

Taxes versus the Necessities of Life

The Canadian Consumer Tax Index, 2025 Edition

FRASER
INSTITUTE

2025



Jake Fuss and Grady Munro

TAXATION

Key Points

- The Canadian Consumer Tax Index tracks the total tax bill of the average Canadian family from 1961 to 2024. Including all types of taxes, that bill has increased by 2,784% since 1961.
- Taxes have grown much more rapidly than any other single expenditure for the average Canadian family: expenditures on shelter increased by 2,129%, food by 927%, and clothing by 460% from 1961 to 2024.
- The 2,784% increase in the tax bill has also greatly outpaced the increase in the Consumer Price Index (925%), which measures the average price that consumers pay for food, shelter, clothing, transportation, health and personal care, education, and other items.
- The average Canadian family now spends more of its income on taxes (42.3%) than it does on basic necessities such as food, shelter, and clothing combined (35.5%). By comparison, 33.5% of the average family's income went to pay taxes in 1961 while 56.5% went to basic necessities.
- In 2024, the average Canadian family earned an income of \$114,289 and paid total taxes equaling \$48,306 (42.3%). In 1961, the average family had an income of \$5,000 and paid a total tax bill of \$1,675 (33.5%).

Introduction

The Canadian tax system is complex and there is no single number that can give us a complete idea of who pays how much. That said, the Fraser Institute annually calculates the most comprehensive and easily understood indicator of the overall tax bill of the average Canadian family: Tax Freedom Day (see Palacios et al., 2025). This publication draws from those calculations and examines what has happened to the tax bill of the average Canadian family over the past 63 years.¹ To do this, we have constructed an index of the tax bill of the average Canadian family, the Canadian Consumer Tax Index, for the period from 1961 to 2024.

The total tax bill

In order to calculate the total tax bill of the average Canadian family, we add up all the various taxes that the family pays to federal, provincial, and local governments. This includes income taxes, payroll taxes, health taxes, sales taxes, property taxes, fuel taxes, carbon taxes, vehicle taxes, import taxes, alcohol and tobacco taxes, and the list goes on. Average Canadians also pay the taxes levied on businesses. Although businesses pay these taxes directly, the cost of business taxation is ultimately passed onto ordinary Canadians.²

In 2024, the average Canadian family, including both families and unattached individuals, earned cash income of \$114,289 and paid total taxes equaling \$48,306 (table 1).³ In other words, the total tax bill of the average Canadian family in 2024 amounted to 42.3% of cash income.

Table 1: Tax Bill of the Average Canadian Family (Families and Unattached Individuals), 2024

Taxes	In dollars (\$)	As % of total taxes
Income taxes	15,085	31.2%
Payroll & health taxes	10,319	21.4%
Sales taxes	6,812	14.1%
Property taxes	4,111	8.5%
Profit tax	6,534	13.5%
Liquor, tobacco, amusement, & other excise taxes	1,640	3.4%
Fuel, motor vehicle licence & carbon taxes	1,470	3.0%
Other taxes	1,403	2.9%
Natural resource taxes	657	1.4%
Import duties	275	0.6%
Total taxes	\$48,306	
Total cash income	\$114,289	
Taxes as a percentage of cash income	42.3%	

Source: The Fraser Institute's Canadian Tax Simulator, 2025.

1 The Tax Freedom Day calculations are for the average Canadian family with two or more people. The average family in this publication includes families and unattached individuals. That is why the data for the same year are different. For instance, in 2024 the tax rate for the average Canadian family with two or more people was 43.6% and for the average family including unattached individuals it was 42.3% (see Palacios et al., 2025).

2 See Clemens and Veldhuis (2003) for a discussion of who actually pays business taxes and Ebrahimi and Vaillancourt (2016) and McKenzie and Ferde (2017) for empirical evidence in Canada on the incidence of business taxes.

3 The tax and income calculations are based on the methodology used in Palacios et al. (2025). Cash income is used to convey the size of the total tax bill imposed on Canadian families and includes wages and salaries, income from farm operations, unincorporated non-farm income, interest, dividends, private and government pension payments, old age pension payments, and other transfers from government.

The Canadian Consumer Tax Index

The Canadian Consumer Tax Index tracks the total tax bill paid by a Canadian family with average income. While each of these families had average income in the year selected, the family is not the same one from year to year. The objective is not to trace the tax experience of a particular family, but rather to plot the experience of a family that was average in each year.⁴

The “consumer” in question is the taxpaying family, which can be thought of as consuming government services. Much like the Consumer Price Index calculated by Statistics Canada, which measures the average price that consumers pay for the goods and services that they buy of their own choice, the Canadian Consumer Tax Index measures the price of goods and services that government buys on behalf of Canadians.

The Canadian Consumer Tax Index thus answers the following question: How has the tax burden of the average family changed since 1961, bearing in mind that the average family has itself changed in that period?

Table 2 presents the average cash income and total tax bill paid by the average Canadian family from 1961 to 2023. In 1961, the average Canadian family earned an income of \$5,000 and paid \$1,675 in taxes (33.5%). In 2024, the average Canadian family earned an income of \$114,289 and paid a total of \$48,306 in taxes (42.3%).

The basis of the Canadian Consumer Tax Index is the total tax calculation presented in table 2.

