“The tax and fee increases proposed for this year, while important, will not solve our fiscal problems. Instead we intend, through our commitment to our fiscal strategy, to not only introduce modest revenue initiatives but also to carefully manage expenditures so that we will have the fiscal flexibility to make investments to support and grow our economy so that our tax base expands and our revenues increase.

“With the support of this Assembly and residents we will continue this responsible fiscal path to invest in individuals, families and communities to ensure the Northwest Territories is a place where our people can thrive and be healthy, where a well-managed environment contributes to our economic wellbeing and quality of life, and where a strong economy provides jobs and opportunities for our communities.”

Northwest Territories Finance Minister Robert C. McLeod
2017-18 budget speech

On 1 February 2017, Northwest Territories Finance Minister Robert C. McLeod tabled the territory’s fiscal 2017-18 budget. The budget contains no new taxes but certain tax increases.

The minister proposes operating expenditures of $1.66 billion and forecasts revenues of $1.86 billion. After adjusting for infrastructure contributions and supplementary reserve requirements, the budget projects an operating surplus of $167 million for 2017-18.

Following is a brief summary of the key tax measures.

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.
Business tax measures

Corporate tax rates

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

The Northwest Territories' 2017 corporate tax rates are summarized in Table A.

<table>
<thead>
<tr>
<th>Table A: Corporate tax rates</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NWT</td>
</tr>
<tr>
<td>Small-business tax rate</td>
<td>4.0%</td>
</tr>
<tr>
<td>General corporate tax rate</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

Personal tax

Personal income tax rates

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

The 2017 Northwest Territories' personal income tax rates are summarized in Table B.

<table>
<thead>
<tr>
<th>Table B: 2017 Northwest Territories personal tax rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>First bracket rate</td>
</tr>
<tr>
<td>$0 to $41,585</td>
</tr>
<tr>
<td>5.90%</td>
</tr>
</tbody>
</table>

For taxable income in excess of $135,219, the 2017 combined federal-Northwest Territories personal income tax rates are outlined in Table C.

<table>
<thead>
<tr>
<th>Table C: Combined 2017 federal and Northwest Territories personal tax rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bracket</td>
</tr>
<tr>
<td>------------------------------</td>
</tr>
<tr>
<td>$135,220 to $142,353</td>
</tr>
<tr>
<td>$142,354 to $202,800</td>
</tr>
<tr>
<td>Above $202,800</td>
</tr>
</tbody>
</table>

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

Child benefit

The budget confirms the government’s intent, announced in last year’s budget, to enhance the Northwest Territories child benefit for 2017.

Other tax measures

In keeping with the existing indexation policy, property mill rates and a number of fees will be adjusted for inflation, effective 1 April 2017.
In addition, Budget 2017-18 commits to investigate the introduction of two new taxes:

- A carbon tax of $10 per tonne of greenhouse gas emissions for 2018-19 (as part of a pan-Canadian national carbon pricing program)
- A sugary drinks tax

**Tobacco tax rates**

The government raised tobacco taxes to 30.4 cents per cigarette and 27.2 cents per gram of loose tobacco, effective 1 April 2017.

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