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Tax Alert – Canada

Nunavut budget 2019-20

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“With our debt firmly under control, and our spending closely aligned to our revenue, the overall situation is stable. We can approach Nunavut’s 20th anniversary, and our strategic priorities, with confidence. But, as you’ve heard me say, we’ll need to manage carefully. As we do so, there is this fundamental fact to keep in mind: Our revenues are set to rise more slowly than the cost of providing public services. This compels us to take very firm action on cost control while, at the same time, raising new revenue through economic growth”.

Nunavut Finance Minister George Hickes
2019-20 budget speech

On 20 February 2019, Nunavut Finance Minister George Hickes tabled the territory’s fiscal 2019-20 budget. The budget contains no new taxes and no tax increases.

The minister anticipates a deficit of \$35 million for 2018-19 and projects a deficit of \$12 million for 2019-20.

Following is a brief summary of the key tax measures.



Business tax measures

Corporate tax rates

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

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

Table A - Nunavut corporate tax rates

	2019	
	Nunavut	Federal and Nunavut combined
Small-business tax rate* **	4.0%	13.0%
General corporate tax rate	12.0%	27.0%

* 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.

Personal tax

Personal income tax rates

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

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

Table B - 2019 Nunavut personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$45,414	\$45,415 to \$90,829	\$90,830 to \$147,667	Above \$147,667
4.00%	7.00%	9.00%	11.50%

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

Table C - Combined 2019 federal and Nunavut personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$95,260 to \$147,667	35.00%	19.97%	26.87%
\$147,668 to \$210,371	40.50%	27.56%	33.19%

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
Above \$210,371	44.50%	33.08%	37.79%

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

Other tax measures

Carbon pricing

The minister indicated that the government is currently developing options on how best to return to taxpayers the revenue that will be generated by the federal backstop carbon pollution pricing system, which Nunavut chose to voluntarily adopt.

The details on this revenue return will be made public before the carbon pricing system takes effect in the territory on 1 July 2019.

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