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Tax Alert – Canada

Manitoba Budget 2026

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.

“I present this budget at a moment of great economic opportunity. [...] At the same time, on the cusp of such great opportunity for tomorrow, families face very real challenges today. [...] And I’m very proud to say that this budget helps those who need it most with progressive policies that support low-income Manitobans and help lift families out of poverty. And we’re doing more for the middle class, to lower your everyday costs on things like housing, gas, and groceries.”

*Manitoba Finance Minister Adrien Sala
2026 budget speech*

On 24 March 2026, Manitoba Finance Minister Adrien Sala tabled the province's fiscal 2026 budget. The budget contains several tax measures affecting individuals and corporations.

The minister anticipates a deficit of \$498 million for 2026-27 and projects a small surplus for each of the following two 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.

Manitoba's 2026 corporate income tax rates are summarized in Table A.

Table A - 2026 Manitoba corporate income tax rates¹

	Manitoba	Federal and Manitoba combined
Small-business tax rate ²	0.00%	9.00%
General corporate tax rate ^{2, 3}	12.00%	27.00%

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 Manitoba 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 or tax bracket thresholds.

The 2026 Manitoba personal income tax rates are summarized in Table B.

Table B - 2026 Manitoba personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate
\$0 to \$47,000	\$47,001 to \$100,000	Above \$100,000
10.80%	12.75%	17.40%

For taxable income in excess of \$200,000, the 2026 combined federal-Manitoba personal income tax rates are outlined in Table C.

Table C - Combined 2026 federal and Manitoba personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$200,001 to \$258,482 ^{2,3}	47.55%	33.85%	43.39%
\$258,483 to \$400,000 ³	51.25%	38.96%	47.65%
Above \$400,000	50.40%	37.78%	46.67%

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 (\$14,829 for 2026) and an additional amount (\$1,623 for 2026). The additional amount is reduced for individuals with net income in excess of \$181,440 and is fully eliminated for individuals with net income in excess of \$258,482. Consequently, the additional amount is clawed back on net income in excess of \$181,440 until the additional tax credit of \$227 is eliminated; this results in additional federal income tax (e.g., 0.29% on ordinary income) on net income between \$181,441 and \$258,482.

³ The full Manitoba basic personal amount is available for individuals with net income below \$200,000. The basic personal amount is gradually reduced for individuals with net income in excess of \$200,000 and is fully eliminated for individuals with net income of \$400,000 or more. Consequently, the amount is clawed back on net income in excess of \$200,000 until the tax credit of \$1,704 is eliminated; this results in additional provincial income tax (e.g., 0.85% on ordinary income) on net income between \$200,001 and \$400,000.

Personal tax credits

This budget proposes changes to the renters affordability tax credit. For the 2027 taxation year, the tax credit will be increased to a maximum amount of \$675. The seniors' top-up amount will also increase to a maximum amount of \$385.71. The Manitoba government intends to make further increases in future years until the tax credit reaches \$700 and the seniors' top-up reaches \$400.

Other tax measures

Retail sales tax measures

The budget proposes the following retail sales tax (RST) measures:

- ▶ **Removal of RST on additional food items sold at grocery stores** - Beginning on 1 July 2026, the RST exemption on basic groceries will be extended to apply to additional food and beverages for human consumption sold by grocery stores, such as ready-to-eat prepared foods and carbonated beverages.
- ▶ **Removal of RST on prenatal vitamins** - Beginning on 1 July 2026, prenatal vitamins will no longer be subject to RST.
- ▶ **Electronic filing, payment and remittance** - Beginning on 1 January 2028, Manitoba will introduce mandatory electronic filing, payment and remittance of RST for all businesses registered to collect RST.

School tax-related credits

The homeowners affordability tax credit is increased to a maximum amount of \$1,700 (from \$1,600) for the 2027 property tax year. Beginning in 2027, the tax credit will be reduced proportionately for homeowners whose principal residence is assessed at a value of more than \$1 million, with the tax credit being eliminated for homeowners whose principal residence is valued at \$1.5 million or more.

Land transfer tax

The government announced it will amend the *Tax Administration and Miscellaneous Taxes Act*, effective 1 January 2027, to address land transfer tax avoidance using legal structures that separate legal and beneficial ownership of property.

Administrative tax measures

The budget announced several administrative measures, including the following:

- ▶ **Film and video production tax credit** - Several amendments to the administration of the tax credit, including introducing a mandatory pre-certification process and allowing eligible nonresident labour costs to be included on advanced certificates.
- ▶ **Retail sales tax** - Refusal of RST refunds on the purchase and sale of a vehicle in cases of falsification of a bill of sale for purposes of reducing RST payable on vehicle registration by the purchaser.

Learn more

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