level, a uniform figure of \$18,500 for

secondary earnings is applied across both provinces in the tax assessment. This approximation will have a negligible impact on the overall revenue impact assessment.

- Column 5, “Tax on Secondary Earnings (No Reset),” is calculated as the difference between the tax on combined main and secondary earnings (Column 4) and the tax on main job earnings alone (Column 3). This column quantifies the additional tax burden imposed on secondary income. Column 6, “Average Marginal Tax Rate on Secondary Earnings,” obtained by dividing this additional tax (Column 5) by the \$18,500 estimate of secondary earnings, illustrates the tax penalty for taking on secondary work.
- Column 7, “Tax on Secondary Earnings (With Reset),” demonstrates the potential alleviation of this tax penalty under the proposed reset policy, which would reset the progressive tax rates as if secondary earnings were the first dollars earned.
- Column 8 captures the “Revenue Loss” which is the tax revenue foregone due to the reset policy. It is calculated by subtracting the tax on secondary earnings with the reset applied (Column 7) from the tax on secondary earnings without the reset (Column 5). This column reflects the impact of the reset policy on government revenues.
- Column 9, “Weighted Loss in Government Revenue,” represents the total projected revenue loss, determined by multiplying the “Revenue Loss” for each earnings bracket (Column 8) by the respective number of multiple jobholders (Column 9) and summing these figures, resulting in totals of \$992.5 million for the federal government, \$123.4 million for Ontario, and \$202.1 million for Québec.

**Table A2: Revenue Impact of Reset Policy for Federal Government and Provinces of Quebec and Ontario**

Earnings Category	Midpoint of Earnings Category [1]	Tax Jurisdiction [2]	Tax on Main Job Earnings <sup>†</sup> [3]	Tax on Combined Main and Secondary Earnings <sup>†</sup> [4]	Tax on Secondary Earnings <sup>††</sup> (No Reset) [4]-[3] [5]	Average Marginal Tax Secondary Earnings <sup>†††</sup> [6]	Tax on Secondary Earnings* (With Reset) [7]	Revenues Loss** [4]-[6] [8]	Multiple Job Holders*** [9]
\$15,000 to \$29,999	\$22,500	Federal	\$1,215.3	\$3,990.3	\$2,775.0	15.0%	\$615.3	\$2,159.7	122,553
		Ontario	\$573.6	\$1,507.9	\$934.3	5.1%	\$371.6	\$562.6	41,531
		Quebec	\$953.6	\$3,728.6	\$2,775.0	15.0%	\$353.6	\$2,421.5	23,469
\$30,000 to \$39,999	\$35,000	Federal	\$3,090.3	\$5,865.3	\$2,775.0	15.0%	\$615.3	\$2,159.7	107,116
		Ontario	\$1,204.9	\$2,139.1	\$934.3	5.1%	\$371.6	\$562.6	39,251
		Quebec	\$2,828.6	\$5,603.6	\$2,775.0	15.0%	\$353.6	\$2,421.5	16,446
\$40,000 to \$49,999	\$45,000	Federal	\$4,590.3	\$7,365.3	\$2,775.0	15.0%	\$615.3	\$2,159.7	109,844
		Ontario	\$1,709.9	\$2,895.6	\$1,185.7	6.4%	\$371.6	\$814.1	38,659
		Quebec	\$4,328.6	\$7,156.7	\$2,828.1	15.3%	\$353.6	\$2,474.6	18,541
\$50,000 to \$70,000	\$60,000	Federal	\$6,840.3	\$10,380.1	\$3,539.8	19.1%	\$615.3	\$2,924.5	88,661
		Ontario	\$2,575.3	\$4,268.1	\$1,692.8	9.2%	\$371.6	\$1,321.1	35,150
		Quebec	\$6,578.6	\$10,156.7	\$3,578.1	19.3%	\$353.6	\$3,224.6	18,487
<b>Weighted Loss in Government Revenue (millions)<sup>§</sup></b>									
								<b>Federal</b>	<b>\$992.5</b>
								<b>Ontario</b>	<b>\$123.4</b>
								<b>Quebec</b>	<b>\$202.1</b>

† Estimated taxes are based on federal and provincial rates for 2022, factoring in the basic personal exemption.

†† Tax on secondary earnings is initially consistent across levels because the total income, including secondary earnings, remains within the initial tax bracket; in the last level, this combined income surpasses the bracket, increasing the tax.

††† The Average Marginal Tax Rate on Secondary Earnings is calculated using the additional tax on a second job divided by the average second job income. Here, \$18,500 is a slight round-up of the actual average, chosen to simplify the federal calculations. This figure is derived from Public Use Labour Force Survey data (December 2022) and is based on 715 annual hours at an estimated average part-time wage.

