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Global Tax Alert

News from Americas Tax Center

Canada: Manitoba issues budget 2019/20

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Executive summary

On 7 March 2019, Manitoba Finance Minister Scott Fielding tabled the province's fiscal 2019/20 budget. The budget contains several tax measures affecting individuals and corporations.

The Minister anticipates a deficit of CA\$360m¹ for 2019/20.

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.

Manitoba's 2019 corporate tax rates are summarized in Table A.

Table A – Corporate tax rates

	2019	
	MB	Federal and MB combined
Small-business tax rate*, **	0.00%	9.00%
General corporate tax rate	12.00%	27.00%

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

** The federal small business rate was reduced from 10.00% to 9.00% effective 1 January 2019.

Other business tax measures

The Minister proposed the following business tax measures:

Manufacturing investment tax credit

Effective for qualifying property acquired after 30 June 2019, the refundable portion of the credit is reduced from 8% to 7%. The non-refundable portion of 1% remains unchanged.

Business tax credit extensions

The budget has extended the following tax credits:

- ▶ The film and video production tax credit has been announced as permanent with no fixed expiry date.
- ▶ The small business venture capital tax credit has been extended to 31 December 2022.
- ▶ The cultural industries printing tax credit has been extended to 31 December 2020, with an annual maximum tax credit claim of \$1.1m per taxpayer.
- ▶ The book publishing tax credit has been extended to 31 December 2024.

Personal income tax measures

Personal income tax rates

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

The 2019 Manitoba personal tax rates are summarized in Table B.

Table B: 2018 Manitoba personal tax rates

First bracket rate	Second bracket rate	Third bracket rate
\$0 to \$32,670	\$32,671 to \$70,610	Above \$70,610
10.80%	12.75%	17.40%

For taxable income in excess of \$95,259, the 2019 combined federal-Manitoba personal income tax rates are outlined in Table C.

Table C: Combined 2019 federal and Manitoba personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$95,260 to \$147,667	43.40%	28.12%	38.62%
\$147,668 to \$210,371	46.40%	32.26%	42.07%
Above \$210,371	50.40%	37.78%	46.67%

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

Personal tax credits

This budget proposes changes to the following personal credits/amounts:

Basic personal amount

- Effective for the 2019 tax year, the basic personal amount will be increased from \$9,382 to \$9,626, and for the 2020 tax year it will be increased from \$9,626 to \$9,809.

Other tax measures

Retail sales tax rate

- Effective 1 July 2019, the Manitoba retail sales tax rate is reduced from 8% to 7%.
- Manitoba retail sales tax will not be applicable to the federal carbon tax scheduled to be imposed on natural gas and coal effective 1 April 2019.

Expanded fuel tax exemption for the forestry industry

Effective 1 June 2019, the exemption will be expanded to include mill site equipment operated for log handling and processing.

Other amendments

Federal tax on split income (TOSI) rules

- In alignment with the federal-provincial tax collection agreement, significant amendments will be made to parallel the TOSI rules, including for purposes of various non-refundable tax credits. However, various provincial refundable tax credits will not be harmonized with the TOSI rules.

Administrative and technical tax measures

As part of the Manitoba Government's ongoing efforts to increase efficiency and reduce administrative burden, commencing in 2020:

- With respect to the fuel tax, tobacco tax, and health and post-secondary education tax levy, all businesses will be required to file, remit and pay electronically.
- For businesses remitting or paying retail sales tax of \$5,000 or more per month, filing, remittances and payment will be required electronically.

Endnote

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

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