



TAX HIGHLIGHTS FROM THE 2020 BRITISH COLUMBIA BUDGET

Finance Minister Carole James tabled the 2020 British Columbia provincial budget on February 18, 2020.

The budget projects surpluses of \$227 million for the 2020-2021 fiscal year, \$179 million for the 2021-2022 fiscal year and \$374 million for the 2022-2023 fiscal year.

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

New personal income tax bracket

A top new personal income tax bracket is introduced effective for 2020 and subsequent tax years. Taxable income exceeding \$220,000 will be subject to a personal income tax rate of 20.5%.

Consequential to the introduction of the new top personal income tax rate, the charitable donation tax credit for individuals is increased to 20.5% for charitable donations over \$200 in respect of individual's income subject to the new 20.5% tax rate.

Personal income tax rates and tax brackets

Tax brackets and personal credit amounts have been indexed by 2.5% for 2020. The table below shows British Columbia tax rates and brackets for 2020.

Taxable income range	2020 tax rates
First \$41,725	5.06%
\$41,726 - \$83,451	7.70%
\$83,452 - \$95,812	10.50%
\$95,813 - \$116,344	12.29%
\$116,345 - \$157,748	14.70%
\$157,749 - \$220,000	16.80%
\$220,001 and over	20.50%

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	53.50%
Capital gains	26.75%
Eligible dividends	36.54%
Non-eligible dividends	48.89%

British Columbia Child Opportunity Benefit

Effective October 2020, the budget proposes to replace the British Columbia Early Childhood Tax Benefit with the new British Columbia Child Opportunity Benefit, a refundable tax credit applicable to families with children under the age of 18. The maximum annual benefit is \$1,600 for families with one child, \$2,600 for families with two children and \$3,400 for families with three children under the age of 18.

British Columbia Access Grant

Budget 2020 creates a new, needs-based British Columbia Access Grant for students to help with the cost of programs that lead to a degree, diploma or certificate. This grant will provide up to \$4,000 to help with the upfront costs of tuition for low and middle-income students.

Elimination of Medical Services Plan (MSP) premiums

Effective January 1, 2020, MSP premiums will be eliminated, resulting in a savings of \$900 a year for individuals and up to \$1,800 a year for families.

Farmers' Food Donation Personal Tax Credit

The Farmers' Food Donation Personal Tax Credit is extended for three years, to the end of 2023.

CORPORATE TAX MATTERS

Corporate income tax rates

The table below shows British Columbia tax rates and the small business limit for 2020.

Category	2020 tax rates
General rate	12.0%
Manufacturing and processing rate	12.0%
Investment income rate	12.0%
Small business rate	2.0%
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	11.0%
Active income over \$500,000	27.0%
Manufacturing and processing income	27.0%
Investment income	50.7%



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Training Tax Credits

The training tax credits are extended for three years, to the end of 2022.

Farmers' Food Donation Corporate Tax Credit

The Farmers' Food Donation Corporate Tax Credit is extended for three years, to the end of 2023.

Film Incentive BC and production services tax credit certification

Effective February 19, 2020, the accreditation certificate fee for the production services tax credit is increased to \$10,000. Other amounts for the Film Incentive BC and production services tax credit remain unchanged.

OTHER PROPOSALS

Provincial Sales Tax Act

Effective July 1, 2020, carbonated beverages that contain sugar, natural sweeteners or artificial sweeteners will be subject to provincial sales tax.

Effective July 1, 2020, "foreign sellers of software and telecommunication services" and Canadian sellers of vaping products to be delivered to British Columbia consumers will be required to register as a tax collector if specified British Columbia revenues exceed \$10,000.

Mineral Tax Act

The new mine allowance is extended for five years to the end of 2025.

Tobacco Tax Act

Effective April 1, 2020, a default tax rate of 29.5 cents per heated tobacco product is introduced. A heated tobacco product is a product that contains tobacco and is designated to be heated, but not combusted, in a tobacco heating unit to produce a vapour for inhalation.

Various technical measures

The budget introduces a number of technical amendments to various tax acts including the *Income Tax Act*, *Land Tax Deferment Act*, *Provincial Sales Tax Act* and *Property Transfer Tax Act* for clarity and certainty.



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