



Tax

Rich won't run for border because of tax hike

By AdvocateDaily.com Staff



Toronto tax lawyer [Adrienne Woodyard](#) says the McGuinty government's new so-called tax on the rich won't spark wealthy Ontarians to leave the province — but the expected financial windfall isn't likely either.

The Liberals imposed an extra two per cent tax on those making over \$500,000 after reaching a deal with the NDP to support the budget.

"It is unlikely that high-income earners will flee Ontario in droves because of this increase," says Woodyard. "But the increase will not necessarily generate the revenues the government anticipates.

"The flaw in these revenue projections is that they tend to assume that most taxpayers will not arrange their financial affairs differently in response to a tax increase. That's not a safe assumption," says Woodyard.

"There are various legitimate tax reduction and deferral strategies available to Ontario residents, which high-income-earning taxpayers may be increasingly motivated to explore," she notes. "The question of how to minimize this additional surtax will be a significant issue for many clients making estate plans, or wishing to set up family trusts; no doubt many of them will now be even more inclined to establish the trust in another jurisdiction, such as Alberta, where the provincial tax rate is much lower, rather than Ontario."