

Capital Gains Tax: One-in-five say increasing inclusion rate will cost them more over next five years

Conservatives lead Liberals by 20 points in vote intention; governing party tied with NDP

June 19, 2024 – When it comes to the Liberal government, tax policies aimed at wooing younger Canadian adults, and mass confusion over what said policies really entail, it's déjà vu all over again for Prime Minister Justin Trudeau.

New data from the non-profit Angus Reid Institute finds Canadians more opposed than supportive of the increase in the capital gains inclusion rate set to take effect on Friday.

Not unlike Canadians' reactions over the last several months regarding the impact on their household wallets from carbon pricing and rebates, people in this country – and critically – the young people Liberals desperately need to woo back from the Conservatives and NDP – aren't convinced an increase in the capital gains tax will make their lives more affordable or their opportunities more equitable.

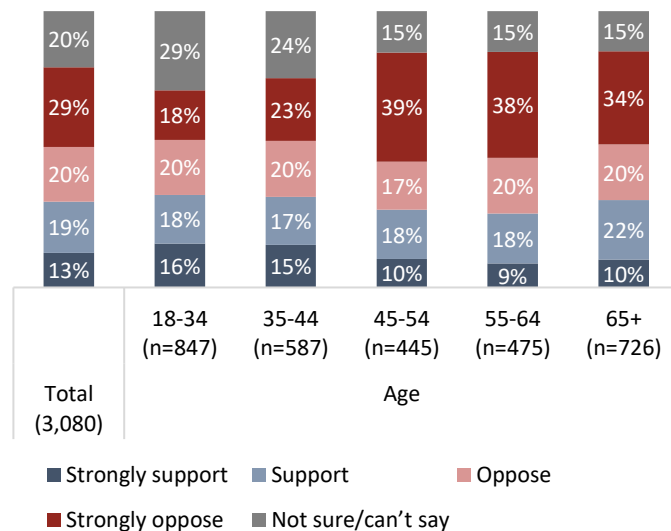
[Related: Carbon Tax: Perceptions of insufficient rebates, cost of living concern & questions over efficacy send support plummeting](#)

Fully one-in-five believe their after-tax income will be reduced as a result of the change over the next five years. Considering that the Trudeau government says [one-tenth of one per cent](#) in Canada will be affected by the increase this year, the disconnect is stark.

Among 18-to-34-year-old's, one-in-three (34%) support the increase of the inclusion rate for capital gains, while slightly more oppose it (38%) and a similar number are unsure (29%). For those older than 44, majority opposition is evident.

Those voicing the most opposition are those most likely to be affected, Canadians with household incomes higher than \$200,000 per year. Within this group, two-in-five strongly oppose (40%) and one-in-five oppose (20%) the change to the inclusion rate. However, those with lower incomes voice considerable opposition as well. Among those with household incomes lower than \$50,000, one-third support the change (33%), but two-in-five oppose it (40%). Another 27 per cent are unsure, suggesting the Liberal government's communication on this file is not punching through.

How about you, do you support, or oppose this increase? (Capital gains inclusion rate)



METHODOLOGY:

The Angus Reid Institute conducted an online survey from June 14 - 17, 2024 among a representative randomized sample of 3,080 Canadian adults who are members of [Angus Reid Forum](#). For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2 percentage points, 19 times out of 20. Discrepancies in or between totals are due to rounding. The survey was self-commissioned and paid for by ARI. Detailed tables are found at the end of this release.

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With little boost from this latest policy salvo, the Liberal government continues to occupy a disadvantageous position in the larger political battle. Asked how they would vote if an election were held imminently, the Conservative Party of Canada (42%) double the Liberals (21%) and New Democrats (20%), who sit in a statistical tie for second place.

More Key Findings:

- Three-in-five Canadians say they have been following or having discussions about the capital gains inclusion rate change. The least likely to be following are 18-to-34-year-olds, within which group half say they've heard little or nothing about it.
- Would-be Conservative Party voters are more likely than other partisans across all income levels to say they will pay more when this change takes place.
- Three-in-10 (28%) currently say they approve of Prime Minister Justin Trudeau, while 67 per cent disapprove. Conservative Party and opposition leader Pierre Poilievre and NDP leader Jagmeet Singh are both viewed unfavourably by half, and favourably by two-in-five.

About ARI

*The **Angus Reid Institute (ARI)** was founded in October 2014 by pollster and sociologist, Dr. Angus Reid. ARI is a national, not-for-profit, non-partisan public opinion research foundation established to advance education by commissioning, conducting and disseminating to the public accessible and impartial statistical data, research and policy analysis on economics, political science, philanthropy, public administration, domestic and international affairs and other socio-economic issues of importance to Canada and its world.*

