



TAX HIGHLIGHTS FROM THE 2019 MANITOBA BUDGET

Finance Minister Scott Fielding tabled the 2019 Manitoba provincial budget on March 7, 2019. The budget projects a deficit of \$360 million for the 2019-2020 fiscal year. The forecast deficit for the recently completed 2018-2019 fiscal year now stands at \$470 million compared to an earlier budget projection of \$521 million.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2019. The government proposed to reduce the provincial sales tax rate from 8% to 7% effective July 1, 2019 and also announced changes and extensions to certain business tax credits.

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 2.6% to recognize the impact of inflation. The table below shows Manitoba tax rates and brackets for 2019.

Taxable income range	2019 tax rates
First \$32,670	10.80%
\$32,671 - \$70,610	12.75%
\$70,611	17.40%

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	50.40%
Capital gains	25.20%
Eligible dividends	37.78%
Non-eligible dividends	46.67%

Tax on split income

Consequential amendments will be made to the Manitoba *Income Tax Act* to parallel the federal tax on split income rules. Tax at the top Manitoba personal rate will apply on “split income” earned by an adult family member and Manitoba will also parallel the federal rules for purposes of how tax on split income relates to various non-refundable tax credits.

CORPORATE TAX MATTERS

Corporate income tax rates

There were no changes proposed to corporate income tax rates. The table below shows Manitoba tax rates and the small business limit for 2019.

Category	2019 tax rates
General rate	12%
Manufacturing and processing rate	12%
Investment income rate	12%
Small business rate	0%
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	9.0%
Active income over \$500,000	27.0%
Manufacturing and processing income	27.0%
Investment income	50.7%

Film and Video Production Tax Credit

The Film and Video Production Tax Credit scheduled to expire on December 31, 2019 is made permanent.

Manufacturing Investment Tax Credit (MITC)

Effective for qualifying property acquired after June 30, 2019, the refundable portion of the MITC is reduced from 8% to 7%. This change does not impact the tax credit on qualified property acquired before July 1, 2019. The 1% non-refundable MITC is not impacted by this change.



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Small Business Venture Tax Credit

Scheduled to expire on December 31, 2019, the Small Business Venture Tax Credit is extended three years to December 31, 2022.

Cultural Industries Printing Tax Credit

Scheduled to expire on December 31, 2019, the Cultural Industries Printing Tax Credit is extended one year to December 31, 2020. The annual maximum tax credit is capped at \$1.1 million per taxpayer effective for qualified expenditures as of the 2019 tax year.

Book Publishing Tax Credit

The Book Publishing Tax Credit, scheduled to expire on December 31, 2019, is extended five years to December 31, 2024.

OTHER PROPOSALS

Retail sales tax

Effective July 1, 2019 the retail sales tax rate will decrease from 8% to 7%.

Fuel tax exemption – forestry industry

Effective June 1, 2019 the fuel tax exemption for the forestry industry is expanded to include mill site equipment used for log handling and processing.

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Published March 2019.

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