\* Estimated taxes on secondary earnings “With Reset” are computed from the beginning of the progressive tax scale, applying the basic personal tax credits as if these were the initial earnings of the year.

\*\* Revenue Loss shows the tax revenue difference with and without the reset policy for secondary earnings. It’s calculated from the tax on secondary earnings minus the reset-adjusted tax ([5]-[7]).

\*\*\* Refer to Table A1 for the counts of multiple job holders. The figures are based on the author's analysis of the December 2022 Labour Force Survey, representing full-time employees over 25 in the lower earnings distribution.

§ The “Weighted Loss in Government Revenue” is calculated by multiplying revenue loss for each category ([8]) by the number of affected job holders ([9]), and then summing these products to ascertain the overall impact on government revenue.

## APPENDIX 2

### TAX CALCULATIONS FOR MAIN JOB

#### FEDERAL

Basic Personal Amount: \$14,398

Earnings Range	Midpoint Earnings (Main Job Earnings)	Taxable Earnings	Total Federal Taxes Payable	Federal Rates and Brackets		
				15% (\$0 - \$50,197)	20.50% (\$50,198 - \$100,392)	26% (\$100,393 - \$155,625)
\$15,000 to \$29,999	\$22,500	\$8,102	\$1,215.3	\$1,215.3	\$0.0	\$0.0
\$30,000 to \$39,999	\$35,000	\$20,602	\$3,090.3	\$3,090.3	\$0.0	\$0.0
\$40,000 to \$49,999	\$45,000	\$30,602	\$4,590.3	\$4,590.3	\$0.0	\$0.0
\$50,000 to \$70,000	\$60,000	\$45,602	\$6,840.3	\$6,840.3	\$0.0	\$0.0

#### ONTARIO

Basic Personal Amount: \$11,141

Earnings Range	Midpoint Earnings (Main Job Earnings)	Taxable Earnings	Total Ontario Taxes Payable	Ontario Rates and Brackets		
				5.05% (\$0 - \$46,226)	9.15% (\$46,227 - \$92,454)	11.16% (\$92,455 - \$150,000)
\$15,000 to \$29,999	\$22,500	\$11,359	\$573.6	\$573.6	\$0.0	\$0.0
\$30,000 to \$39,999	\$35,000	\$23,859	\$1,204.9	\$1,204.9	\$0.0	\$0.0
\$40,000 to \$49,999	\$45,000	\$33,859	\$1,709.9	\$1,709.9	\$0.0	\$0.0
\$50,000 to \$70,000	\$60,000	\$48,859	\$2,575.3	\$2,334.4	\$240.9	\$0.0

#### QUEBEC

Basic Personal Amount: \$16,143

Earnings Range	Midpoint Earnings (Main Job Earnings)	Taxable Earnings	Total Quebec Taxes Payable	Quebec Rates and Brackets		
				15.0% (\$0 - \$46,295)	20.0% (\$46,296 - \$92,580)	24.0% (\$92,581 - \$112,655)
\$15,000 to \$29,999	\$22,500	\$6,357	\$953.6	\$953.6	\$0.0	\$0.0
\$30,000 to \$39,999	\$35,000	\$18,857	\$2,828.6	\$2,828.6	\$0.0	\$0.0
\$40,000 to \$49,999	\$45,000	\$28,857	\$4,328.6	\$4,328.6	\$0.0	\$0.0
\$50,000 to \$70,000	\$60,000	\$43,857	\$6,578.6	\$6,578.6	\$0.0	\$0.0

Earnings Range	Total Federal Taxes Payable	Total Ontario Taxes Payable	Total Quebec Taxes Payable	Total Combined Taxes Payable Ontario	Total Combined Taxes Payable Quebec
\$15,000 to \$29,999	\$1,215.3	\$573.6	\$953.6	\$1,788.9	\$2,168.9
\$30,000 to \$39,999	\$3,090.3	\$1,204.9	\$2,828.6	\$4,295.2	\$5,918.9
\$40,000 to \$49,999	\$4,590.3	\$1,709.9	\$4,328.6	\$6,300.2	\$8,918.9
\$50,000 to \$70,000	\$6,840.3	\$2,575.3	\$6,578.6	\$9,415.6	\$13,418.9

## TAX CALCULATIONS FOR MAIN JOB PLUS SECONDARY JOBS

### FEDERAL (Ontario and Quebec)

Basic Personal Amount: \$14,398

Earnings Range	Midpoint Earnings (Main Job Earnings)	Average Earnings in Second Job	Total Earnings	Taxable Earnings	Total Federal Taxes Payable	Federal Rates and Brackets	
						15% (\$0 - \$50,197)	20.50% (\$50,198 - \$100,392)
\$15,000 to \$29,999	\$22,500	\$18,500.0	\$41,000.0	\$26,602	\$3,990.3	3,990.3	0.0
\$30,000 to \$39,999	\$35,000	\$18,500.0	\$53,500.0	\$39,102	\$5,865.3	5,865.3	0.0
\$40,000 to \$49,999	\$45,000	\$18,500.0	\$63,500.0	\$49,102	\$7,365.3	7,365.3	0.0
\$50,000 to \$70,000	\$60,000	\$18,500.0	\$78,500.0	\$64,102	\$10,380.1	7,529.6	2,850.5

