



## TAX HIGHLIGHTS FROM THE 2019 NEWFOUNDLAND AND LABRADOR BUDGET

Finance Minister Tom Osborne tabled the 2019 Newfoundland and Labrador pre-election provincial budget on April 16, 2019. The budget shows a deficit of \$522 million for the recently completed 2018-19 fiscal year. A surplus of \$1.92 billion is projected for 2019-20, primarily due to the new revenue stream the province secured through the Atlantic Accord agreement. However, deficits are forecast for 2020-21 and 2021-22 with a return to surplus expected in 2022-23.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2019. The budget proposes to eliminate retail sales tax (RST) on automobile insurance.

The following pages are a summary of the changes announced in the budget. Please note that these changes are 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 1.8% to recognize the impact of inflation. The table below shows Newfoundland and Labrador tax rates and brackets for 2019.

Taxable income range	2019 tax rates
First \$37,591	8.7%
\$37,592 - \$75,181	14.5%
\$75,182 - \$134,224	15.8%
\$134,225 - \$187,913	17.3%
\$187,914 and over	18.3%

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	51.30%
Capital gains	25.65%
Eligible dividends	42.61%
Non-eligible dividends	44.59%

## Search and Rescue Volunteer Tax Credit

The government has announced the continuation of the Search and Rescue Volunteer Tax Credit. This measure allows eligible volunteers to claim a \$3,000 non-refundable tax credit on their provincial income tax return.

## 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 Newfoundland and Labrador tax rates and the small business limit for 2019.

Category	2019 tax rates
General rate	15%
Manufacturing and processing rate	15%
Investment income rate	15%
Small business rate	3%
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	12.0%
Active income over \$500,000	30.0%
Manufacturing and processing income	30.0%
Investment income	53.7%

### Film and Video Industry Tax Credit

Budget 2019 proposes the renewal of the Film and Video Industry Tax Credit until 2021.

## OTHER PROPOSALS

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### Retail Sales Tax on Automobile Insurance

The budget proposes to eliminate Retail Sales Tax (RST) on automobile insurance. This change will be implemented by early July and will be retroactive to April 16, 2019. Those who renew automobile insurance between now and July will receive a rebate for RST payments on their insurance.



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | [www.ci.com](http://www.ci.com)

Head Office / Toronto  
416-364-1145  
1-800-268-9374

Calgary  
403-205-4396  
1-800-776-9027

Montreal  
514-875-0090  
1-800-268-1602

Vancouver  
604-681-3346  
1-800-665-6994

Client Services  
English: 1-800-563-5181  
French: 1-800-668-3528

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<b>Head Office / Toronto</b> 416-364-1145 1-800-268-9374	<b>Calgary</b> 403-205-4396 1-800-776-9027	<b>Montreal</b> 514-875-0090 1-800-268-1602	<b>Vancouver</b> 604-681-3346 1-800-665-6994	<b>Client Services</b> English: 1-800-563-5181 French: 1-800-668-3528
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