

NEWFOUNDLAND AND LABRADOR BUDGET



HIGHLIGHTS FROM THE NEWFOUNDLAND AND LABRADOR BUDGET

Minister of Finance Siobhán Coady tabled the 2024/25 Newfoundland and Labrador provincial budget on March 21, 2024.

The budget predicts a deficit of \$152 million for the 2024/25 fiscal year with the expectation that balance will be achieved next year and for the foreseeable future. The forecasted deficit for the almost completed 2023/24 fiscal year now stands at \$433 million, compared to the projected deficit of \$160 million. The province's net debt is projected to reach \$17.2 billion this year.

On the income tax side, there were no increases or decreases to personal tax rates for 2024, but the budget announced a reduction in the small business corporate tax rate, effective January 1, 2024.

The following pages summarize the changes announced in the budget. Please note that these changes are proposals until they are 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 4.2% to recognize the impact of inflation. The table below outlines the tax rates and tax brackets for Newfoundland and Labrador in 2024.

TAXABLE INCOME RANGE	2024 TAX RATES
First \$43,198	8.7%
Over \$43,198 to \$86,395	14.5%
Over \$86,395 to \$154,244	15.8%
Over \$154,244 to \$215,943	17.8%
Over \$215,943 to \$275,870	19.8%
Over \$275,870 to \$551,739	20.8%
Over \$551,739 to \$1,103,478	21.3%
Over \$1,103,478	21.8%

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

INCOME TYPE	2024 COMBINED TAX RATES
Regular income	54.80%
Capital gains	27.40%
Eligible dividends	46.20%
Non-eligible dividends	48.96%

CORPORATE TAX MATTERS

Corporate income tax rates

The budget announced a reduction in the small business corporate tax rate, effective January 1, 2024, from 3% to 2.5% on the first \$500,000 of active business income. The table below outlines the Newfoundland and Labrador corporate tax rates and small business limit for 2024.

CATEGORY	2024 TAX RATES
General rate	15.00%
Manufacturing and processing rate	15.00%
Investment income rate	15.00%
Small business rate	2.50%
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	11.50%
Active income over \$500,000	30.00%
Manufacturing and processing income	30.00%
Investment income	53.67%

OTHER INITIATIVES

Seniors' Well-Being Plan

The budget proposed the Seniors' Well-Being Plan which will introduce a seniors' care grant that will provide additional benefit to low-income seniors living at home to support services such as snow clearing and grocery delivery. A caregiver benefit will provide financial assistance to clients who have higher care needs, providing them the support they need to live at home longer. For seniors living in coastal Labrador communities, a new supplement for food and heating is also being introduced as part of this plan.

Continuation of initiatives introduced in the 2023/24 budget

The budget proposes to continue with certain initiatives introduced in the 2023/24 budget, including:

- availability of the All-Spend Film and Video Production Tax Credit – a refundable corporate income tax credit for eligible corporations at the rate of 40% of eligible production costs, to a maximum tax credit of \$10 million annually per project;
- elimination of retail sales tax on home insurance;
- providing a home and heating supplement up to \$500 to residents who currently rely on furnace or stove oil to heat their home;
- a 50% reduction in the cost of registering passenger vehicles, light trucks, and taxis;
- a reduction of 8.05% per litre in provincial tax on gas; and
- availability of the Green Technology Tax Credit to help businesses with specific capital costs for green activities such as equipment for energy conservation and clean energy generation and the efficient use of fossil fuels.

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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