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# Tax Alert – Canada

## New Brunswick budget 2019-20

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

“Today’s budget represents a new beginning for our province.

“We cannot continue to spend beyond our means, and we can no longer keep raising taxes on hardworking New Brunswickers.

“With continued fiscal discipline, we are committed to lowering the tax burden on New Brunswickers when it is financially responsible to do so. However, rather than taking a piecemeal approach, we will take a broader look at the New Brunswick tax system with a view towards creating conditions for growth through lower taxes.”

*New Brunswick Finance Minister Ernie Steeves  
2019-20 budget speech*

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 \$23 million for 2019-20, and projects surpluses for each of the next three years.

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. 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

## Learn more

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