

January 28, 2026

To the Honourable Minister of Finance, Peter Bethlenfalvy,

As Ontario navigates a dramatically changing global economy and a turbulent relationship with our largest trading partner, we appreciate your government’s responsible approach to promoting growth and working towards fiscal balance. To support you in the work ahead as you prepare your 2026 provincial budget, we are pleased to submit the following tax policy recommendations. Informed by CPAs across Ontario, these recommendations support your efforts in protecting our economy and building a stronger, more competitive Ontario.

CPA Ontario is the province’s regulatory body overseeing over 105,000 Chartered Professional Accountants (CPAs), nearly half of all CPAs in Canada. Ontario CPAs have a strong background in tax and extensive experience as tax practitioners across all sectors of the economy. Their unique perspective — shaped through their work with business leaders, the financial system, and regulatory frameworks — offers valuable insights into how tax policy is a critical lever and enabler for Ontario’s economy.

In a recent survey, 88% of Ontario CPAs emphasized the importance of tax reform, with 84% describing the tax system as overly complex. Nearly two-thirds of Ontario CPAs believe the tax system inhibits economic growth.

Which is why we were pleased to see your 2025 Fall Economic Statement announce a “multi-year Tax Action Plan” to create a more competitive tax system. As you prepare your 2026 budget, we are highlighting four evidence-based tax policy recommendations that align with your government’s stated objectives. These policy recommendations are outlined in [Tax Reform for Growth in Canada](#), a report providing 20 tax policy recommendations for provincial and federal governments to encourage growth, productivity and competitiveness in Canada.

1. **Cut Top Marginal Personal Income Tax Rates:** The Ontario and federal governments should work together to reduce the combined top marginal rate to below 50%. The Royal Commission on Taxation in the 1960s identified tax rates over the 50% threshold as a psychological barrier, discouraging work. As a first step, rates should be dropped below 50%, then aligned more broadly with the U.S. and OECD peers. Ontario’s top rate of 53.5% is more than 10 percentage points above the OECD average of 42.7% and the U.S. average of 43.7%. This hurts Ontario’s investment attractiveness, work incentive, and ability to attract and retain top talent.
2. **Flatten the System:** The number of tax brackets should be reduced. A flatter system offers economic and administrative advantages, including lower compliance costs, minimized distortions in work and investment decisions, and increased transparency.
3. **Simplify Ontario’s Personal Income Tax System:** Ontario should eliminate its two surtax brackets, which obscure effective tax rates and increase complexity in the system. Instead,



marginal rates could be adjusted to maintain revenue neutrality while enhancing clarity and transparency.

4. **Index Ontario's Personal Income Tax Income Thresholds to Inflation:** Index personal income tax thresholds to inflation to match the treatment of other provincial tax brackets. This approach protects taxpayers from "bracket creep," preventing unintended annual tax increases, safeguarding households, and enhancing competitiveness.

New competitive pressures demand a bold rethink of Ontario's approach to taxation. That is why we ask the government to consider these recommendations as part of a modern tax system built on the principles of efficiency, equity, neutrality, simplicity, and competitiveness. We believe this is key to improving Ontario's economic performance and raising the standard of living for all Ontario workers and families.

We were grateful for the opportunity to engage directly with government officials after the release of *Tax Reform for Growth in Canada* in Fall 2025. I now welcome the opportunity to meet with you and your senior officials to discuss these recommendations further and to convene CPAs for a wider discussion with you and your team as you chart your path forward.

Sincerely,

A handwritten signature in black ink that reads "Carol Wilding".

Carol Wilding, FCPA, FCA, ICD.D
President & CEO, CPA Ontario

CC:

Hon. Peter Bethlenfalvy, Minister of Finance
Minister.fin@ontario.ca

Ramneek Bala, Executive Director of Budget
ramneek.bala@ontario.ca

Jaiman Chin, Head of Policy and Budget
jaiman.chin@ontario.ca

Dave Smith, Parliamentary Assistant to the Minister of Finance
Dave.G.Smith@ontario.ca

Michelle Cooper, Parliamentary Assistant to the Minister of Finance
michelle.cooper@ontario.ca

Hon. Ernie Hardeman, Chair, Standing Committee on Finance and Economic Affairs
ernie.hardeman@pc.ola.org