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Tax Alert – Canada

Nova Scotia budget 2023-24

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 about empowering people. When people are empowered, they feel more in control and more optimistic about their future.”

“I believe the most important thing governments can do is to prepare for the future, ensuring we have the services and infrastructure that the growth we are seeing demands.”

“Our government is offering solutions to help navigate through these times of change and growth. Because with growth comes opportunities, too. Growth can transform our economy.”

*Nova Scotia Minister of Finance and Treasury Board Allan MacMaster
2023-24 budget speech*

On 23 March 2023, Nova Scotia Minister of Finance and Treasury Board Allan MacMaster tabled the province’s fiscal 2023-24 budget. The budget contains one new tax measure affecting individuals.

The minister anticipates a deficit of \$278.9 million for 2023-24 and projects deficits for each of the next three 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.

Nova Scotia’s 2023 corporate income tax rates are summarized in Table A.

Table A - 2023 Nova Scotia corporate income tax rates¹

	NS	Federal and NS combined
Small-business tax rate ²	2.50%	11.50%
General corporate tax rate ^{2, 3}	14.00%	29.00%

¹ The rates represent calendar-year-end rates unless otherwise indicated.
² The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate. These reductions are not reflected in the combined federal and Nova Scotia rates above.
³ An additional tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a \$100 million exemption to be shared by group members), effective for taxation years ending after 7 April 2022 (prorated for taxation years straddling this effective date).

Personal tax

Personal income tax rates

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

The 2023 Nova Scotia personal income tax rates are summarized in Table B.

Table B - 2023 Nova Scotia personal income tax rates

First bracket rate ¹	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%

¹ Individuals resident in Nova Scotia on 31 December 2023 with taxable income up to \$11,894 pay no provincial income tax as a result of a low-income tax reduction. The low-income tax reduction is clawed back for income in excess of \$15,000 until the reduction is eliminated, resulting in an additional 5% of provincial tax on income between \$15,001 and \$21,000.

For taxable income in excess of \$150,000, the 2023 combined federal-Nova Scotia personal income tax rates are outlined in Table C.

Table C - Combined 2023 federal and Nova Scotia personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$150,001 to \$165,430	47.00%	31.92%	40.22%
\$165,431 to \$235,675 ²	50.32%	36.50%	44.04%
Above \$235,675	54.00%	41.58%	48.27%

¹ The rate on capital gains is one-half the ordinary income tax rate.

² The federal basic personal amount comprises two elements: the base amount (\$13,521 for 2023) and an additional amount (\$1,479 for 2023). The additional amount is reduced for individuals with net income in excess of \$165,430 and is fully eliminated for individuals with net income in excess of \$235,675. Consequently, the additional amount is clawed back on net income in excess of \$165,430 until the additional tax credit of \$222 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$165,431 and \$235,675.

Other personal tax measure

Effective for the 2022 and subsequent taxation years, the province implemented the More Opportunity for Skilled Trades (MOST) program. This program provides a refund of provincial personal income tax on the first \$50,000 of earned income for individuals under the age of 30 who are employed and registered in selected skilled trades in the film industry, construction, industrial and manufacturing sectors in Nova Scotia.

Effective for the 2023 taxation year, the program will be expanded to include registered nurses, licensed practical nurses and nurse practitioners working for publicly funded employers, such as the Health Authorities, Emergency Medical Care Inc. (LifeFlight, telehealth, medical communication centre), continuing care and disability support programs, and nurses employed in publicly funded schools as part of the School Health Partnership Program.

Learn more

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