



TAX HIGHLIGHTS FROM THE 2019 NEW BRUNSWICK BUDGET

Finance Minister Ernie Steeves tabled the 2019 New Brunswick provincial budget on March 19, 2019. The budget projects a surplus of \$23 million for the 2019-2020 fiscal year. The budget also projects surpluses of \$33 million for 2020-2021, \$63 million for 2021-2022 and \$71 million for 2022-2023.

The forecast for the 2018-2019 fiscal year now stands at a surplus of \$4.5 million, compared to an earlier budget projection by the previous government of a \$188.7 million deficit.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2019.

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 2019 budget leaves personal income tax rates unchanged from 2018. Tax brackets and other amounts have been indexed by 2.2% to recognize the impact of inflation. The table below shows New Brunswick tax rates and brackets for 2019.

Taxable income range	2019 tax rates
First \$42,592	9.68%
\$42,593 - \$85,154	14.82%
\$85,185 - \$138,491	16.52%
\$138,492 - \$157,778	17.84%
\$157,779 and over	20.30%

The table below shows the 2019 combined federal and provincial highest marginal tax rates for various types of income.

Type of income	2019 combined tax rates
Regular income	53.30%
Capital gains	26.65%
Eligible dividends	33.51%
Non-eligible dividends	47.75%

Tuition tax credit

The budget proposes to reintroduce the New Brunswick tuition tax credit eliminated under the previous government. Individuals will be able to claim this personal income tax credit when filing their personal tax return in 2020.

CORPORATE TAX MATTERS

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 2019.

Category	2019 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 2019 combined federal and provincial corporate income tax rates for various types of income earned by a Canadian Controlled Private Corporation (CCPC).

Type of income	2019 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%

Small business corporate tax rate and passive income

New Brunswick will not parallel federal measures which, effective January 1, 2019, phase out access to the federal small business corporate tax rate based on the amount of passive investment income a corporation earns.

OTHER PROPOSALS

Administrative measures

The government announced a revised regulatory environment for repayable financial assistance programs in agriculture, aquaculture and fisheries sectors.



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Published March 2019.

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