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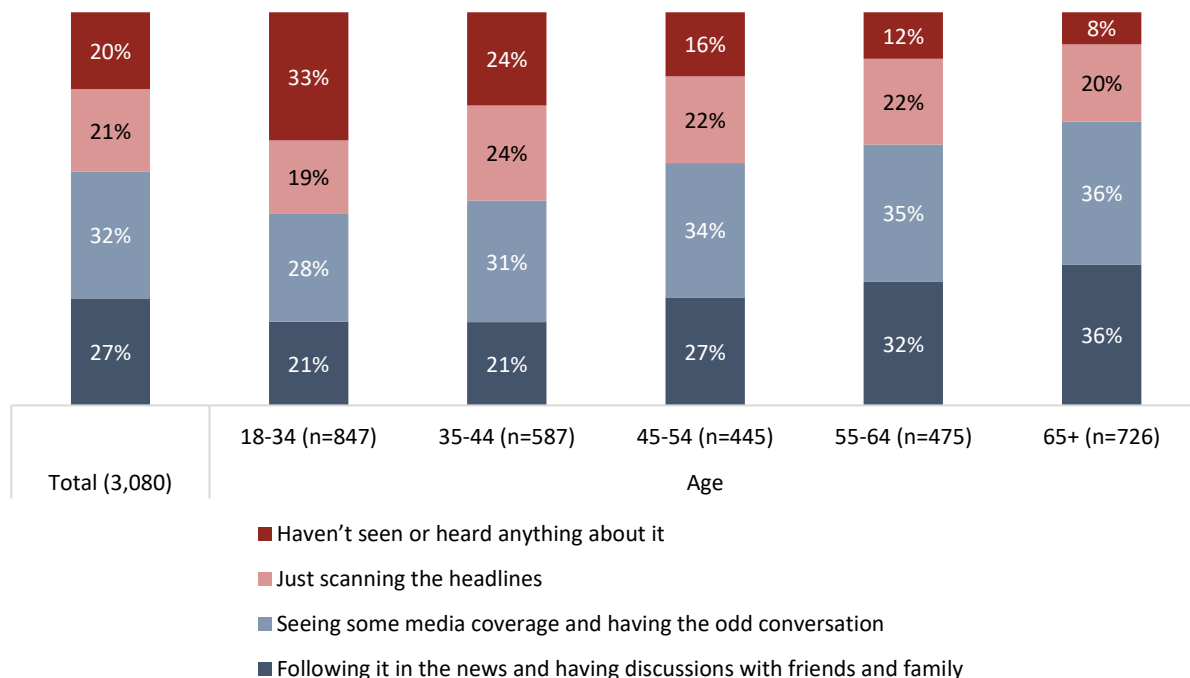
Part One: Capital Gains Confusion

Prime Minister Justin Trudeau and his Liberal government have spent the first half of this year promoting the concept of “[generational fairness](#)” through the 2024 budget. One of the trademark pieces of this legislative package is an evidently controversial change to the [capital gains inclusion rate](#) from 50 to 67 per cent on gains of over \$250,000. Part of the apparent challenge for the Liberals with this policy has been communicating it. The obvious first hurdle is that tax policy is hardly compelling to large swaths of the population. Further, simplifying a complex issue, with heated debate on both sides, is a challenge in itself.

Half of younger Canadians unaware of changes

Currently, approximately two-in-five Canadians have heard little to nothing about the issue, while one-quarter (27%) claim they are following it closely. Young people, the target of this generational fairness campaign, are the most tuned out."

How closely following the capital gains changes:



One-in-five say they expect to pay more

Given the low salience of this issue, Angus Reid Institute provided Canadians with basic information about the inclusion rate increase. The language included in the questionnaire is shown below:

“A capital gain is the difference between the cost of an asset — an investment property, a stock or a mutual fund — and its total sale price. The change would mean tax must be paid on two-thirds of this sale now instead of half on capital gains of more than \$250,000.”

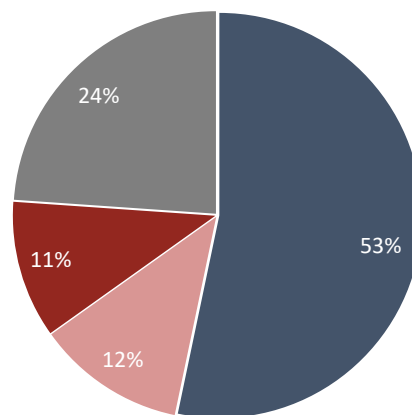
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Will this change in how capital gains are treated affect your personal after-tax income over the next five years?"

With this context in place, one-in-10 Canadians say they will pay “a lot” more (11%), and one-in-10 say they will pay “a little” more (12%). Many are uncertain (24%) and half say they will have no change to their personal after-tax income. Whether from confusion on their part or inaccurate assessment from the government, this far outpaces the [Liberal estimation of impact](#):

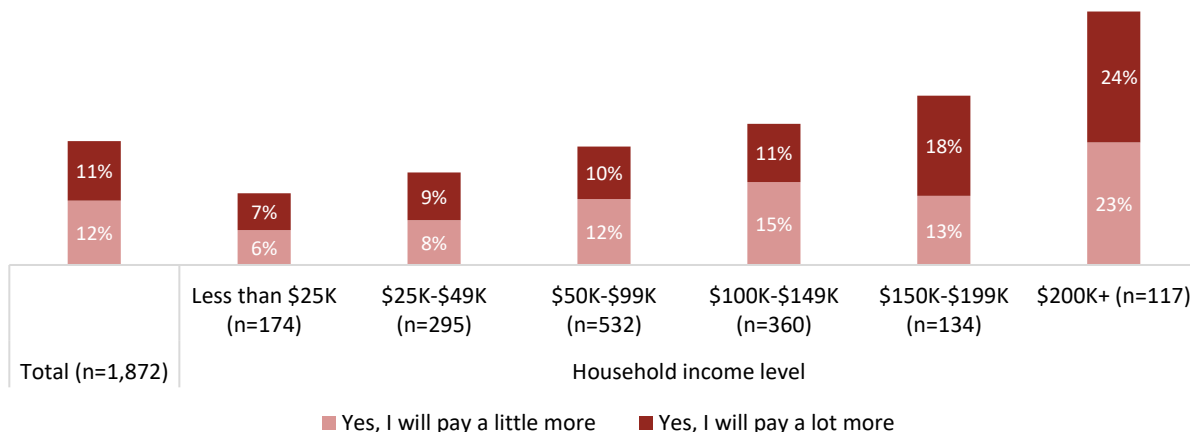
**Will this change in how capital gains are treated affect your personal after tax income over the next five years?
(n=1,872)**



