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Tax Alert – Canada

Nova Scotia budget 2017-18

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

“Mr. Speaker, I stood in this chamber one year ago and said we wanted to work with Nova Scotians to make our province stronger. And we are stronger than we were last year. This is the first time in nearly a decade that a government will have tabled back-to-back balanced budgets.

“We are able to do these things because Nova Scotians stood with us. They worked hard over the last three years to restore our province’s financial health. They worked with us to build a stronger Nova Scotia. We will continue working with Nova Scotians, investing in new ideas and creating a better economy that can provide more opportunities for us all.”

*Nova Scotia Minister Finance Minister Randy Delorey
2017-18 budget speech*

On 27 April 2017, Nova Scotia Finance Minister Randy Delorey tabled the province’s fiscal 2017-18 budget. The budget contains several tax measures affecting individuals and corporations.

The minister anticipates a surplus of \$136.2 million for 2017-18, which includes the prior year’s one-time revenue increase of \$110.3 million of federal and municipal contributions for the convention centre due to the changing timeframe of completion, and projects surpluses for each of the next three years.

Following is a brief summary of the key tax measures.



Business tax measures

Corporate tax rates

No changes are proposed to the corporate tax rates. Effective 1 January 2017, the \$350,000 Nova Scotia small-business limit has been increased to \$500,000, which matches the federal small-business limit.

Nova Scotia's 2017 corporate tax rates are summarized in Table A.

Table A: Corporate tax rates

	2017	
	NS	Federal and NS combined
Small-business tax rate	3.0%	13.5%
General corporate tax rate	16.0%	31.0%

Personal tax

Personal income tax rates

The budget does not include any changes to personal income tax rates.

The 2017 Nova Scotia personal tax rates are summarized in Table B.

Table B: 2017 Nova Scotia personal tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$29,590	\$29,591 to \$59,180	\$59,181 to \$93,000	\$93,001 to \$150,000	Above \$150,000
8.79%	14.95%	16.67%	17.50%	21.00%

For taxable income in excess of \$142,353, the 2017 combined federal-Nova Scotia personal income tax rates are outlined in Table C.

Table C: Combined 2017 federal and Nova Scotia personal tax rates

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$142,354 to \$150,000	46.50%	31.23%	38.19%
\$150,001 to \$202,800	50.00%	36.06%	42.29%
Above \$202,800	54.00%	41.58%	46.97%

*The rate on capital gains is one-half the ordinary income tax rate.

Personal tax credits

This budget proposes changes to the following personal credits/amounts:

- ▶ Effective 1 January 2018, the basic personal amount, spousal amount and eligible dependent amount will increase \$3,000, from \$8,481 to \$11,481, for individuals with taxable income under \$25,000. The benefit decreases as income increases over \$25,000 and will end when taxable income reaches \$75,000.

- ▶ Effective 1 January 2018, the age amount will increase \$1,465, from \$4,141 to \$5,606, for individuals with taxable income under \$25,000. The benefit decreases as income increases over \$25,000 and will end when taxable income reaches \$75,000.

Harmonized sales tax

The budget does not include any changes to harmonized sales tax rates.

Other tax measures

Motive fuel tax

Effective 1 April 2017, the province will provide an exemption from motive fuel tax for equipment used in the mining and quarrying sector. Currently, motive fuel exemptions are available for such purposes as fishing, farming and logging operations; commercial vessels and ferries; provincial, municipal, school board and public works vehicles; equipment used for firefighting; motive fuel purchased by status Indians on a reserve; and locomotives.

Learn more

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