Specifically, the Canadian Consumer Tax Index is constructed by dividing the tax bill of an average Canadian family by the average tax bill of an average family in 1961, and then multiplying by 100, for each of the years included in the index. The Canadian Consumer Tax Index has a value of 100 in 1961; in subsequent years, values reflect the percentage increase over the 1961 value. The value of the Canadian Consumer Tax Index for 2024 is 2,884 (figure 1), which indicates that the tax bill of the average Canadian family has increased by 2,784% since 1961.

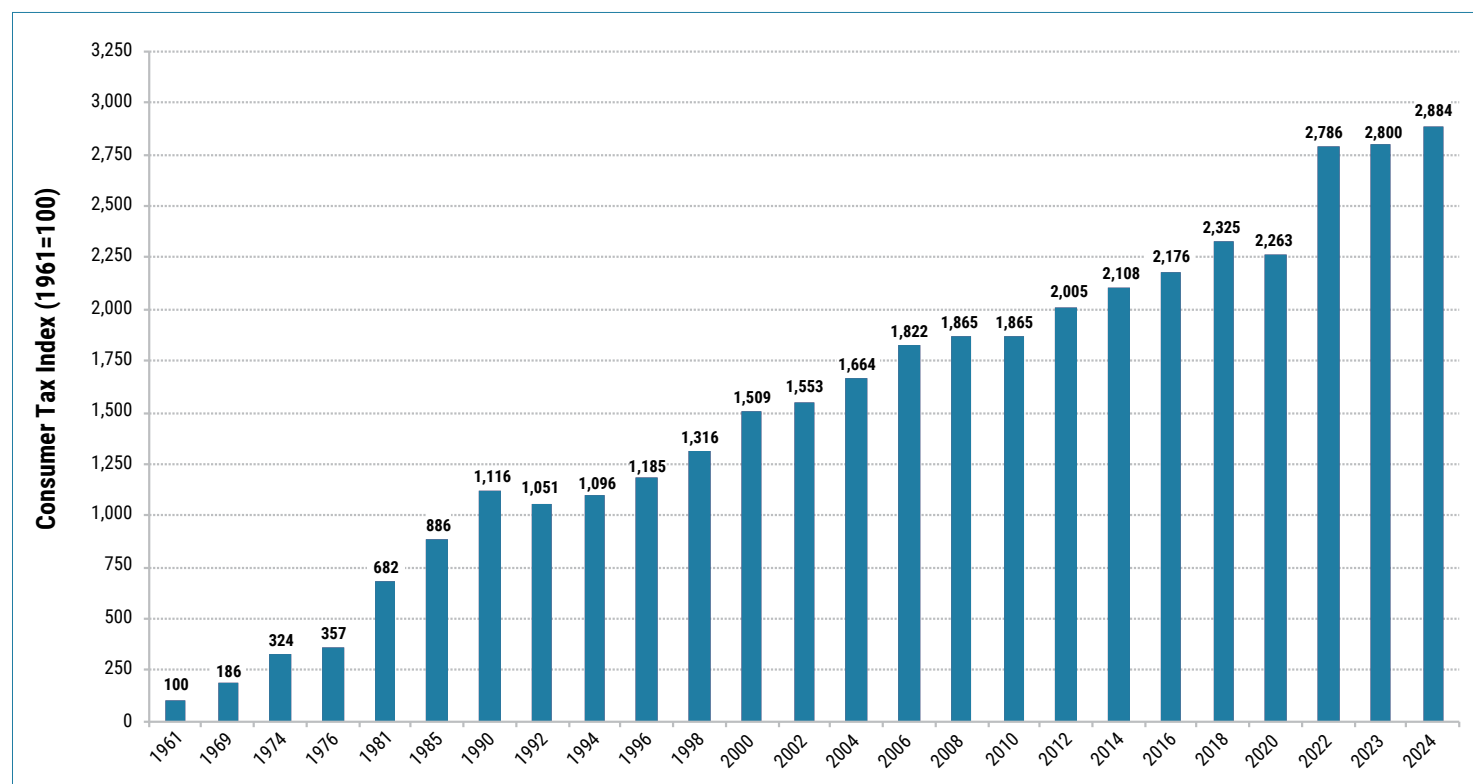
Table 2: Taxes Paid by the Average Canadian Family (Families and Unattached Individuals), 1961–2024

Year	Average cash income (\$)	Tax bill (\$)	Increase in tax bill over base year (%)
1961	5,000	1,675	-
1969	8,000	3,117	86
1974	12,500	5,429	224
1976	16,500	5,979	257
1981	27,980	11,429	582
1985	32,309	14,834	786
1990	43,170	18,693	1,016
1992	43,516	17,612	951
1994	44,095	18,366	996
1996	45,370	19,844	1,085
1998	48,311	22,050	1,216
2000	54,449	25,268	1,409
2002	56,431	26,012	1,453
2004	60,498	27,869	1,564
2006	66,924	30,513	1,722
2008	72,784	31,241	1,765
2010	74,074	31,233	1,765
2012	78,502	33,579	1,905
2014	82,513	35,314	2,008
2016	84,039	36,442	2,076
2018	89,778	38,948	2,225
2019	92,628	39,394	2,252
2020	96,743	37,905	2,163
2021	100,042	42,357	2,429
2022	103,495	46,662	2,686
2023	108,357	46,898	2,700
2024	114,289	48,306	2,784

Source: The Fraser Institute’s Canadian Tax Simulator, 2025.