■ No, I won't be affected ■ Yes, I will pay a little more
 ■ Yes, I will pay a lot more ■ Not sure/Can't say

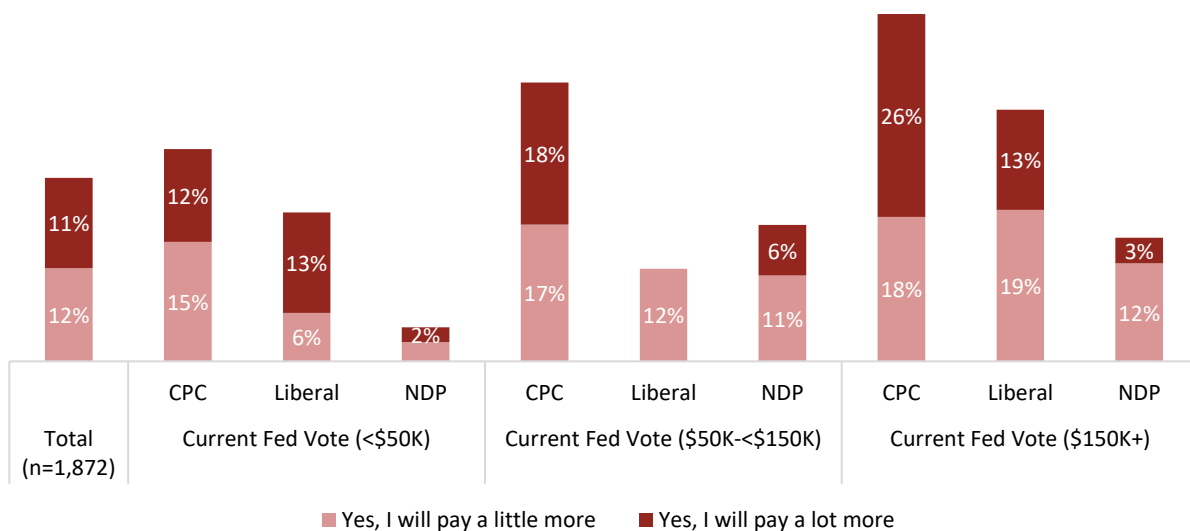
Importantly, [this issue is complex](#), and capital gain calculations depend on myriad factors. That said, there are no income groups in this survey where fewer than 13 per cent of individuals feel they will pay more after the change takes place. Perceived impact rises with household income, as shown in the graph below:

**Will this change in how capital gains are treated affect your personal after tax income over the next five years?
(Those who said 'not sure' not shown in this graph)**



Information and income tell part of the story, but politics also play a significant role. Across all income levels, those who say they will support the Conservative Party in the next federal election are more likely to say they'll be affected by this change. Conservatives in the highest income bracket are twice as likely as Liberals to say they'll pay "a lot more". Notably, however, Liberals in the lower income bracket are just as likely as Conservatives to hold this view:

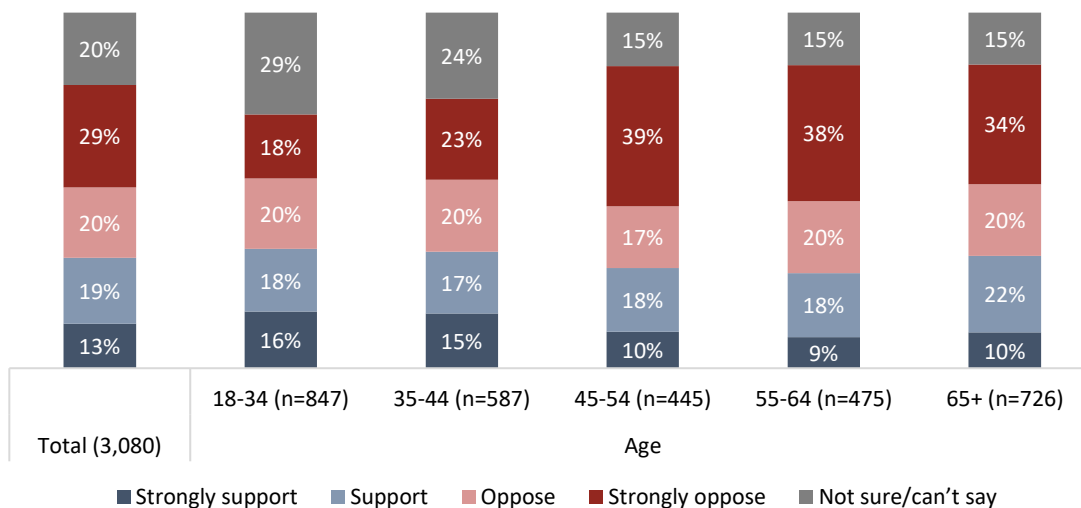
Will this change in how capital gains are treated affect your personal after tax income over the next five years?



