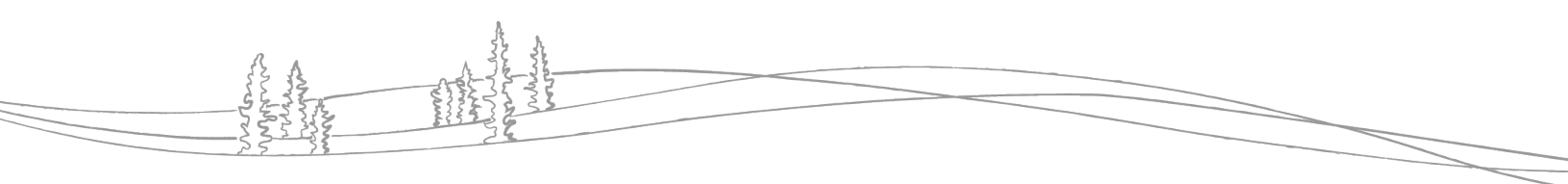




CARBON TAX IN THE NORTHWEST TERRITORIES

2024 CHANGES



What's happening?

The Government of the Northwest Territories (GNWT) is amending the *Petroleum Products and Carbon Tax Act* Regulations to suspend the carbon tax on diesel heating fuel from April 1, 2024 – March 31, 2027.

- **Consumers will receive a point-of-purchase rebate on all diesel heating fuel purchased in the Northwest Territories (NWT); and**
- **the Cost of Living Offset (COLO) will remain in place at a level that reflects the lower average carbon price paid by Northwest Territories households.**

Why is the GNWT doing this?

The GNWT is committed to a carbon tax system that is as responsive as possible to the realities of life in the Northwest Territories. The NWT Carbon tax system:

- helps communities meet climate change goals;
- generates own-source revenue that can be used for “made-in-the-NWT” climate change solution that helps residents cope with the high costs of home heating; and
- balances economic development and climate change realities of the NWT through a large emitters carbon tax better suited for small mining operations.

The federal government’s decision to suspend the carbon tax on diesel heating fuel under the federal system provides the GNWT with the opportunity to provide the same treatment under the Northwest Territories carbon tax.

About the diesel heating fuel exemption:

When will the exemption start?

The point of purchase rebate will be applied to all carbon tax on diesel heating fuel starting on April 1, 2024. The federal government's decision to suspend the carbon tax on diesel heating fuel under the federal system provides the GNWT with the opportunity to provide the same treatment under the Northwest Territories carbon tax.

What if I use propane, natural gas or other fuels to heat my home?

The exemption is applied to diesel heating fuel only. The carbon tax will continue to be applied to all other fuels, such as propane and natural gas, for all uses.

Changes to the Cost of Living Offset:

What is the Cost of Living Offset?

The NWT Cost of Living Offset (COLO) is a quarterly, tax-free benefit paid to individuals and families living in the NWT to help offset the cost of the territorial carbon tax.

How is COLO calculated?

The COLO formula considers the impact of the carbon tax on the average NWT household. It includes:

- a base amount for adults (18 and over) and children (under 18); and
- additional amounts that vary based on three heating use fuel zones¹.

The heating use fuel zones recognize the differences in heating fuel use in different areas of the NWT, particularly in remote regions.

Why is the GNWT reducing COLO?

The decision to provide the at-source carbon tax rebate on diesel heating fuel will reduce carbon tax revenues. Not reducing the COLO a similar amount would increase expenditures beyond what COLO previously considered.

How much is the GNWT reducing COLO?

Under the NWT's current carbon tax system, a family of four (two adults, two children) would receive between \$2,300 and \$2,872 annually, depending on which of the three heating use fuel zones they live in.

These payments would be adjusted to range between \$1,892 and \$2,008. These changes will be reflected starting with the July 2024 COLO payment.

COLO Benefit Amounts starting in 2024-2025

	Zone A		Zone B		Zone C	
	Adult	Child	Adult	Child	Adult	Child
Starting July 1, 2024	\$441	\$505	\$451	\$515	\$470	\$534

Even with this reduction, COLO payments remain higher than the carbon tax paid by most NWT households.

¹ For a list of communities in each zone, see https://www.fin.gov.nt.ca/sites/fin/files/resources/nwt_carbon_tax-2023_changes.pdf