



TAX HIGHLIGHTS FROM THE 2019 NORTHWEST TERRITORIES BUDGET

Finance Minister Robert McLeod tabled the 2019-2020 Northwest Territories territorial budget on February 6, 2019. The budget forecasts revenue of \$1.933 billion and total expenditures of \$1.873 billion after adjustments for an operating surplus of \$60 million.

The budget did not include income tax rate or tax credit changes, but education and property tax mill rates will be adjusted for inflation effective April 1, 2019.

Please note that the budget is still a proposal until passed into law by the territorial government.

PERSONAL TAX MATTERS

Personal income tax rates and tax brackets

There were no personal tax rate increases announced in this budget. Tax brackets and personal credit amounts have been indexed by 2.2% for 2019. The table below shows the new Northwest Territories tax rates and brackets for 2019.

Taxable income range	2019 tax rates
\$14,8111 - \$43,137	5.90%
\$43,138 - \$86,277	8.60%
\$86,278 - \$140,267	12.20%
\$140,267 and greater	14.05%

¹ For 2019, the Northwest Territories Basic Personal Tax Credit is \$14,811.

The table below shows the 2019 combined federal and territorial highest marginal tax rates (>\$210,371) for various types of income:

Type of income	2019 combined tax rates
Regular income	47.05%
Capital gains	23.53%
Eligible dividends	28.33%
Non-eligible dividends	36.82%

CORPORATE TAX MATTERS

Corporate income tax rates

The budget left 2019 corporate income tax rates, as well as the small business limit, unchanged from 2018. The table below shows Northwest Territories corporate tax rates and the small business limit for 2019.

Category	2019 tax rates
General rate	11.5%
Manufacturing and processing rate	11.5%
Small business rate	4.0%
Small business limit	\$500,000

OTHER TAX MATTERS

Sugary drinks tax

In January 2019, the Department of Finance released a discussion paper for public consultation on a proposed tax on all sugar-sweetened drinks. The 2019-2020 budget states a report outlining the findings of these consultations will be released later this year.

Carbon pricing

In July 2018, the Government of the Northwest Territories released its proposed plan to implement carbon pricing which included a carbon tax on fuels effective July 1, 2019. The plan also outlined various full or partial rebates and benefits to return most of the carbon tax revenue into the economy. The 2019-2020 budget indicated that the legislation to enact this carbon tax will be introduced in this fiscal year.

Of the estimated \$16.2 million in carbon tax revenue expected in 2019-2020, the budget estimated that almost \$7 million will be returned to businesses and individuals through the full rebate of tax paid on heating fuel and fuel used to generate electricity. Larger emitters are expected to receive about \$5 million in a partial rebate and through trusts that can be used to make investments that reduce greenhouse gas emissions.

OTHER INFORMATION

Please find below the link to Mr. McLeod's 2018-2019 Budget Address and Papers:

https://www.fin.gov.nt.ca/sites/fin/files/resources/2019-2020_budget_address_and_papers_0.pdf



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