Opposition to the capital gains inclusion increase outpaces support

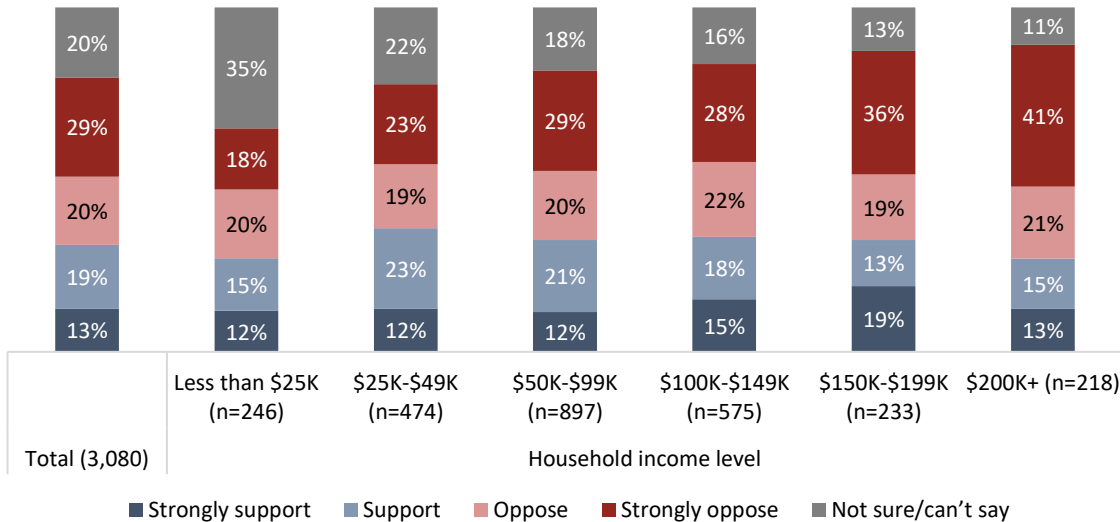
In terms of selling this policy, there is a clear gap in communication from the Liberals to those who the government says will gain most from this change. Among 18-to-34-year-old's, three-in-ten (29%) say they don't know if they support or oppose the policy, while the rest are divided between support (34%) and opposition (38%). Uncertainty and division is evident among the 35 to 44 age group as well, but majority opposition exists among all older cohorts:

How about you, do you support, or oppose this increase?



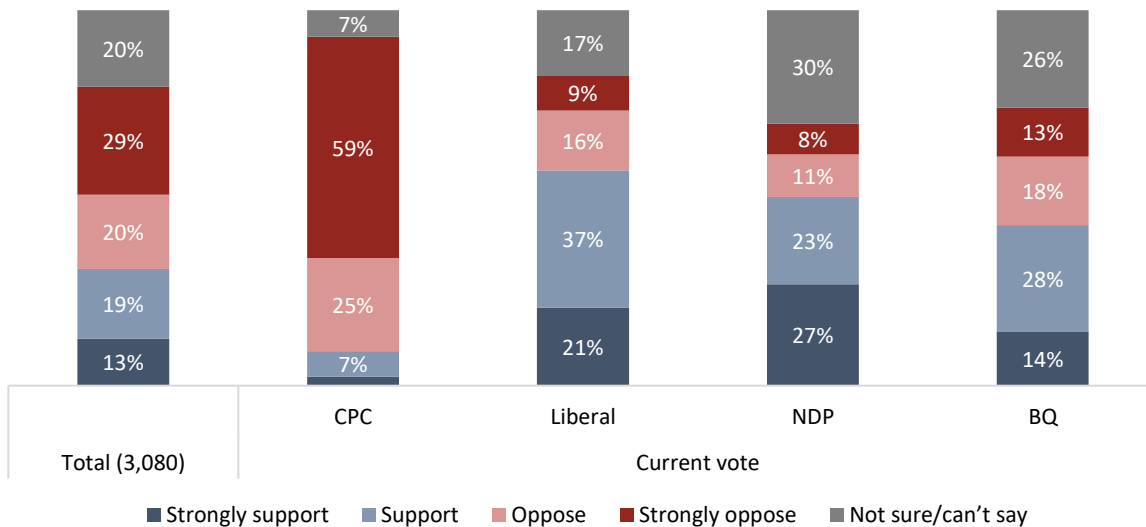
If this capital gains inclusion change is, indeed, to generate billions for fairness, geared toward those with the lowest income levels, it is not an encouraging sign for the government that the most uncertainty about the policy exists among those with the lowest household incomes:

How about you, do you support, or oppose this increase?



Support is highest among those who say they would back the Liberals again in the next election but does not exceed three-in-five (58%). Among those who would vote for the opposition Conservatives, more than four-in-five (84%) oppose the capital gains adjustment:

How about you, do you support, or oppose this increase?



Part Two: Leadership

In addition to selling the capital gains changes this month, Prime Minister Trudeau spent time at the G7 summit discussing a host of issues including [meeting with Indian Prime Minister Narendra Modi](#) for the first time since publicly accusing the Indian government of complicity in the [death of Canadian Hardeep Singh Nijjar](#) last year.

