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# Tax Alert – Canada

## Northwest Territories budget 2022-23

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.

“This Budget is not flashy, but it offers stability in a time of continued uncertainty. With that stability, we will continue to deliver on our original promises of building, fostering and supporting innovation, creativity and efficiency both within government and the private sector.”

*Northwest Territories Finance Minister Caroline Wawzonek  
2022-23 budget speech*

On 22 February 2022, Northwest Territories Finance Minister Caroline Wawzonek tabled the territory’s fiscal 2022-23 budget. The budget contains no new taxes and no income tax increases.

The minister anticipates an operating surplus of \$28 million for 2021-22 and projects operating surpluses of \$131 million for 2022-23, \$171 million for 2023-24, and declining surpluses for each of the next two years.

Following is a brief summary of the key tax measures.

## Business tax measures

### Corporate income tax rates

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

The Northwest Territories 2022 corporate income tax rates are summarized in Table A.

**Table A - 2022 Northwest Territories corporate income tax rates\***

	2022	
	NWT	Federal and NWT combined
Small-business tax rate**	2.00%	11.00%
General corporate tax rate**	11.50%	26.50%

\* The rates represent calendar year-end rates.

\*\* The 2021 federal budget proposed to temporarily reduce the federal corporate income tax rate for qualifying zero-emission technology manufacturers by 50% (i.e., to 7.5% for eligible income otherwise subject to the 15% general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% small-business corporate income tax rate), applicable for taxation years beginning after 2021. The reduced tax rates are proposed to be gradually phased out for taxation years beginning in 2029 and fully phased out for taxation years beginning after 2031.

## Personal tax

### Personal income tax rates

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

The 2022 Northwest Territories personal income tax rates are summarized in Table B.

**Table B - 2022 Northwest Territories personal income tax rates**

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$45,462	\$45,463 to \$90,927	\$90,928 to \$147,826	Above \$147,826
5.90%	8.60%	12.20%	14.05%

For taxable income in excess of \$147,826, the 2022 combined federal-Northwest Territories personal income tax rates are outlined in Table C.

**Table C - Combined 2022 federal and Northwest Territories personal income tax rates**

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$147,827 to \$155,625	40.05%	18.67%	28.77%
\$155,626 to \$221,708**	43.43%	23.34%	32.66%
Above \$221,708	47.05%	28.33%	36.82%

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

\*\* The federal basic personal amount comprises two elements: the base amount (\$12,719 for 2022) and an additional amount (\$1,679 for 2022). The additional amount is reduced for individuals with net income in excess of \$155,625 and is fully eliminated for individuals with net income in excess of \$221,708. Consequently, the additional amount is clawed back on net income in excess of \$155,625 until the additional tax credit of \$252 is eliminated; this results in additional federal income tax (e.g., 0.38% on ordinary income) on net income between \$155,626 and \$221,708.

## Other tax measures

### Property tax

In keeping with the existing indexation policy, property mill rates will be adjusted for inflation.

### Carbon pricing

Given the upcoming federally mandated carbon tax rate increase to \$50 per carbon-equivalent tonne of greenhouse gas emissions effective 1 July 2022, the budget proposes to increase the Northwest Territories cost of living offset benefit to \$260 per year for an individual and to \$300 per year for a child, effective 1 July 2022.

### Learn more

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