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Global Tax Alert

News from EY Americas Tax

Canada: Nunavut issues budget 2020-21

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Executive summary

On 19 February 2020, Nunavut Finance Minister George Hickes tabled the territory's fiscal 2020-21 budget. The budget contains no new taxes and no tax increases.

The Minister projects a deficit of CA\$30.5 million¹ for 2020-21.

The following is a brief summary of the key tax measures.

Detailed discussion

Business tax measures

Corporate tax rates

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

Nunavut's 2020 corporate tax rates are summarized in Table A.

Table A: Nunavut corporate tax rates

	2020	
	Nunavut	Federal and Nunavut combined
Small-business tax rate*,**	3.00%	12.00%
General corporate tax rate	12.00%	27.00%

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

** Nunavut reduced the territory's small-business income tax rate from 4.00% to 3.00% effective 1 July 2019.

Personal tax

Personal income tax rates

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

The 2020 Nunavut personal tax rates are summarized in Table B.

Table B: 2020 Nunavut personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$46,277	\$46,278 to \$92,555	\$92,556 to \$150,473	Above 150,473
4.00%	7.00%	9.00%	11.50%

For taxable income in excess of \$97,069, the 2020 combined federal-Nunavut personal income tax rates are outlined in Table C.

Table C: Combined 2020 federal and Nunavut personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$97,070 to \$150,473	35.00%	19.97%	26.87%
\$150,474 to \$214,368**	40.72%	27.87%	33.44%
Above \$214,368	44.50%	33.08%	37.79%

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

** An additional federal basic personal amount may be available for individuals with taxable income below \$214,368. The additional tax credit is \$140 for individuals with taxable income below \$150,474; this additional amount is gradually phased out for individuals with taxable income between \$150,474 and \$214,368, resulting in an additional 0.22% to 0.30% of federal income tax on taxable income in this bracket.

Endnote

1. Currency references in this Alert are to CA\$.

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