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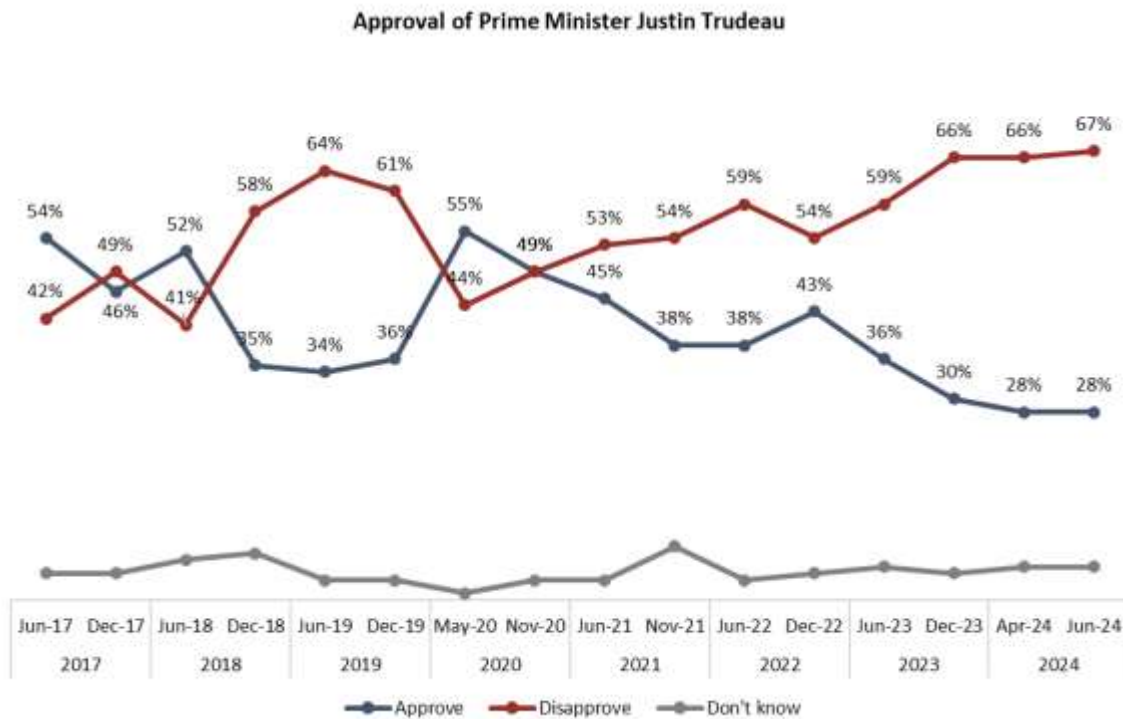
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Related: Favourability of Nations. India drops double-digits, China remains historically low

India, alongside China, has also been the subject of alleged foreign interference in Canadian elections. A report released this month by the National Security and Intelligence Committee of Parliamentarians (NSICOP) suggested the members of parliament had wittingly or semi-wittingly participated in this interference.

Prime Minister Trudeau

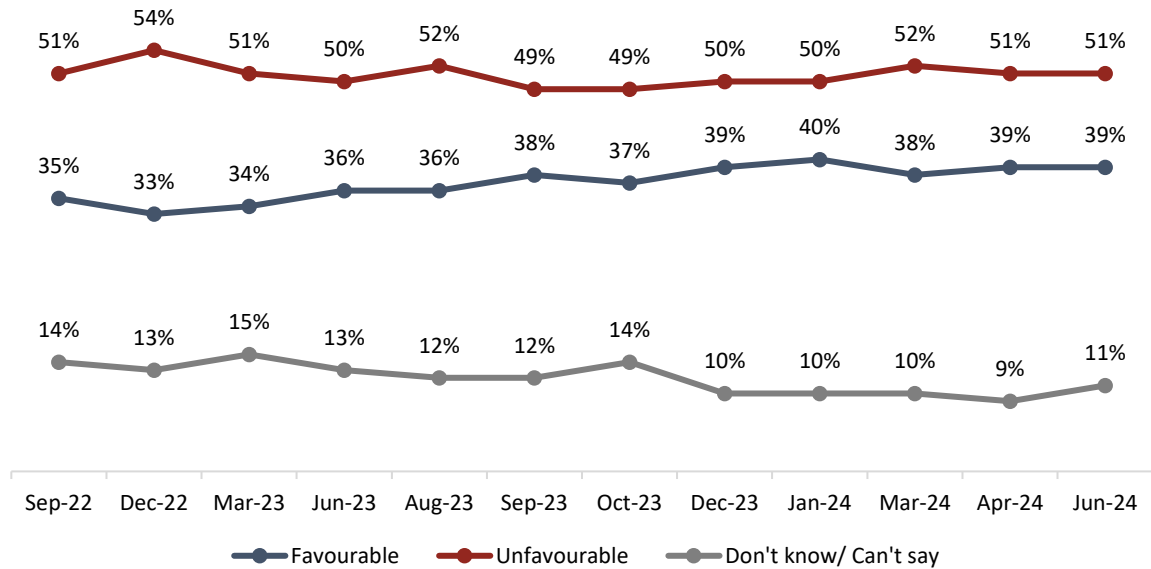
While all parties and leaders search for answers and clarification about what this portends and how to overcome it, Trudeau’s approval level remains at its lowest level since taking office in 2015 ([view Trudeau Tracker here](#)). Three-in-10 (28%) Canadians say they approve of him, while two-thirds disapprove (67%):