### ONTARIO

Basic Personal Amount: \$11,141

Earnings Range	Midpoint Earnings (Main Job Earnings)	Average Earnings in Second Job	Total Earnings	Taxable Earnings	Total Ontario Taxes Payable	Ontario Rates and Brackets		
						5.05% (\$0 - \$46,226)	9.15% (\$46,227 - \$92,454)	11.16% (\$92,455 - \$150,000)
\$15,000 to \$29,999	\$22,500	\$18,500.0	\$41,000.0	\$29,859	\$1,507.9	1,507.9	0.0	0.0
\$30,000 to \$39,999	\$35,000	\$18,500.0	\$53,500.0	\$42,359	\$2,139.1	2,139.1	0.0	0.0
\$40,000 to \$49,999	\$45,000	\$18,500.0	\$63,500.0	\$52,359	\$2,895.6	2,334.4	561.2	0.0
\$50,000 to \$70,000	\$60,000	\$18,500.0	\$78,500.0	\$67,359	\$4,268.1	2,334.4	1,933.7	0.0

### QUEBEC

Basic Personal Amount: \$16,143

Earnings Range	Midpoint Earnings (Main Job Earnings)	Average Earnings in Second Job	Total Earnings	Taxable Earnings	Total Quebec Taxes Payable	Quebec Rates and Brackets		
						15.0% (\$0 - \$46,295)	20.0% (\$46,296 - \$92,580)	24.0% (\$92,581 - \$112,655)
\$15,000 to \$29,999	\$22,500	\$18,500.0	\$41,000.0	\$24,857	\$3,728.6	3,728.6	0.0	0.0
\$30,000 to \$39,999	\$35,000	\$18,500.0	\$53,500.0	\$37,357	\$5,603.6	5,603.6	0.0	0.0
\$40,000 to \$49,999	\$45,000	\$18,500.0	\$63,500.0	\$47,357	\$7,156.7	6,944.3	212.4	0.0
\$50,000 to \$70,000	\$60,000	\$18,500.0	\$78,500.0	\$62,357	\$10,156.7	6,944.3	3,212.4	0.0

Earnings Range	Total Federal Taxes Payable Ontario	Total Ontario Taxes Payable	Total Quebec Taxes Payable	Total Combined Taxes Payable Ontario	Total Combined Taxes Payable Quebec
\$15,000 to \$29,999	\$3,990	\$1,508	\$3,729	\$5,498	\$7,719
\$30,000 to \$39,999	\$5,865	\$2,139	\$5,604	\$8,004	\$11,469
\$40,000 to \$49,999	\$7,365	\$2,896	\$7,157	\$10,261	\$14,522
\$50,000 to \$70,000	\$10,380	\$4,268	\$10,157	\$14,648	\$20,537

## TAX CALCUALTIONS FOR SECONDARY EARNINGS (**WITH MARGINAL TAX RESET**)

### FEDERAL

Basic Personal Amount \$14,398

Province	Average Earnings in Second Job	Taxable Earnings	Total Federal Taxes Payable	Federal Rates and Brackets	
				15% (\$0 - \$50,197)	20.50% (\$50,198 - \$100,392)
Ontario	\$18,500.0	\$4,102	\$615.3	615.3	0.0
Quebec	\$18,500.0	\$4,102	\$615.3	615.3	0.0

### ONTARIO

Basic Personal Amount \$11,141

Average Earnings in Second Job	Taxable Earnings	Total Ontario Taxes Payable	Ontario Rates and Brackets		
			5.05% (\$0 - \$46,226)	9.15% (\$46,227 - \$92,454)	11.16% (\$92,455 - \$150,000)
\$18,500.0	\$7,359	\$371.6	371.6	0.0	0.0

### QUEBEC

Basic Personal Amount \$16,143

Average Earnings in Second Job	Taxable Earnings	Total Quebec Taxes Payable	Quebec Rates and Brackets		
			15.0% (\$0 - \$46,295)	20.0% (\$46,296 - \$92,580)	24.0% (\$92,581 - \$112,655)
\$18,500.0	\$2,357	\$353.6	\$353.6	\$0.0	\$0.0

Total Federal Taxes Payable Ontario	Total Federal Taxes Payable Quebec	Total Ontario Taxes Payable	Total Quebec Taxes Payable
\$615.3	\$615.3	\$371.6	\$353.6