

11 March 2020

Global Tax Alert

News from EY Americas Tax

Canada: New Brunswick issues budget 2020-21

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Executive summary

On 10 March 2020, New Brunswick Finance and Treasury Board Minister Ernie Steeves tabled the province's fiscal 2020-21 budget. The budget contains no new taxes and no tax increases.

The Minister anticipates a surplus of CA\$92.4 million¹ for 2020-21 and projects surpluses for each of the next three years.

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.

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

Table A - New Brunswick (NB) corporate tax rates

	2020	
	NB	Federal and NB combined
Small-business tax rate*	2.50%	11.50%
General corporate tax rate	14.00%	29.00%

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

Personal tax

Personal income tax rates

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

The 2020 New Brunswick personal tax rates are summarized in Table B.

Table B - New Brunswick personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$43,401	\$43,402 to \$86,803	\$86,804 to \$141,122	\$141,123 to \$160,776	Above \$160,776
9.68%	14.82%	16.52%	17.84%	20.30%

For taxable income in excess of \$150,473, the 2020 combined federal-New Brunswick personal income tax rates are outlined in Table C.

Table C - Combined federal and New Brunswick 2020 personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$150,474 to \$160,776**	47.06%	24.90%	40.57%
\$160,777 to \$214,368**	49.52%	28.29%	43.40%
Above \$214,368	53.30%	33.51%	47.75%

* 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.

Personal tax credits

This budget does not include any changes to the personal credits/amounts.

Other tax measures

Property tax

This budget proposes a 50% reduction of property tax rates on residential non-owner-occupied properties over a four-year period, beginning in the 2021 taxation year. The proposed annual rate decrease is 14.04 cents per year until 2024. Once fully implemented, property owners will be expected to pay a rate of \$0.5617 per \$100 of assessment value on such properties, compared to the current rate of \$1.1233 per \$100 of assessment value.

This budget also proposes a reduction of property tax rates on non-residential properties over a four-year period, beginning in the 2021 taxation year. The proposed annual rate decrease is 8.25 cents per year until 2024. Once fully implemented, property owners will be expected to pay \$1.8560 per \$100 of assessment value on such properties, compared to the current rate of \$2.1860 per \$100 of assessment value.

Carbon tax

As part of the New Brunswick Government's carbon pricing plan, this budget proposes a price of 6.63 cents per liter on gasoline and 8.05 cents per liter on diesel, effective 1 April 2020.

In addition, this budget proposes a decrease in the gasoline tax by 4.63 cents per liter from 15.5 cents to 10.87 cents per liter. The budget also proposes to reduce the motive fuel tax by 6.05 cents per liter from 21.5 cents to 15.45 cents per liter.

These changes translate into an effective price on carbon of 2 cents per liter effective 1 April 2020 on gasoline and motive fuels for New Brunswickers.

Endnote

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

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EYG no. 001165-20Gb1

1508-1600216 NY
ED None

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