4 According to the latest Statistics Canada Survey of Household Spending, we can note, for example, that in 2021 the average family is headed by an older person who is more likely to own a car and a house, and has fewer members than the average family in 1961 (Dominion Bureau of Statistics, 1962; and Statistics Canada, 2023).

Figure 1: The Canadian Consumer Tax Index, 1961–2024



Sources: The Fraser Institute's Canadian Tax Simulator 2025; calculations by authors.

Part of that increase reflects the effects of inflation. In order to eliminate the portion of the increase that is due to the erosion of purchasing power, we also calculate the tax index in real dollars, that is, in dollars with 2024 purchasing power. While this adjustment has the effect of reducing the steepness of the index's path over time, the inflation-adjusted Consumer Tax Index nevertheless increased by 181.4% over the period (see table 3).⁵

What the Canadian Consumer Tax Index shows

The interaction of a number of factors has produced the dramatic increase in the average family's tax bill from 1961 to 2024. Among those factors is, first, a sizeable increase in incomes over the period: 2,186% since 1961. Even with no changes in tax rates, the family's tax bill would have increased substantially; growth in family income alone

would have produced an increase in the tax bill from \$1,675 in 1961 to \$38,287 in 2024. Second, the average family faced a tax rate increase from 33.5% in 1961 to 42.3% in 2024.

Balanced Budget Consumer Tax Index

The federal and provincial governments have reverted to deficits to finance their expenditures in recent years, especially during and coming out of the COVID-19 pandemic.⁶ Of course, these deficits must one day be paid for by taxes. Deficits should therefore be considered as deferred taxation. Figure 2 shows what the Canadian Consumer Tax Index looks like when the annual deficits of governments are added to the tax bill.

The total tax bill of the average family would be much higher than it actually is if, instead of financing its expenditures with

⁵ The percentage change in the inflation-adjusted tax bill in 2020 was down from previous years. This is primarily due to the economic and tax effects of the COVID-19 pandemic. Tax revenues fell and income rose in 2020, which caused the tax bill to decline for average Canadian families.

⁶ In fiscal year 2024/25, the federal and eight provincial governments ran operating deficits. Cumulatively, 2024/25 deficits totaled \$68.4 billion for these governments (Canada, Department of Finance, 2024; RBC, 2025).

Table 3: Inflation-Adjusted Tax Bill and Percent Change since 1961

Year	Tax bill (2024\$)	Percent change since 1961
1961	17,166	–
1969	25,458	48.3
1974	33,341	94.2
1976	30,933	80.2
1981	37,151	116.4
1985	37,886	120.7
1990	38,363	123.5
1992	33,736	96.5
1994	34,482	100.9
1996	35,916	109.2
1998	38,860	126.4
2000	42,616	148.3
2002	41,853	143.8
2004	42,829	149.5
2005	44,029	156.5
2006	45,000	162.1
2007	45,315	164.0
2008	44,055	156.6
2009	42,598	148.2
2010	43,136	151.3
2012	44,395	158.6
2014	45,384	164.4
2016	45,666	166.0
2018	46,977	173.7
2020	44,518	159.3
2022	49,656	189.3
2023	48,033	179.8
2024	48,306	181.4

Sources: The Fraser Institute's Canadian Tax Simulator, 2025; Statistics Canada, 2025; calculations by authors.

deficits, all Canadian governments had simply increased tax rates to balance their budgets. Indeed, the Canadian Consumer Tax Index would have increased to 3,069 if deferred taxation was added to the average family's total tax bill. Once deferred taxes are included, the tax bill of the average Canadian family has increased by 2,969% since 1961.