Pierre Poilievre

Across the aisle, opposition leader Pierre Poilievre, too, sees his personal favourability unchanged. Two-in-five (39%) view him favourably, while half (51%) do not. The Conservative Party leader has been criticized for an unwillingness to read the NSICOP report, something NDP leader Jagmeet Singh stated “disqualifies” him from leading the country as a prospective prime minister:

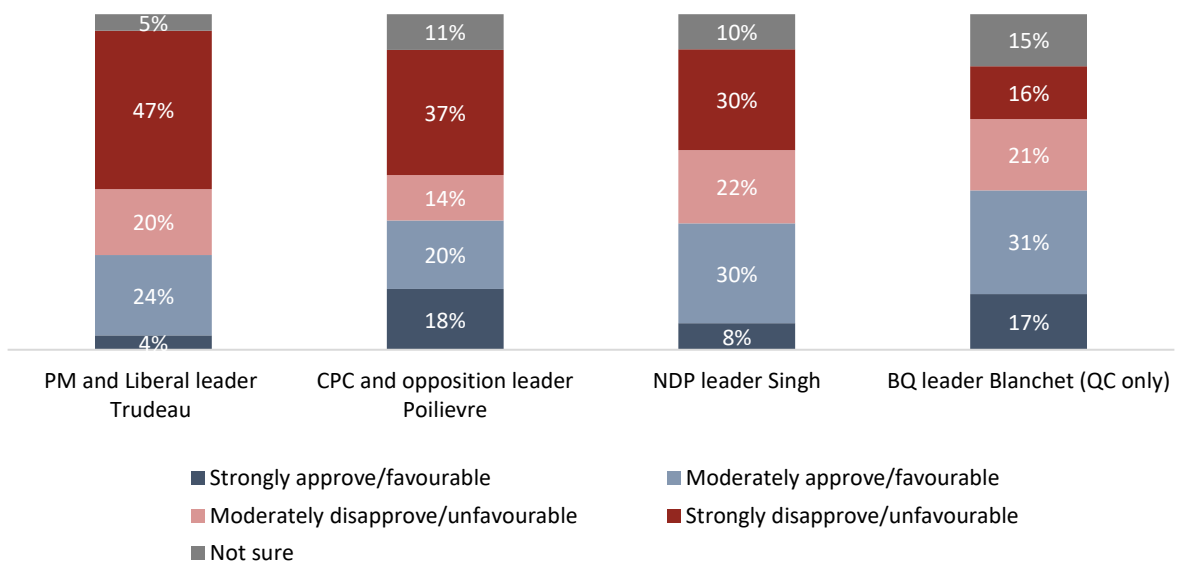
Pierre Poilievre Favourability



Jagmeet Singh

Singh, himself, fares no better in favourability. In fact, a near identical number of Canadians say they view he and Poilievre favourably or unfavourably. Indeed, Canada's federal party leaders have never been less popular.

**Opinions of federal leaders
Approval shown for Trudeau, Favourability for other leaders**



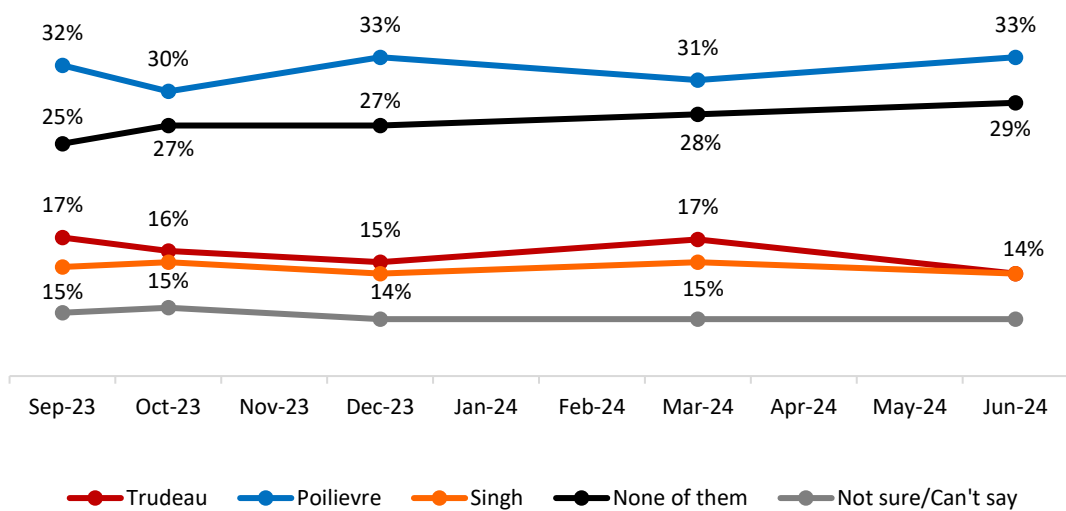
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Best Prime Minister

