

NEWFOUNDLAND AND LABRADOR BUDGET



HIGHLIGHTS FROM THE NEWFOUNDLAND AND LABRADOR BUDGET

Minister of Finance Siobhán Coady tabled the 2023/24 Newfoundland and Labrador provincial budget on March 23, 2023.

The budget predicts a deficit of \$160 million for 2023/24 fiscal year with a return to a balanced budget next year, two years ahead of schedule. The forecasted deficit for the almost completed 2022/23 fiscal year of \$351 million has turned to a surplus of \$784 million. The province's net debt is projected to reach \$15.7 billion this year.

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 5.9% to recognize the impact of inflation. The table below outlines the tax rates and tax brackets for Newfoundland and Labrador in 2023.

TAXABLE INCOME RANGE	2023 TAX RATES
First \$41,457	8.7%
Over \$41,457 to \$82,913	14.5%
Over \$82,913 to \$148,027	15.8%
Over \$148,027 to \$207,239	17.8%
Over \$207,239 to \$264,750	19.8%
Over \$264,750 to \$529,500	20.8%
Over \$529,500 to \$1,059,000	21.3%
Over \$1,059,000	21.8%

The table below outlines the 2023 combined federal and provincial highest marginal tax rates for various types of income.

INCOME TYPE	2023 COMBINED TAX RATES
Regular income	54.8%
Capital gains	27.4%
Eligible dividends	46.2%
Non-eligible dividends	48.96%

Physical activity tax credit

The budget proposes to double the Physical activity tax credit. This credit will provide a refundable tax credit of up to \$348 per family.

CORPORATE TAX MATTERS

Corporate income tax rates

The budget contained no proposed changes to corporate income tax rates. The table below outlines the Newfoundland and Labrador corporate tax rates and small business limit for 2023.

CATEGORY	2023 TAX RATES
General rate	15%
Manufacturing and processing rate	15%
Investment income rate	15%
Small business rate	3%
Small business limit	\$500,000

The table below shows the 2023 combined federal and provincial corporate income tax rates for various types of income earned by a Canadian Controlled Private Corporation (CCPC).

INCOME TYPE	2023 COMBINED TAX RATES
Small business income	12%
Active income over \$500,000	30%
Manufacturing and processing income	30%
Investment income	53.67%

All spend film and video production tax credit

The budget proposes to increase the All spend film and video production tax credit from 30% to 40%. The tax credit applies to total qualified production costs with a maximum tax credit of \$10 million annually per project.

OTHER INITIATIVES

Retail sales tax

The budget proposes the elimination of the retail sales tax on home insurance.

Vehicle registration fees

The budget proposes to continue the 50% reduction in the cost of registering passenger vehicles, light trucks and taxis.

Income supplement and seniors' benefit

The income supplement, which provides a quarterly payment designed to offset revenue measures on low-income individuals, seniors, families and persons with disabilities, is increasing by 5%. The seniors' benefit, available to individuals 65 years of age or older, is also increasing by 5%.

Health and post-secondary education tax

The budget proposes to increase the exemption threshold of the health and post-Secondary Education Tax from \$1.3 million to \$2 million.

Home heating supplement

The budget proposes to maintain the home heating supplement that provides up to \$500 to residents who currently rely on furnace or stove oil to heat their home.

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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