



## TAX HIGHLIGHTS FROM THE 2020 NEW BRUNSWICK BUDGET

Finance Minister Ernie Steeves tabled the 2020 New Brunswick provincial budget on March 10, 2020. The budget projects a surplus of \$92.4 million for the 2020-2021 fiscal year.

The forecast for the almost-completed 2019-2020 fiscal year now stands at a surplus of \$97.8 million, an improvement of \$74.6 million over its 2019 budget projection. This is the first time a surplus was budgeted and successfully achieved since before the global financial crisis in 2008. Also, for the first time in 13 years, the net debt is projected to decrease by \$148.4 million from the 2018-19 level.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2020.

The following pages are a summary of the changes announced in the budget. Please note that these changes are still proposals until passed into law by the provincial government.

## PERSONAL TAX MATTERS

### Personal income tax rates and tax brackets

The 2020 budget leaves personal income tax rates unchanged from 2019. Tax brackets and other amounts have been indexed by 1.9% to recognize the impact of inflation. The table below shows New Brunswick tax rates and brackets for 2020.

Taxable income range	2020 tax rates
First \$43,401	9.68%
\$43,402 - \$86,803	14.82%
\$86,804 - \$141,122	16.52%
\$141,123 - \$160,766	17.84%
\$160,766 and over	20.30%

The table below shows the 2020 combined federal and provincial highest marginal tax rates for various types of income.

Type of income	2020 combined tax rates
Regular income	53.30%
Capital gains	26.65%
Eligible dividends	33.51%
Non-eligible dividends	47.75%

# CORPORATE TAX MATTERS

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## Corporate income tax rates

There were no changes proposed to corporate income tax rates. The table below shows New Brunswick tax rates and the small business limit for 2020.

Category	2020 tax rates
General rate	14.0%
Manufacturing and processing rate	14.0%
Investment income rate	14.0%
Small business rate	2.5%
Small business limit	\$500,000

The table below shows the 2020 combined federal and provincial corporate income tax rates for various types of income earned by a Canadian Controlled Private Corporation (CCPC).

Type of income	2020 combined tax rates
Small business income	11.5%
Active income over \$500,000	29.0%
Manufacturing and processing income	29.0%
Investment income	52.7%

## OTHER PROPOSALS

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### Provincial property taxes

Beginning in 2021, a 50 per cent reduction to the provincial non-owner-occupied property residential tax rate over a four-year period, to \$0.5617 per \$100 of assessment from \$1.1233. This represents a reduction of 14.04 cents per year until 2024.

Also beginning in 2021, a reduction to the provincial non-residential property tax rate over a four-year period, to \$1.8560 per \$100 of assessment from \$2.1860, which is a reduction of 8.25 cents per year until 2024.

### Gasoline and diesel tax

Effective April 1, 2020, the gasoline tax will decrease by 4.63 cents per litre and the diesel fuel tax will decrease by 6.05 cents per litre.

### Provincial student loans

A decrease of interest rates on the provincial portion of student loans to the prime rate from the prime rate plus 2.5 per cent.



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