

21 March 2019

Global Tax Alert

News from Americas Tax Center

Canada: New Brunswick issues budget 2019/20

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Executive summary

On 19 March 2019, New Brunswick Finance Minister Ernie Steeves tabled the province's fiscal 2019/20 budget. The budget contains no new taxes and no tax increases.

The Minister anticipates a surplus of CA\$23 million¹ for 2019/20, and projects surpluses for each of the next three years.

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 2019 corporate tax rates are summarized in Table A.

Table A: Corporate tax rates

	2019	
	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.

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

Other business tax measures

The Minister also proposed the following business tax measures:

- ▶ New Brunswick will not parallel the recent federal income tax measures relating to the passive investment income and reduction of the small business limit.
- ▶ Minimum wage will increase by 25 cents to \$11.50 per hour on 1 April 2019 and the Government committed to linking increases to the New Brunswick Consumer Price Index.
- ▶ Although no details were provided, the budget announced revisions to the regulatory environment for repayable financial assistance programs in the agriculture, aquaculture and fisheries sectors.

Personal tax

Personal income tax rates

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

The 2019 New Brunswick personal tax rates are summarized in Table B.

Table B: 2019 New Brunswick personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$42,592	\$42,593 to \$85,184	\$85,185 to \$138,491	\$138,492 to \$157,778	Above \$157,778
9.68%	14.82%	16.52%	17.84%	20.30%

For taxable income in excess of \$147,667, the 2019 combined federal-New Brunswick personal income tax rates are outlined in Table C.

Table C: Combined 2019 federal and New Brunswick personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$147,668 to \$157,778	46.84%	24.59%	40.32%
\$157,779 to \$210,371	49.30%	27.99%	43.15%
Above \$210,371	53.30%	33.51%	47.75%

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

Personal tax credits

There are no proposed changes to personal credits or amounts.

Other personal tax measures include:

- ▶ Re-introduction of the New Brunswick tuition tax credit; it will be available to individuals when they file their 2019 personal tax return in 2020
- ▶ Introduction of a renewed bursary program for students attending public and private universities and colleges in New Brunswick
- ▶ Improved subsidies for child care expenses to parents whose children attend designated New Brunswick Early Learning Centres and New Brunswick Early Learning Homes
- ▶ Increases to per diems for memory care beds in New Brunswick from \$135 to \$142.50

Endnote

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

For additional information with respect to this Alert, please contact the following:

Ernst & Young LLP (Canada), Dieppe

- ▶ Dan LeBlanc dan.leblanc@ca.ey.com
- ▶ Pauline Vautour pauline.vautour@ca.ey.com

Ernst & Young LLP (Canada), Saint John

- ▶ Armand Iratunga armand.iratunga@ca.ey.com

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