Taxes versus the necessities of life

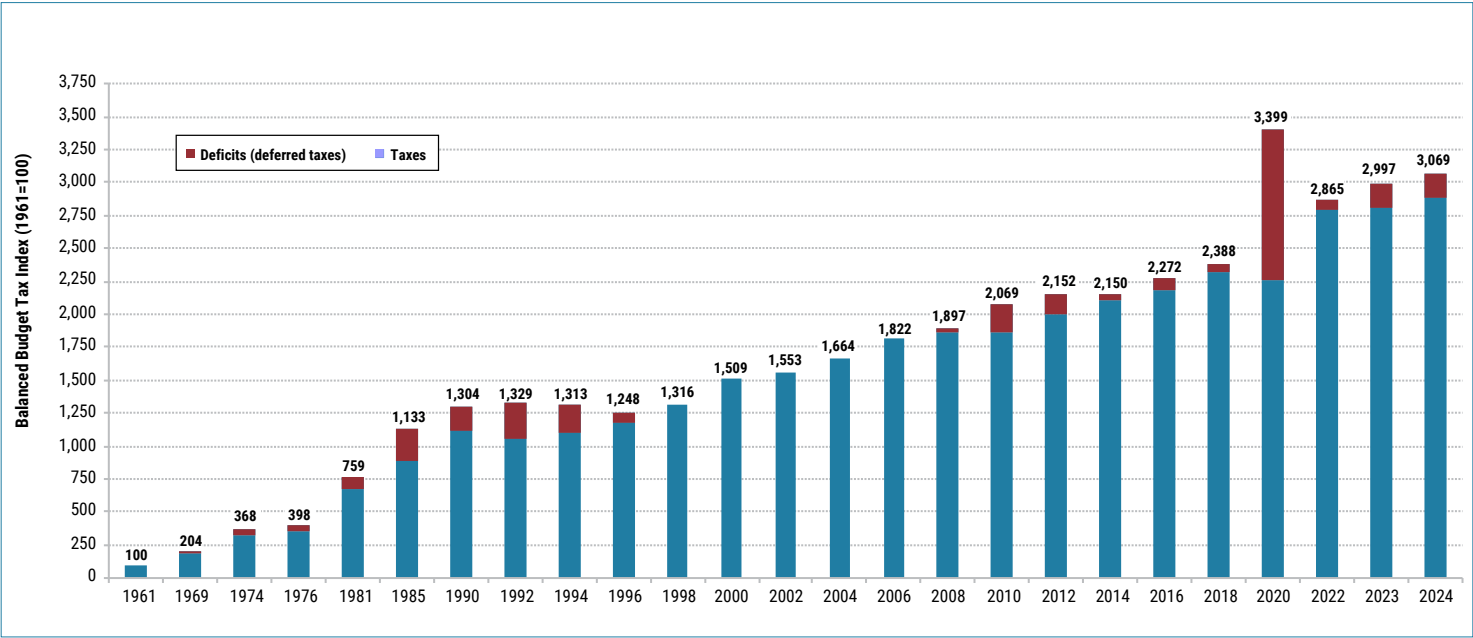
One way to gauge the significance of the increased tax bill on Canadian families is by comparing the evolution of the tax take with the average family's other major expenditures. Table 4 and figure 3 compare family cash income and total taxes paid with the family's expenditures on shelter, food, and clothing. It is clear that taxes have become the most significant item in family budgets, and that taxes have grown more rapidly than any other single item.

In 1961, the average family spent 56.5% of its cash income to pay for shelter, food, and clothing. In the same year, 33.5% of the family's income went to governments as tax. By 1981, the spending demands had roughly evened up: 40.8% of an average family's income went to governments in the form of taxes, while 40.5% was spent to provide it with shelter, food, and clothing. After crossing paths again in 1992, the situation in 2024 is quite different from 1961: the average family spent 35.5% of its income on the necessities of life while 42.3% of its income went to taxes (see figures 4 and 5).

Figures 3 and 4 show a sharp drop-off in the tax bill in 2020 due to the COVID-19 pandemic. Declining tax revenues and an increase in family incomes produced an anomaly in 2020 that caused the tax bill to drop temporarily. The years following saw the tax bill increase and exceed pre-COVID levels as government revenues rebounded and the economy recovered; however, since 2022 the tax bill (as a share of income) has since dropped back down to levels comparable with those experienced during the 2010s.

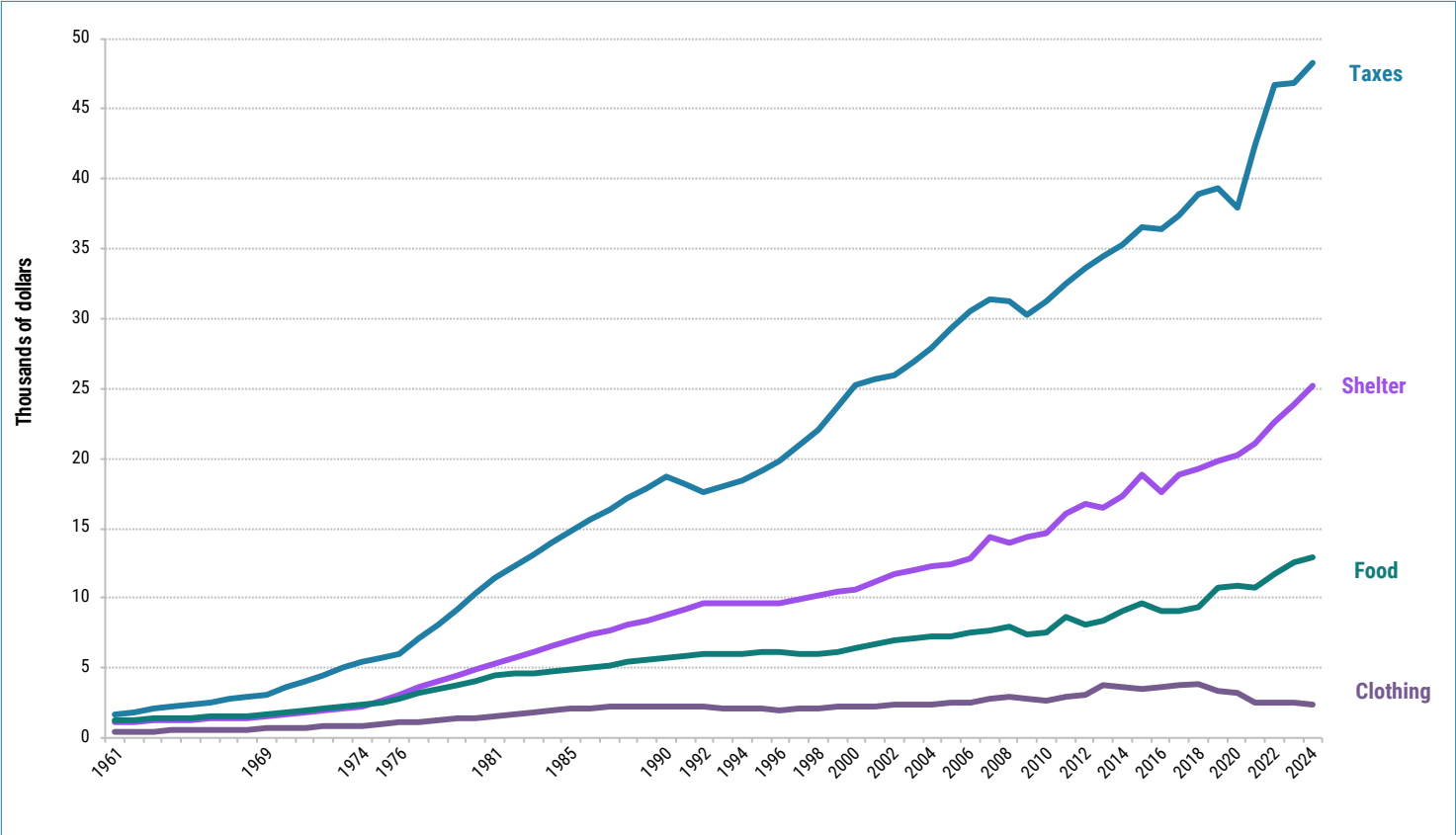
Table 5 and figure 6 show the Canadian Consumer Tax Index relative to income and other expenditure indices. Average cash income rose by 2,186% from 1961 to 2024, overall consumer prices rose by 925%, expenditures on shelter by 2,129%, food by 927%, and clothing by 460%. Meanwhile, the tax bill of the average family grew by 2,784%.

