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Tax Alert – Canada

Nunavut budget 2024-25

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“Working for the common good, respecting the environment and other people, maintaining balance, and planning for the future - these are values and practices that have helped us build vibrant communities in remote places amidst harsh conditions, and our budget was developed with them in mind.”

*Nunavut Finance Minister Lorne Kusugak
2024-25 budget speech*

On 26 February 2024, Nunavut Finance Minister Lorne Kusugak tabled the territory’s fiscal 2024-25 budget. The budget contains no new taxes and no income tax increases.

The minister anticipates an operating deficit of \$14.6 million for 2023-24 and projects an operating deficit of \$21.0 million for 2024-25.

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.

Nunavut’s 2024 corporate income tax rates are summarized in Table A.

Table A - 2024 Nunavut corporate income tax rates¹

	2024	
	Nunavut	Federal and Nunavut combined
Small-business tax rate ²	3.00%	12.00%
General corporate tax rate ^{2,3}	12.00%	27.00%

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 Nunavut 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).

Personal tax

Personal income tax rates

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

The 2024 Nunavut personal income tax rates are summarized in Table B.

Table B - 2024 Nunavut personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$53,268	\$53,269 to \$106,537	\$106,538 to \$173,205	Above \$173,205
4.00%	7.00%	9.00%	11.50%

For taxable income in excess of \$111,733, the 2024 combined federal-Nunavut personal income tax rates are outlined in Table C.

Table C - Combined 2024 federal and Nunavut personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$111,734 to \$173,205	35.00%	19.97%	26.87%
\$173,206 to \$246,752 ²	40.82%	28.00%	33.55%
Above \$246,752	44.50%	33.08%	37.79%

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 (\$14,156 for 2024) and an additional amount (\$1,549 for 2024). The additional amount is reduced for individuals with net income in excess of \$173,205 and is fully eliminated for individuals with net income in excess of \$246,752. Consequently, the additional amount is clawed back on net income in excess of \$173,205 until the additional tax credit of \$232 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$173,206 and \$246,752.

Other tax measures

Liquor tax

No coming-into-force date was announced in the budget for the liquor tax that was enacted in 2022 on alcohol consumed or imported into the territory. The government indicates in the budget that it is finalizing the rates and other administrative matters.

Tax on vaping products

In accordance with Nunavut's agreement with the federal government to participate in the coordinated vaping product taxation framework, the Canada Revenue Agency will begin, on 1 July 2024, collecting Nunavut tax on vaping products sold in the territory. The rates to be levied will be in addition to, and the same as, the federal rates.

Learn more

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