



Asking Financial Institutions to Help Canada Build Back Better

As a country, we need to support Canadians in their goal of becoming homeowners. That's why our Liberal plan will help renters become owners, help young Canadians afford a down payment faster, and help reduce the closing costs that come with purchasing a home. Young Canadians want the chance to buy and raise their families in a home of their own – just like their parents and grandparents did.

Over the past ten years, Canadian banks and insurance companies have performed solidly. Thanks to the stability of our financial markets and the strength of the Canadian economy, Canada's largest banks and insurance companies are among the most profitable in the world.

During COVID-19, Canada's financial services sector recovered faster and stronger than many other industries, due in part to the unprecedented federal support that ensured Canadians and Canadian businesses were able to weather the crisis.

The public funds that supported millions of individuals and businesses – preventing bankruptcies and credit loss – through programs like the Canada Emergency Wage Subsidy (CEWS), the Canada Emergency Rent Subsidy (CERS) and Lockdown Support, and the Canada Recovery Benefit (CRB), were an economic lifeline for our country, and insulated our financial sector from the worst of the pandemic.

Over the same period, the operating income of Canada's largest six banks has increased by more than 17% since the beginning of the COVID-19 crisis.

In light of this record, a re-elected Liberal government will ask our largest banks and insurance companies to do a little more to support Canadians in their goal of becoming homeowners, and to share in the dividends of this pandemic profitability.

By helping our young people unlock homeownership, and increase their savings, we will grow the middle class and keep moving Canada forward, for everyone. An economy in which more people are able to save and get ahead with the most important financial decision they will make in their lifetime - is good for Canada and ultimately for the financial sector.

To accomplish this, a re-elected Liberal Government will:

1. Raise the corporate income tax rate paid by Canada's largest and most profitable banks and insurance companies by 3 percent (from 15 percent currently to 18 percent) on all earnings over \$1 billion. This will increase the applicable corporate income tax rate only for banks and insurance companies with earnings over \$1 billion and support middle class Canadians in their goal of home ownership.
2. Implement a Canada Recovery Dividend, to be paid by these same large banks and insurance companies, in recognition of the fast-paced return to profitability that these institutions have experienced in part due to the unprecedented backstop Canadians provided to our economy through emergency support to people and businesses. The allocation of this dividend between applicable institutions will be developed in consultation over the coming months with the Superintendent of Financial Institutions and be applied for a four year period.

In total, these measures will generate a minimum of \$2.5 billion per year over the next 4 years and will begin in 2022-23.

To address the potential for sophisticated tax planning or profit-shifting on the part of these companies, we will develop targeted anti-avoidance rules, and we will also enhance the powers of the Financial Consumer Agency of Canada to review and address consumer complaints of excessive fees as a means to ensure these costs are not passed on to consumers.

By early 2023, a re-elected Liberal Government will also implement the recommendations of the Advisory Committee on Open Banking, which will ensure that Canadians have access to a wider range of secure, competitive, and consumer-friendly financial service options.