Figure 2: The Balanced Budget Tax Index, 1961–2024



Sources: The Fraser Institute's Canadian Tax Simulator, 2025; Canada, Department of Finance, 2024a, 2024b; RBC, 2025; calculations by authors.

Figure 3: Taxes and Basic Expenditures of the Average Canadian Family, 1961–2024



Source: Table 4.

Table 4: Income, Taxes, and Selected Expenditures of the Average Canadian Family (nominal dollars)

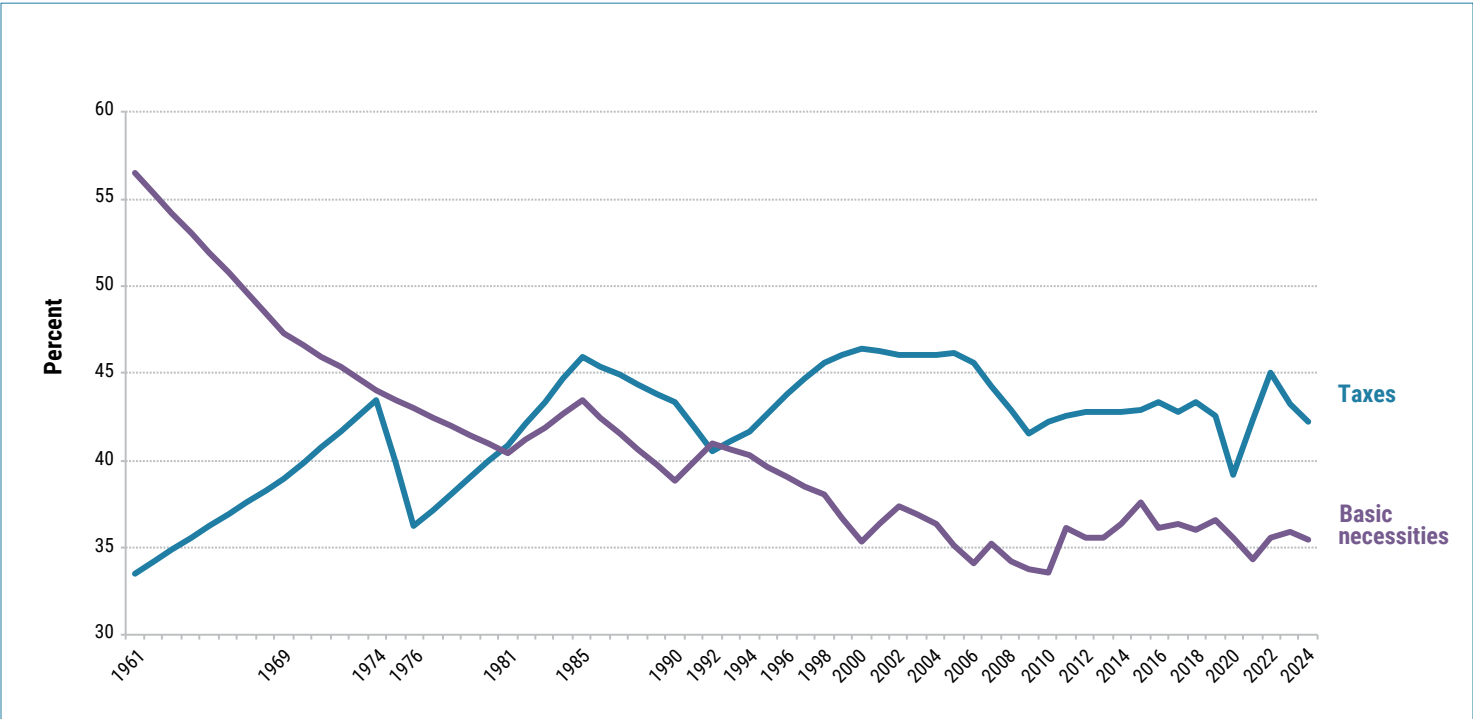
Year	Average cash income	Average tax bill	Average expenditures (\$)		
			Shelter	Food	Clothing
1961	5,000	1,675	1,130	1,259	435
1969	8,000	3,117	1,497	1,634	654
1974	12,500	5,429	2,294	2,320	886
1976	16,500	5,979	3,134	2,838	1,119
1981	27,980	11,429	5,381	4,440	1,499
1985	32,309	14,834	6,984	4,899	2,141
1990	43,170	18,693	8,776	5,745	2,234
1992	43,516	17,612	9,607	6,024	2,215
1994	44,095	18,366	9,592	6,066	2,116
1996	45,370	19,844	9,577	6,108	2,017
1998	48,311	22,050	10,201	6,030	2,130
2000	54,449	25,268	10,654	6,379	2,232
2002	56,431	26,012	11,724	6,996	2,376
2004	60,498	27,869	12,341	7,265	2,419
2006	66,924	30,513	12,869	7,487	2,495
2008	72,784	31,241	13,968	8,026	2,894
2010	74,074	31,233	14,593	7,559	2,709
2012	78,502	33,579	16,771	8,116	3,051
2014	82,513	35,314	17,337	9,008	3,655
2016	84,039	36,442	17,583	9,127	3,688
2018	89,778	38,948	19,238	9,290	3,850
2020	96,743	37,905	20,167	10,946	3,257
2022	103,495	46,662	22,572	11,709	2,489
2023	108,357	46,898	23,844	12,583	2,516
2024	114,289	48,306	25,199	12,925	2,435

