

HIGHLIGHTS FROM THE BRITISH COLUMBIA BUDGET

Minister of Finance Katrine Conroy tabled the 2024 British Columbia provincial budget on February 22, 2024.

The forecast deficit for the almost completed 2023/24 fiscal year is anticipated to be \$5.9 billion, compared to the original projected budget deficit of \$4.2 billion. The budget projects a deficit of \$7.9 billion for the 2024/25 fiscal year, a \$7.7 billion deficit for 2025/26, and a \$6.3 billion deficit budget for 2026/27.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2024. However, the budget introduces a new home flipping tax, increases the exemptions to the employer health tax, and increases the thresholds for the first-time home buyers’ exemption and the newly built home exemption.

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

There were no proposed changes to personal income tax rates. Tax brackets and other amounts have been indexed by 5% to recognize the impact of inflation. The table below shows British Columbia tax rates and brackets for 2024.

TAXABLE INCOME RANGE	2024 TAX RATES
First \$47,937	5.06%
Over \$47,937 to \$95,875	7.70%
Over \$95,875 to \$110,076	10.50%
Over \$110,076 to \$133,664	12.29%
Over \$133,664 to \$181,232	14.70%
Over \$181,232 to \$252,752	16.80%
Over \$252,752	20.50%

The table below shows the 2024 combined federal and provincial highest marginal tax rates for various types of income.

INCOME TYPE	2024 COMBINED TAX RATES
Regular income	53.50%
Capital gains	26.75%
Eligible dividends	36.54%
Non-eligible dividends	48.89%

B.C. home flipping tax

The government will introduce a new tax on income from the sale of residential real estate in British Columbia. The tax will apply to income from the sale of property that was held for less than two years. The tax rate will be 20% for properties sold within 365 days of purchase and will gradually decline to zero between 366 and 730 days. The tax will apply to properties sold on or after January 1, 2025.

Exemptions will be available for certain life circumstances that might motivate the sale of a property within two years, such as separation or divorce, death, disability or illness, relocation for work, involuntary job loss, change in household membership, personal safety, or insolvency. In addition to these exemptions, individuals selling their primary residence within two years of purchase can exclude a maximum of \$20,000 when calculating their taxable income.

B.C. family benefit

Effective July 1, 2024, until June 2025, eligible families will receive a B.C. family benefit bonus with their monthly B.C. family benefit payment. Both the annual benefit amounts and the income thresholds used to determine eligibility will temporarily increase by 25%. The maximum annual benefit, including the proposed B.C. family benefit bonus payment, you may receive is:

- \$2,188 for your first child
- \$1,375 for your second child
- \$1,125 for each additional child

If your adjusted family net income for the 2023 tax year is less than \$35,902, you will receive the maximum annual benefit.

Climate action tax credit

Budget 2024 proposes to increase the B.C. climate action tax credit amounts and the threshold amounts effective July 1, 2024.

For the July 2024, October 2024, January 2025, and April 2025 payments, the maximum annual amounts will increase to \$504 for an adult, to \$252 for a spouse or common-law partner, and to \$126 per child.

The threshold amounts will increase to \$41,071 for individuals and \$57,288 for families.

CORPORATE TAX MATTERS

Corporate income tax rates

The table below shows British Columbia tax rates and the small business limit for 2024.

CATEGORY	2024 TAX RATES
General rate	12%
Manufacturing and processing rate	12%
Investment income rate	12%
Small business rate	2%
Small business limit	\$500,000

The table below shows the 2024 combined federal and provincial corporate income tax rates for various types of income earned by a Canadian Controlled Private Corporation (CCPC).

INCOME TYPE	2024 COMBINED TAX RATES
Small business income	11%
Active income over \$500,000	27%
Manufacturing and processing income	27%
Investment income	50.67%

Employer health tax exemption threshold increased

Effective January 1, 2024, the budget proposes to:

- Increase the exemption amount for B.C. remuneration to \$1 million (employers with B.C. remuneration below \$1,000,000 are exempt from paying the employer health tax)
- Increase the tax rate for B.C. remuneration between \$1,000,000 and \$1,500,000 to 5.85%

The proposed amendments apply to remuneration paid on or after January 1, 2024.

