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Global Tax Alert

News from Americas Tax Center

Canada: Nova Scotia issues budget 2019/20

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Executive summary

On 26 March 2019, Nova Scotia Minister of Finance and Treasury Board Karen Casey tabled the province's fiscal 2019/20 budget. The budget contains several tax measures affecting individuals and corporations. The budget contains no new taxes and no tax increases.

The Minister anticipates a surplus of CA\$33.6 million¹ for 2019/20 and projects surpluses for each of the next four 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.
- ▶ Nova Scotia's 2019 corporate tax rates are summarized in Table A.

Table A – 2019 Nova Scotia corporate tax rates

	2019	
	Nova Scotia	Federal and Nova Scotia combined
Small-business tax rate*,**	3.00%	12.00%
General corporate tax rate	16.00%	31.00%

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

** The federal small-business rate was reduced from 10.0% to 9.0% effective 1 January 2019.

Other business tax measures

The Minister also proposed the following business tax measures:

- Effective 1 April 2019, the province intends to make the Innovation Equity Tax Credit (IETC), which will be more narrowly focused and will phase out the existing equity tax credit, available to corporations. The IETC was previously only available to individuals. The province is proposing a tax credit rate for corporate investments of 15% to a maximum investment of \$500,000.
- Effective 1 April 2019, the province intends to introduce a Venture Capital Tax Credit available to both individual and corporate investors who invest in a venture capital corporation or fund. The tax credit rate will be 15%.

Personal tax

Personal income tax rates

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

The 2019 Nova Scotia personal tax rates are summarized in Table B.

Table B – 2019 Nova Scotia personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$29,590	\$29,591 to \$59,180	\$59,181 to \$93,000	\$93,001 to \$150,000	Above \$150,000
8.79%	14.95%	16.67%	17.50%	21.00%

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

Table C – Combined 2019 federal and Nova Scotia personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$147,668 to \$150,000	46.50%	31.23%	39.65%
\$150,001 to \$210,371	50.00%	36.06%	43.67%
Above \$210,371	54.00%	41.58%	48.27%

* 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:

- Effective 1 April 2019, the province intends to introduce a Venture Capital Tax Credit available to individual investors who invest in a venture capital corporation or fund. The tax credit rate will be 15%.

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), Halifax

- Darrin Talbot darrin.talbot@ca.ey.com
- Jennifer Palmer jennifer.l.palmer@ca.ey.com

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