Sources: Statistics Canada (various issues), Urban Family Expenditure; Statistics Canada (various issues), Family Expenditures in Canada; Statistics Canada (various issues), Spending Patterns in Canada; Statistics Canada, 2011–2021, 2023; The Fraser Institute's Canadian Tax Simulator, 2025; calculations by authors.

Notes:

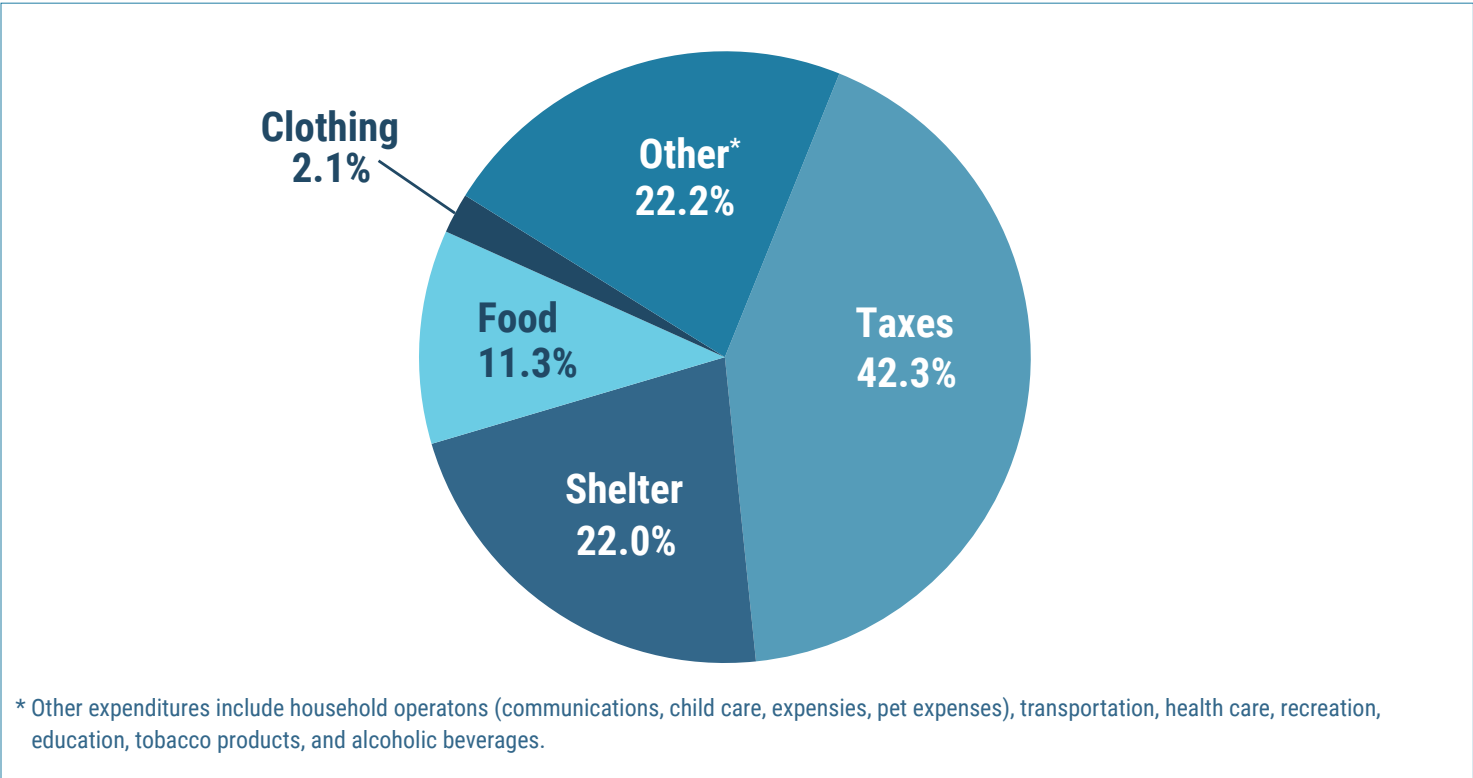
- 1) All expenditure items include indirect taxes.
- 2) Average shelter expenditures for years prior to 1998 are estimates. The estimate is to take account of a change in the definition of shelter between the Family Expenditure Survey and the Survey of Household Expenditures.
- 3) Expenditures for 2010 were estimated using the results of the 2009 Survey of Household Spending and adjusting final results for inflation.
- 4) Expenditures for 2022 to 2024 were estimated using the results of the 2021 Survey of Household Spending and adjusting final results for inflation.

