**Consumption Tax Trends 2016 - Canada**

**GST rates 2016**

The Canadian standard federal GST rate is 5.0%, which is below the OECD average. The average VAT/GST¹ standard rate in the OECD was 19.2% as of 1 January 2016, up from 17.7% on 1 January 2009. Canada applies a reduced federal GST rate of 0% to a number of goods and services. A number of provinces have harmonised their provincial sales (HST) taxes with the federal GST and thus levy a combined GST/HST at a rate varying between 13% and 15%. Since 2009, 22 of the 34 OECD countries that have a VAT have raised their standard VAT/GST rate at least once. In contrast, Canada has not changed its standard federal GST rate since 2008.

**VAT Revenue Ratio**

The VAT Revenue Ratio (VRR) for Canada was 0.49 in 2014, below the OECD average of 0.56. The VRR is a measure of the revenue raising performance of a VAT system. A ratio of 1 would reflect a VAT system that applies a single VAT rate to a comprehensive base of all expenditure on goods and services consumed in an economy - with perfect enforcement of the tax.

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1. VAT refers to value added tax and goods and services tax (GST)

Source: OECD Tax Database 1st January 2016

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