For employers with B.C. remuneration above \$1,500,000, the tax rate remains at 1.95%.

Training tax credit

The training tax credit for employers will be extended for three years to the end of 2027, and the training tax credit for apprentices will be extended for one year to the end of 2025.

Animation productions excluded from the regional and distant location tax credits

Effective June 1, 2024, animation productions are excluded from the regional and distant location tax credits under the film and television tax credit and the production services tax credit. The change applies for animation productions under either the Film Incentive BC tax credit or the production services tax credit with principal photography beginning on or after June 1, 2024.

Shipbuilding and ship repair industry tax credit

The shipbuilding and ship repair industry tax credit is extended for two years to the end of 2026.

Mining exploration tax credit

Effective February 23, 2024, all oil and gas exploration expenses will no longer qualify for the mining exploration tax credit.

OTHER INITIATIVES

First-time home buyers' exemption threshold increased

The first-time home buyers' exemption eliminates the property transfer tax liability for eligible first-time home buyers, provided the fair market value of the purchase is below the designated threshold.

Effective April 1, 2024, the threshold is increased from a fair market value of \$500,000 to \$835,000, with the first \$500,000 exempt from property transfer tax. The phase-out range is \$25,000 above the threshold, with the complete elimination of the

exemption at \$860,000. Qualifying properties with a fair market value under \$500,000 will be completely exempt from property transfer tax.

Newly built home exemption threshold increased

The newly built home exemption exempts qualifying purchasers from property transfer tax for the purchase of a principal residence.

Effective April 1, 2024, the fair market value threshold is increased from \$750,000 to \$1,100,000. The phase-out range is \$50,000 above the threshold, with the complete elimination of the exemption at \$1,150,000 for qualifying newly built homes.

Exemption for new purpose-built rental buildings enhanced

Effective for transactions that occur between January 1, 2025, and December 31, 2030, purchases of new qualifying purpose-built rental buildings will be exempt from the general property transfer tax. Purpose-built rental buildings are those that are non-stratified and held as rentals, on a monthly basis or longer, for at least 10 years. The residential portion of the building must be entirely used for rental purposes and have at least four apartments. This exemption builds on the further 2% property transfer tax exemption for new purpose-built rentals announced in Budget 2023 and the rental housing revitalization tax exemption provided in Budget 2018. It further encourages the construction of new purpose-built rental buildings to address housing affordability.

Exemption for farmers enrolled in provincial agricultural insurance programs

Effective on royal assent, farmers are exempt from insurance premium tax when paying premiums for provincial agricultural insurance programs offered by the Ministry of Agriculture and Food.

PST refund on goods purchased for resale

Effective July 1, 2024, the Provincial Sales Tax Act is amended to reduce the availability of PST refunds if a person acts as though they are the end purchaser of goods but are actually acquiring the goods for resale outside B.C.

Carbon tax—biomethane credit refund

Effective April 1, 2024, the Carbon Tax Regulation is amended to allow qualifying retail dealers who claim the biomethane credit refund to include biomethane blended in previous reporting periods but not used for fulfilling biomethane contracts. Unused biomethane can be carried forward two years from the end of the reporting period in which the biomethane is blended.

Various technical measures

The budget introduces a number of technical amendments to various enactments including the Income Tax Act, Carbon Tax Act, Employer Health Tax Act, Home Owner Grant Act, Insurance Premium Tax Act, Logging Tax Act, Mineral Tax Act, Motor Fuel Tax Act, Property Transfer Tax Act, Provincial Sales Tax Act, Speculation and Vacancy Tax Act, and Tobacco Tax Act.

WE CAN HELP

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For more information, we encourage you to speak to your advisor or visit us at [assante.com](https://www.assante.com)

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