

## HIGHLIGHTS FROM THE MANITOBA BUDGET

Minister of Finance Adrien Sala tabled the 2024 Manitoba provincial budget on April 2, 2024.

The budget projects a deficit of \$796 million for 2024/25 and a balanced budget by 2027/28. The forecast deficit for the 2023/24 fiscal year now stands at \$2 billion, compared to a projected deficit of \$363 million.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2024. However, the budget proposes a phase out of the basic personal amount over a net income range of \$200,000 to \$400,000, announces the new Rental Housing Construction Tax Credit and extends the gas tax cut to September 30, 2024.

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 for 2024. Tax brackets and other amounts for 2024 were announced in the 2023 budget and will be indexed starting in 2025. The table below shows the Manitoba tax rates and tax brackets for 2024.

TAXABLE INCOME RANGE	2024 TAX RATES
First \$47,000	10.80%
Over \$47,000 to \$100,000	12.75%
Over \$100,000	17.40%

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

## Basic Personal Amount

The Basic Personal Amount (BPA) is a non-refundable tax credit Manitoba residents claim on their personal income tax return. The BPA has been indexed since 2017 and will total \$15,780 for 2024 and is currently projected at \$16,206 for 2025. The value of the credit (i.e., the reduction in tax liability) is the BPA multiplied by the lowest Manitoba tax bracket rate of 10.8%. Beginning with the 2025 tax year, Manitoba will phase out the BPA over a net income range of \$200,000 to \$400,000.

## Fertility Treatment Tax Credit

The Fertility Treatment Tax Credit is a refundable personal income tax credit equal to 40% of fertility treatment fees paid to a Manitoba licensed medical practitioner or fertility treatment clinic, and for related prescription drugs, net of any reimbursements such as private health care coverage. There is no limit on the number of treatments eligible Manitobans can claim. However, only \$20,000 can be claimed in eligible annual costs for a maximum annual credit of \$8,000 (40% of \$20,000).

For the 2024 tax year, the maximum annual eligible expense amount under the Fertility Treatment Tax Credit is doubled from \$20,000 to \$40,000, which doubles the available annual credit amount from \$8,000 to \$16,000.

## Renters Tax Credit

Until 2020, renters in Manitoba received a tax credit of up to \$700 a year and low-income seniors who rented received a top-up of up to \$400. In 2021, the renters credit was reduced to \$525, and the seniors top-up was reduced to \$300.

For tax year 2025, an increased Renters Tax Credit of up to \$575 will be provided, and the seniors top-up will be increased to a maximum of \$328. Both amounts will be increased each year of the current mandate.

## CORPORATE TAX MATTERS

### Corporate income tax rates

There were no proposed changes to corporate income tax rates. The table below shows the Manitoba 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	0%
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	9%
Active income over \$500,000	27%
Manufacturing and processing income	27%
Investment income	50.67%

## **Rental Housing Construction Tax Credit**

A new Rental Housing Construction Tax Credit will be introduced effective for the 2024 tax year. This credit is intended to kickstart construction of rental units in the province, including supporting the addition of affordable rental units. The tax credit will provide \$8,500 for the construction of new market-rate rental units and \$13,500 for units classified and maintained as affordable units for a period of at least 10 years. Construction must commence on or after January 1, 2024, to be eligible for the tax credit.

The Rental Housing Construction Tax Credit will be fully refundable to non-profit organizations. For other businesses, \$8,500 will be fully refundable on all units, with an additional \$5,000 non-refundable credit available over 10 years for affordable units.

## **Data Processing Investment Tax Credits**

For the 2025 tax year, the Data Processing Investment Tax Credits will be eliminated.

## **Cultural Industries Printing Tax Credit**

The Cultural Industries Printing Tax Credit, scheduled to expire on December 31, 2024, is extended for one year to December 31, 2025. This tax credit provides Manitoba's printing industry with a 35% refundable credit on salary and wages paid to Manitoba employees.

## **OTHER INITIATIVES**

### **Gas Tax Cut Extension**

The gas tax cut implemented on January 1, 2024, is extended by three months to September 30, 2024. The gas tax rate will continue to be zero cents per litre on gasoline, diesel and marked gasoline. Marked diesel continues to be tax exempt.

The average family with one vehicle is estimated to save \$187.50 over the nine months of the gas tax cut. A family with two vehicles is estimated to save \$375.

### **Sales Tax Registration Threshold Increase and Removal of Sales Tax Commissions**

Effective January 1, 2024, the sales tax registration threshold will be increased for taxable sales from \$10,000 to \$30,000, consistent with the federal government's \$30,000 GST/HST registration threshold.

The budget intends for this increase to reduce red tape and administration for an estimated 3,300 small businesses with taxable sales between \$10,000 and \$30,000.

Sales tax commissions will be eliminated for any filing period ending after April 2024. The budget notes that this is possible due to the increase in the sales tax registration threshold and electronic filing, as the administrative costs for small businesses to file and report the amount of sales tax collected is expected to significantly decrease.

### **School Tax Measures Reform of Credits and Rebates**

Manitoba will maintain the existing School Tax Rebate at the current levels in 2024. However, these rebates will be provided directly on the property tax notice instead of mailing out cheques as in previous years.

For the 2025 tax year, the School Tax Rebate and Education Property Tax Credit will be replaced with a new Homeowners Affordability Tax Credit of up to \$1,500 on principal residences. The budget notes that the intent is to effectively eliminate education property taxes for homes with assessed values of approximately \$285,000 and below.

The Education Property Tax Credit seniors top-up and School Tax Credit are being eliminated while the Seniors School Tax Rebate is maintained. Overall, the changes will result in the same or greater total credits for most seniors in 2025 compared to 2024.

The School Tax Rebate for farm properties is maintained at 50%.

The School Tax Rebate for all other commercial properties is removed in anticipation of the introduction of a new education funding model intended to support the education system and small businesses.

## Vaping Tax

Manitoba will sign a Coordinated Vaping Product Taxation Agreement with the federal government. The federal government implemented an excise duty on vaping products effective October 1, 2022, and invited provinces and territories to sign an agreement under which an additional duty equal to the federal rate would apply, with resulting total revenues shared equally between the federal government and provinces and territories. The federal government administers the collection of the duty at no cost to provinces and territories. The federal excise duty applies to vaping substances produced in, or imported into, Canada and intended for use in a vaping device in Canada. The base duty amount (pre-doubling) is:

- \$1.00 per 2 mL for containers with less than 10 mL of vaping liquid
- \$5.00 for the first 10 mL + \$1.00 for every additional 10 mL or fraction thereof for containers with more than 10 mL

The new, doubled rates are anticipated to begin applying in Manitoba on January 1, 2025.

## WE CAN HELP

Your Assante advisor can help you assess the impact of these proposals on your personal finances or business affairs and show you ways to take advantage of their benefits or ease their impact. The resources available to you and your advisor include CI Assante Private Client's Wealth Planning Group, a multi-disciplinary team of accountants, lawyers and financial planners.

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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