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Tax Alert – Canada

Newfoundland and Labrador budget 2025-26

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"We stand at a defining moment in our history, united by our resilience, our ingenuity, our work ethic and our unwavering commitment to build a better future for Newfoundland and Labrador, and for Canada.

While tariffs and threats may hinder our trade with one country; it opens opportunities with others. As always, we rise when we address our challenges resolutely, with determination and tenacity. As Winston Churchill once said 'Difficulties mastered are opportunities won.'"

*Newfoundland and Labrador Deputy Premier and Finance Minister Siobhan Coady
2025-26 budget speech*

On 9 April 2025, Newfoundland and Labrador Deputy Premier and Finance Minister Siobhan Coady 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 \$372 million for 2025-26 and projects a return to a surplus in 2026-27.

Following is a brief summary of the key tax measures.



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Business tax measures

No changes are proposed to the corporate income tax rates for 2025 onward or the \$500,000 small-business limit.

Newfoundland and Labrador's (NL) 2025 corporate income tax rates are summarized in Table A.

Table A - 2025 Newfoundland and Labrador corporate income tax rates¹

	NL	Federal and NL combined
Small-business tax rate ²	2.50%	11.50%
General corporate tax rate ^{2, 3}	15.00%	30.00%

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 Newfoundland and Labrador 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 Newfoundland and Labrador personal income tax rates are summarized in Table B.

Table B - 2025 Newfoundland and Labrador personal income tax rates

First bracket rate ¹	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate	Sixth bracket rate	Seventh bracket rate	Eighth bracket rate
\$0 to \$44,192	\$44,193 to \$88,382	\$88,383 to \$157,792	\$157,793 to \$220,910	\$220,911 to \$282,214	\$282,215 to \$564,429	\$564,430 to \$1,128,858	Above \$1,128,858
8.70%	14.50%	15.80%	17.80%	19.80%	20.80%	21.30%	21.80%

¹ Individuals resident in Newfoundland and Labrador on 31 December 2025 with taxable income up to \$22,527 pay no provincial income tax as a result of a low-income tax reduction. The low-income tax reduction is clawed back for income in excess of \$23,928 until the reduction is eliminated, resulting in an additional 16% of provincial tax on income between \$23,929 and \$30,159.

For taxable income in excess of \$282,214, the 2025 combined federal-Newfoundland and Labrador personal income tax rates are outlined in Table C.

Table C - Combined 2025 federal and Newfoundland and Labrador personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$282,215 to \$564,429	53.80%	44.82%	47.81%
\$564,430 to \$1,128,858	54.30%	45.51%	48.38%
Above \$1,128,858	54.80%	46.20%	48.96%

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

Other measures

The Seniors’ Benefit and its eligibility threshold will be indexed to the consumer price index.

This budget does not propose any changes to the Newfoundland and Labrador personal credits/amounts.

Learn more

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