Figure 4: Taxes and Basic Expenditures as a Percent of Cash Income, 1961–2024



Source: Table 4.

Figure 5: Taxes and Basic Expenditures of the Average Canadian Family, 2024



Source: Table 4.

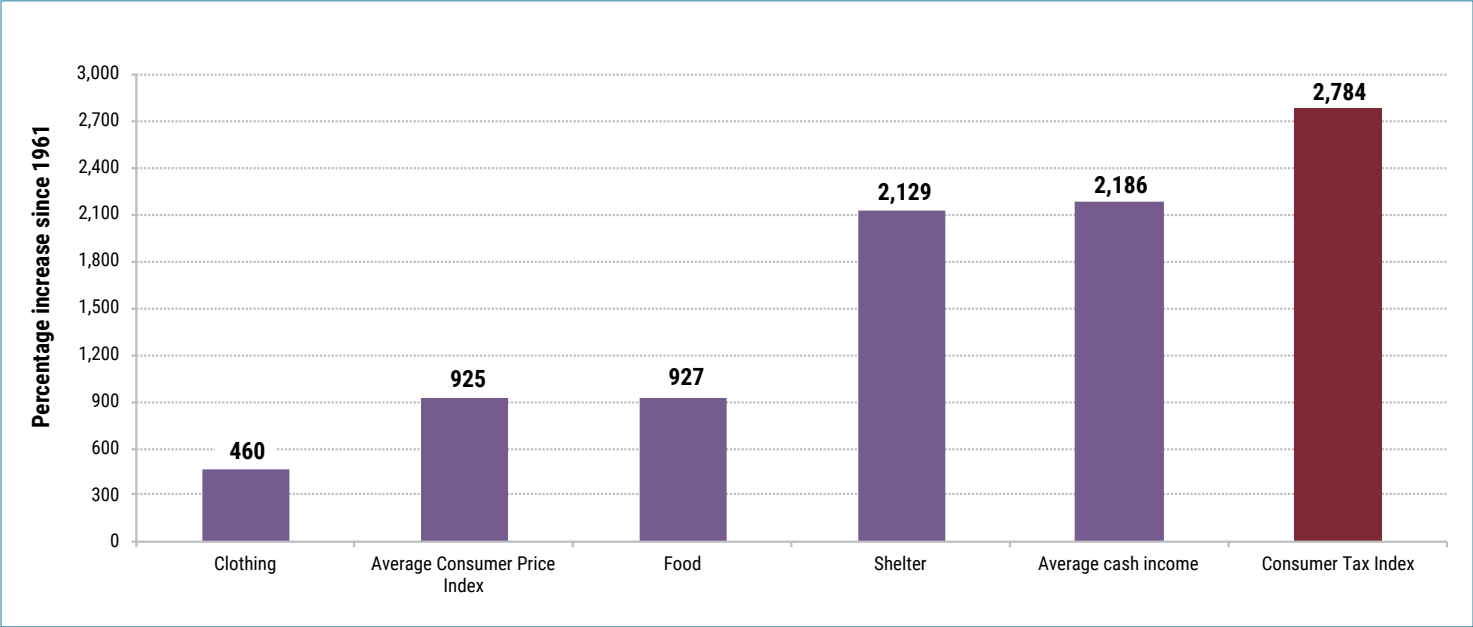
Table 5: Income, Tax, and Expenditure Indices (1961=100)

Year	Average cash income	Consumer Tax Index	Average Consumer Price Index	Average expenditures		
				Shelter	Food	Clothing
1961	100	100	100	100	100	100
1969	160	186	125	132	130	150
1974	250	324	167	203	184	204
1976	330	357	198	277	225	257
1981	560	682	315	476	353	345
1985	646	886	401	618	389	492
1990	863	1,116	499	776	456	514
1992	870	1,051	535	850	478	509
1994	882	1,096	546	849	482	486
1996	907	1,185	566	847	485	464
1998	966	1,316	582	902	479	490
2000	1,089	1,509	608	942	507	513
2002	1,129	1,553	637	1,037	556	546
2004	1,210	1,664	667	1,092	577	556
2006	1,338	1,822	695	1,138	595	573
2008	1,456	1,865	727	1,236	637	665
2010	1,481	1,865	742	1,291	600	623
2012	1,570	2,005	775	1,484	645	701
2014	1,650	2,108	797	1,534	715	840
2016	1,681	2,176	818	1,555	725	848
2018	1,796	2,325	850	1,702	738	885
2020	1,935	2,263	873	1,784	869	749
2022	2,070	2,786	963	1,997	930	572
2023	2,167	2,800	1,001	2,109	999	578
2024	2,286	2,884	1,025	2,229	1,027	560
Percentage increase 1961–2024	2,186	2,784	925	2,129	927	460

Source: Table 4.

