

2025 Issue No. 16
19 March 2025

Tax Alert – Canada

New Brunswick budget 2025-26

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.

“This is a budget that recognizes the economic reality we are facing as a province and as a country – one that considers the challenges New Brunswickers have shared with us.”

“While our economic reality is very different now than it was when we took office in November, we remain committed to investing in New Brunswickers and their priorities while maintaining strong fiscal management.”

*New Brunswick Minister of Finance and Treasury Board René Legacy
2025-26 budget speech*

On 18 March 2025, New Brunswick Minister of Finance and Treasury Board René Legacy tabled the province's fiscal 2025-26 budget. The budget contains no new taxes and no income tax increases.

The minister anticipates a deficit of \$549 million for 2025-26 and projects deficits for each of the next three years.

Following is a brief summary of the key tax measures.



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Business tax measures

Corporate income tax rates

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

New Brunswick's 2025 corporate income tax rates are summarized in Table A.

Table A - 2025 New Brunswick corporate income tax rates¹

	NB	Federal and NB combined
Small-business tax rate ²	2.50%	11.50%
General corporate tax rate ^{2, 3}	14.00%	29.00%

¹ The rates represent calendar-year-end rates unless otherwise indicated.

² The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate. These reductions are not reflected in the combined federal and New Brunswick rates above.

³ An additional federal tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a \$100 million exemption to be shared by group members).

Personal tax

Personal income tax rates

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

The 2025 New Brunswick personal income tax rates are summarized in Table B.

Table B - 2025 New Brunswick personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$51,306	\$51,307 to \$102,614	\$102,615 to \$190,060	Above \$190,060
9.40%	14.00%	16.00%	19.50%

For taxable income in excess of \$177,882, the 2025 combined federal-New Brunswick personal income tax rates are outlined in Table C.

Table C – Combined 2025 federal and New Brunswick personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$177,883 to \$190,060 ²	45.32%	22.49%	38.57%
\$190,061 to \$253,414 ²	48.82%	27.32%	42.59%
Above \$253,414	52.50%	32.40%	46.83%

¹ The rate on capital gains is one-half the ordinary income tax rate.

² The federal basic personal amount comprises two elements: the base amount (\$14,538 for 2025) and an additional amount (\$1,591 for 2025). The additional amount is reduced for individuals with net income in excess of \$177,882 and is fully eliminated for individuals with net income in excess of \$253,414. Consequently, the additional amount is clawed back on net income in excess of \$177,882 until the additional tax credit of \$239 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$177,883 and \$253,414.

GST/HST

As previously announced on 9 December 2024, the Government of New Brunswick is working with the federal government to rebate the 10% provincial portion of the HST for eligible purpose-built rental housing, applicable to construction that begins between 15 November 2024 and 31 December 2027 and is substantially completed by 31 December 2029.

Learn more

For more information, please contact your EY or EY Law advisor or one of the following professionals:

Pauline Vautour

+1 506 388 7724 | pauline.vautour@ca.ey.com

Marc Léger

+1 506 388 7746 | marc.d.leger@ca.ey.com

Natacha Poirier

+1 506 388 7719 | natacha.poirier@ca.ey.com

Troy Stanley

+1 709 570 8290 | troy.a.stanley@ca.ey.com

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