

## HIGHLIGHTS FROM THE PRINCE EDWARD ISLAND BUDGET

Minister of Finance Jill Burridge tabled the 2024/25 Prince Edward Island provincial budget on February 29, 2024.

The budget projects a deficit of \$85 million for the upcoming 2024/25 fiscal year, a \$59.5 million deficit for 2025/26, and a \$30.5 million deficit for 2026/27. The forecast deficit for the almost completed 2023/24 fiscal year now stands at \$85.5 million, compared to a projected deficit of \$97.6 million.

The budget proposed changes to the personal income tax system for 2025, including raising the income thresholds for the first two income tax brackets, lowering the tax rates for the first four tax brackets, and increasing the amount for various personal income tax credits. Other initiatives include the introduction of the new PEI Children’s Benefit and rebates for newly constructed multi-unit residential buildings.

The following pages are a summary of 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

For the 2025 calendar year, the budget proposes to raise the income thresholds for the first two personal income tax brackets and lower the rate for the first four tax brackets. The table below shows the Prince Edward Island tax rates and tax brackets for 2024 and the proposed tax rates and tax brackets for 2025.

2024		2025	
TAXABLE INCOME RANGE	TAX RATES	TAXABLE INCOME RANGE	TAX RATES
First \$32,656	9.65%	First \$33,328	9.50%
Over \$32,656 to \$64,313	13.63%	Over \$33,328 to \$64,656	13.47%
Over \$64,313 to \$105,000	16.65%	Over \$64,656 to \$105,000	16.60%
Over \$105,000 to \$140,000	18.00%	Over \$105,000 to \$140,000	17.62%
Over \$140,000	18.75%	Over \$140,000	19.00%

The table below shows the 2024 and proposed 2025 combined federal and provincial highest marginal tax rates for various types of income.

INCOME TYPE	2024 COMBINED TAX RATES	2025 COMBINED TAX RATES
Regular income	51.75%	52.00%
Capital gains	25.88%	26.00%
Eligible dividends	36.20%	36.54%
Non-eligible dividends	47.63%	47.92%

### Income tax changes

Effective January 1, 2025, the budget proposes to increase the following personal income tax credits and their corresponding income thresholds:

PERSONAL INCOME TAX CREDIT	2024	2025
Basic Personal Exemption	\$13,500	\$14,250
Spouse or Equivalent Amount		
Maximum	\$11,466	\$12,103
Income Threshold	\$1,147	\$1,210
Age Amount (65 or older)		
Maximum	\$5,595	\$6,510
Income Threshold	\$33,740	\$36,600
Low Income Tax Reduction Threshold	\$21,500	\$22,250

### PEI Children's Benefit

Starting in January 2025, the province will introduce a new PEI Children's Benefit. This monthly benefit will help families with costs associated with their children, such as food, sports, childcare and clothing. This benefit will be scaled to support those who need it the most. For example, a family with two children with a net household income of up to \$45,000 will receive \$720 per year. Families with incomes between \$45,000 and \$80,000 will also receive a prorated benefit. The PEI Children's Benefit will be administered through Canada Revenue Agency and will be reviewed annually.

## CORPORATE TAX MATTERS

### Corporate income tax rates

There were no changes to corporate income tax rates announced in the budget. The table below shows Prince Edward Island tax rates and the small business limit for 2024.

CATEGORY	2024 TAX RATES
General rate	16%
Manufacturing and processing rate	16%
Investment income rate	16%
Small business rate	1%
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	10.00%
Active income over \$500,000	31.00%
Manufacturing and processing income	31.00%
Investment income	54.67%

## OTHER INITIATIVES

### Seniors Independence Initiative

To support seniors living in their own homes, the budget proposes to increase the annual support under the Seniors Independence Initiative to a maximum of \$1,800 for practical services, such as grass cutting, snow removal and housekeeping.

### Tax rebates for builders

The budget provides tax rebates for newly constructed multi-unit residential buildings, including rebates of HST and property tax rebates through the Residential Unit Development Incentive program that provides financial support to encourage the development of new rental units.

### George Coles Bursary

The budget proposes to increase the annual bursary to \$3,200 and expand the program to targeted off-island healthcare training programs.

## 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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