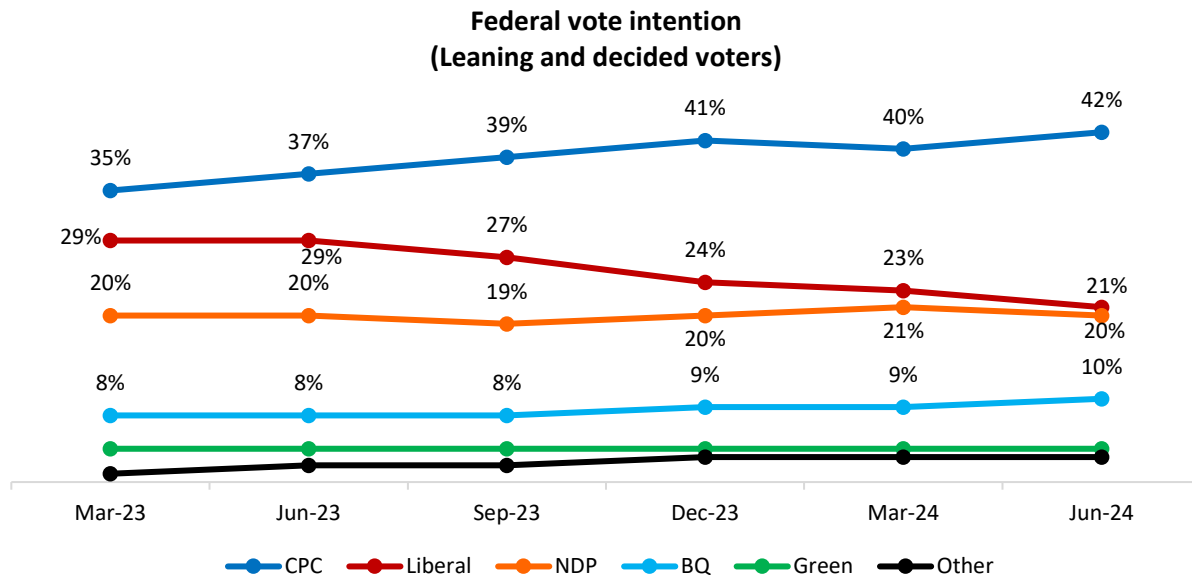
Canadians have been consistent over the last nine months, placing Pierre Poilievre in top spot as “best Prime Minister”. That said, just one-in-three (33%) hold this view. Nearly the same number say that none of the leaders are a good option right now (29%) and 14 per cent choose either Justin Trudeau or Jagmeet Singh:

Which of these leaders would make the best Prime Minister of Canada?



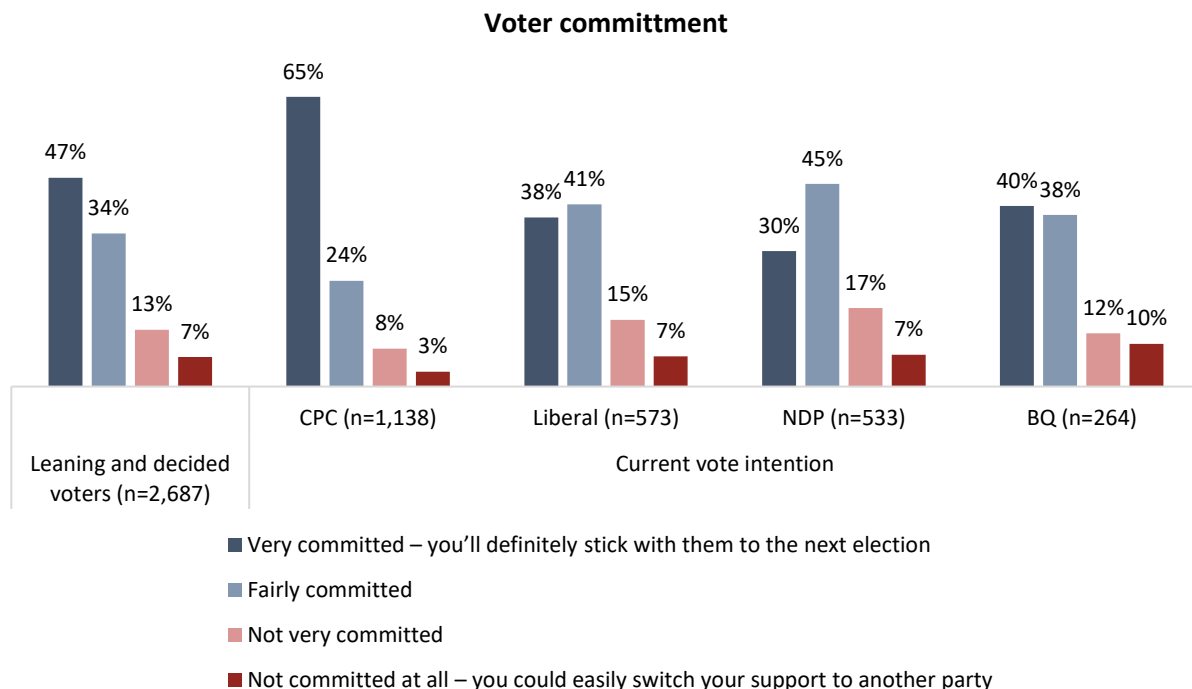
Part Three: CPC doubles Liberals in vote intent

Amid tax policy changes, this months G7 visit, and the hullabaloo over foreign interference, the Conservative Party’s vote intention advantage has increased slightly. The opposition now doubles the Liberals (42% to 21%) among leaning and decided voters, with the NDP competing for second place, tied with the incumbents:



