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# Tax Alert – Canada

## Nova Scotia budget 2024-25

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.

“Our government has been investing in our future. Much of the focus has been on fixing healthcare and responding to the housing and infrastructure needs of a place more people want to call home. Along the way we have helped people with higher costs of living.

This budget brings something new: tax relief.

The wish of this government, and the aim of this budget, is to assure Nova Scotians that their government is taking action so that everyone can realize the opportunity to live in a province with a future that is better for them.”

*Nova Scotia Minister of Finance and Treasury Board Allan MacMaster  
2024-25 budget speech*

On 29 February 2024, Nova Scotia Minister of Finance and Treasury Board Allan MacMaster tabled the province’s fiscal 2024-25 budget. The budget contains no new taxes and no income tax increases, but it introduces indexing to the provincial personal income tax system as of 1 January 2025.

The minister anticipates a deficit of \$467.4 million for 2024-25 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 2024 corporate income tax rates are summarized in Table A.

**Table A - 2024 Nova Scotia corporate income tax rates<sup>1</sup>**

	NS	Federal and NS combined
Small-business tax rate <sup>2</sup>	2.50%	11.50%
General corporate tax rate <sup>2,3</sup>	14.00%	29.00%

<sup>1</sup> The rates represent calendar-year-end rates unless otherwise indicated.  
<sup>2</sup> 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.  
<sup>3</sup> 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 Nova Scotia personal income tax rates are summarized in Table B.

**Table B - 2024 Nova Scotia personal income tax rates**

First bracket rate <sup>1</sup>	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%

<sup>1</sup> Individuals resident in Nova Scotia on 31 December 2024 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 2024 combined federal-Nova Scotia personal income tax rates are outlined in Table C.

**Table C - Combined 2024 federal and Nova Scotia personal income tax rates**

Bracket	Ordinary income <sup>1</sup>	Eligible dividends	Non-eligible dividends
\$150,001 to \$173,205	47.00%	31.92%	40.22%
\$173,206 to \$246,752 <sup>2</sup>	50.32%	36.50%	44.04%
Above \$246,752	54.00%	41.58%	48.27%

<sup>1</sup> The rate on capital gains is one-half the ordinary income tax rate.

<sup>2</sup> 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.

## Personal tax credits

This budget introduces indexing to the provincial personal income tax system as of 1 January 2025. Taxable income brackets will be subject to annual adjustment, and the following non-refundable tax credits will be indexed:

- ▶ Basic personal amount;
- ▶ Spouse or common-law partner amount;
- ▶ Amount for an eligible dependant;
- ▶ Age amount; and
- ▶ Amount for infirm dependants age 18 or older.

## Learn more

For more information, please contact your EY or EY Law advisor or one of the following professionals:

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