- Notes:
- 1) All figures in this table are converted to indices by dividing each series in Table 4 by its value in 1961, and then multiplying that figure by 100
 - 2) All expenditure items include indirect taxes.

Figure 6: How the Canadian Consumer Tax Index Has Increased Relative to Other Indices, 1961–2024



Source: Table 5.

Conclusion

The Canadian Consumer Tax Index tracks the total tax bill paid by a Canadian family with average income from 1961 to 2024. The results show that the tax burden faced by the average Canadian family has risen compared with 63 years

earlier. The total tax bill, which includes all types of taxes, has increased by 2,784% since 1961, and the tax bill has grown more rapidly than any other single expenditure item.

References

Canada, Department of Finance (2024a). *Fiscal Reference Tables December 2024*. Government of Canada. <<https://www.canada.ca/en/departement-finance/services/publications/fiscal-reference-tables/2024.html>>, as of June 5, 2025.

Canada, Department of Finance (2024b). *2024 Fall Economic Statement*. <<https://www.budget.canada.ca/update-miseajour/2024/report-rapport/FES-EEA-2024-en.pdf>>, as of June 5, 2025.

Clemens, Jason, and Niels Veldhuis (2003). Who Pays Business Taxes? A Different View. *Fraser Forum* (October): 30–31.

Dominion Bureau of Statistics (1967). Urban Family Expenditure, 1962. Catalogue 62-525. Dominion Bureau of Statistics, Prices Division.

Ebrahimi, Pouya, and François Vaillancourt (2016). *The Effect of Corporate Income and Payroll Taxes on the Wages of Canadian Workers*. Fraser Institute. <<https://www.fraserinstitute.org/studies/the-effect-ofcorporate-income-and-payroll-taxes-onthe-wages-of-canadian-workers>>, as of June 18, 2024.

McKenzie, Kenneth, and Ergete Ferede (2017). *Who Pays the Corporate Tax? Insights from the Literature and Evidence for Canadian Provinces*. The School of Public Policy, University of Calgary. <<https://www.policyschool.ca/wp-content/uploads/2017/04/Corporate-Tax-McKenzie-Ferede1.pdf>>, as of June 18, 2024.

Palacios, Milagros, Jake Fuss, and Nathaniel Li (2025). *Canadians Celebrate Tax Freedom Day on June 8, 2025*. Fraser Institute. <<https://www.fraserinstitute.org/sites/default/files/2025-06/canadians-celebrate-tax-freedom-day-june-8-2025.pdf>>, as of June 5, 2025.

Royal Bank of Canada [RBC] (2025). *Canadian Federal and Provincial Fiscal Tables February 2025*. <https://www.rbc.com/en/wp-content/uploads/sites/4/2024/11/Template-provincial-fiscal-tables_Feb2025.pdf>, as of June 5, 2025.

Statistics Canada (2011–2021). Survey of Household Spending (SHS) (2009–2021). Custom tabulation. Statistics Canada.

Statistics Canada (2023). User Guide for the Survey of Household Spending, 2021. Catalogue No. 62F0026M. Statistics Canada.

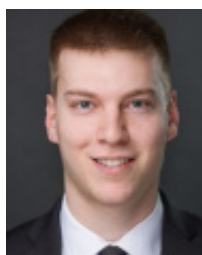
Statistics Canada (2025). Table 18-10-0004-01: Consumer Price Index, annual average, not seasonally adjusted. <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000501>>, as of June 5, 2025.

Statistics Canada (various issues). Family Expenditures in Canada. Catalogue 62-555-XPB. Statistics Canada.

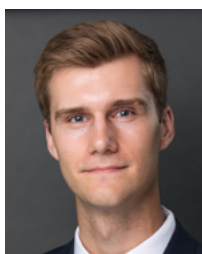
Statistics Canada (various issues). Spending Patterns in Canada. Catalogue No. 62-202- XIE. Statistics Canada.

Statistics Canada (various issues). Urban Family Expenditure. Catalogues No. 62-535, 62-537, 62-544, 62-547, and 62-555. Statistics Canada.

About the Authors



JAKE FUSS is Director of Fiscal Studies for the Fraser Institute. He holds a Bachelor of Commerce and a Master's Degree in Public Policy from the University of Calgary.



GRADY MUNRO is a policy analyst at the Fraser Institute. He holds a Bachelor of Arts in Economics from Macalester College in Minnesota, and a Masters of Public Policy from the University of Calgary.

Acknowledgments

As the researchers have worked independently, the views and conclusions expressed in this paper do not necessarily reflect those of the Board of Directors of the Fraser Institute, the staff, or supporters.

Copyright © 2025 Fraser Institute. All rights reserved. Without written permission, only brief passages may be quoted in critical articles and reviews.

ISSN 2291-8620

Media queries: For media enquiries, please contact our communications department via e-mail:

communications@fraserinstitute.org;

Telephone: 604.714.4582.

Support the Institute: call 1.800.665.3558, ext. 574 or e-mail: development@fraserinstitute.org. Visit our website: www.fraserinstitute.org