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Tax Alert – Canada

New Brunswick budget 2017-18

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

“Over the first half of our mandate, our government has worked closely with New Brunswickers.

“Together, we developed a plan for restoring balance to our finances, while investing in the priority areas that reflect our collective values. From day one, jobs, education and health care were identified as priorities, and they remain so today.

“We are taking a balanced approach and reducing the deficit in a steady, responsible way.

“We are meeting our financial targets, and what is even more significant is that we have been able to do this without making deep cuts to the programs that New Brunswickers hold dear.”

*New Brunswick Finance Minister Cathy Rogers
2017-18 budget speech*

On 7 February 2017, New Brunswick Finance Minister Cathy Rogers tabled the province’s fiscal 2017-18 budget. The budget contains limited tax measures affecting corporations. Changes affecting individuals were, however, announced in 2016.

The minister anticipates a deficit of \$191.9 million for 2017-18; however, resulting damages from a recent severe storm may negatively impact this projection. Future deficits are projected to follow a steady downward path as the province aims to return to fiscal balance by 2020-21.

Following is a brief summary of the key tax measures.



Business tax measures

Corporate tax rates

No changes are proposed to the general corporate tax rate, or to the \$500,000 small-business limit.

Effective 1 April 2017, the small-business rate will decrease to 3% from 3.5%. The minister announced they are still committed to reducing the small-business tax rate to 2.5% over the course of the current government's mandate.

New Brunswick's current and proposed future corporate income tax rates are summarized in Table A.

Table A: Corporate tax rates

	Current NB rate	Proposed rates			
		2017		2018	
		NB	Federal and NB combined	NB	Federal and NB combined
Small-business tax rate*	3.5%	3.12%	13.62%	3%	13.5%
General corporate tax rate	14.0%	14.0%	29.0%	14%	29%

*The small-business tax rate is prorated based on a 31 December year end.

Personal tax

Personal income tax rates

The budget does not include any changes to personal income tax rates.

The 2017 New Brunswick personal tax rates are summarized in Table B.

Table B: 2017 New Brunswick personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate	Sixth bracket rate
\$0 to \$41,059	\$41,060 to \$82,119	\$82,120 to \$133,507	\$133,508 to \$152,100	\$152,101 to \$202,800	Above \$202,800
9.68%	14.82%	16.52%	17.84%	20.30%	20.30%

For taxable income in excess of \$152,100, the 2017 combined federal-New Brunswick personal income tax rates are outlined in Table C.

Table C: Combined 2017 federal and New Brunswick personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$152,101 to \$202,800	49.30%	27.99%	41.28%
Above \$202,800	53.30%	33.51%	45.96%

*The rate on the actual capital gain is one-half the ordinary income rate.

Personal tax credits

There are no proposed changes to personal credits or amounts, except as discussed below.

Other personal tax measures

- ▶ The minister announced an increase in the amount it provides to New Brunswickers to help pay for the cost of day care. No details were mentioned.
- ▶ In 2016, the province announced the new Tuition Access Bursary (TAD), providing upfront, non-repayable assistance to students from families with an annual income of \$60,000 or less attending publicly funded college programs or undergraduate university programs in New Brunswick.
- ▶ As a result of the implementation of the TAD, the province announced in 2016 the elimination of the provincial tuition and education tax credit effective 1 January 2017. Students will still be able to claim unused tuition and education credits from years prior to 2017 in 2017 and subsequent years.
- ▶ The minister announced an increase in the minimum wage to \$11 per hour, effective 1 April 2017.

Learn more

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