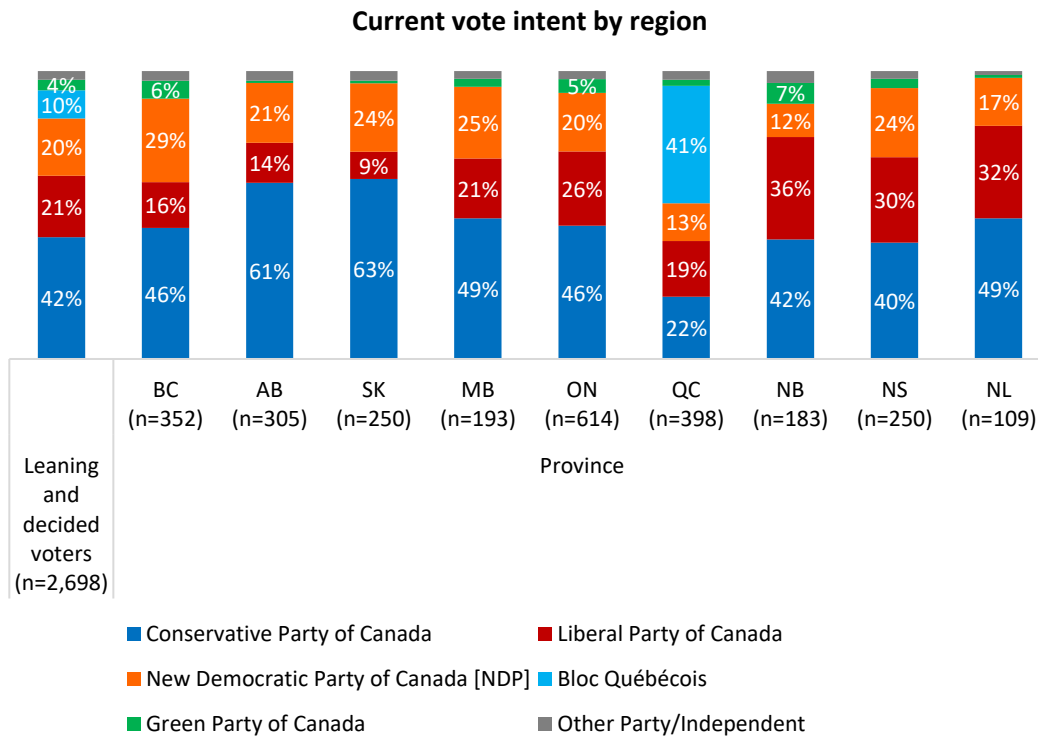
Liberal and NDP bases smaller, more uncommitted than CPC

The Conservative Party not only holds the largest share of the vote, but it also holds the most committed vote. Two-thirds (65%) of CPC voters say they are very committed to the party. With more than a year until an expected election, significant portions of the electorate remain fluid:



Regional picture

The Conservative Party of Canada is now the top choice in every region of the country outside of Quebec and holds at least a six-point advantage in each. In Quebec, the Bloc Québécois has capitalized on the Liberal lull, increasing its' support to 41 per cent in the province:

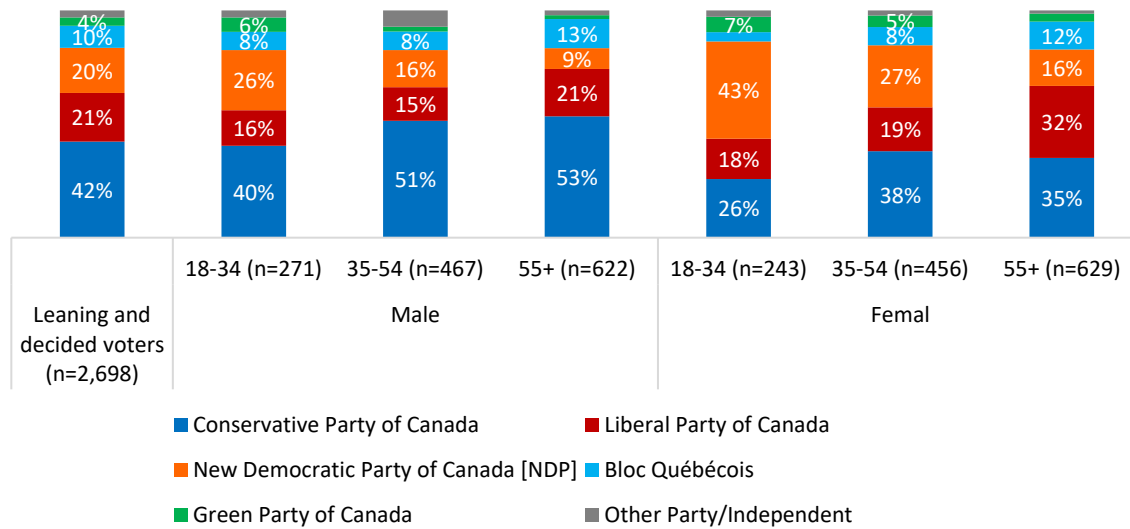


Note: Because its small population precludes drawing discrete samples over multiple waves, data on Prince Edward Island is not released.

Age and gender

The Liberal's last remaining demographic advantage, found in women over the age of 54, has now dissipated. Consider that last year, this group still offered the incumbents an eight-point lead, the only age and gender combination within which the Liberals still led. Now, the Conservative Party are the beneficiaries of a three-point lead over the Liberals:

Current vote intent by age and gender



For detailed results by age, gender, region, education, and other demographics, [click here](#).

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