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# Tax Alert – Canada

## New Brunswick budget 2018-19

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.

“This is a budget that works for all New Brunswickers. We have taken a balanced approach that allows us to achieve our fiscal objectives while also investing strategically.

“Our balanced approach involved revenue measures that ensure the wealthiest, as well as the largest businesses, are contributing towards addressing our fiscal challenge.”

*New Brunswick Finance Minister Cathy Rogers  
2018-19 budget speech*

On 30 January 2018, New Brunswick Finance Minister Cathy Rogers tabled the province's fiscal 2018-19 budget. The budget contains no new taxes and no tax increases.

The minister anticipates a deficit of \$189 million for 2018-19, and projects deficits for each of the next two 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 or the \$500,000 small-business limit.

New Brunswick's 2018 and 2019 corporate tax rates are summarized in Table A.



**Table A: Corporate tax rates**

	2018		2019	
	NB	Federal and NB combined	NB	Federal and NB combined
Small-business tax rate*, **, ***	2.62%	12.62%	2.50%	11.50%
General corporate tax rate	14.00%	29.00%	14.00%	29.00%

\* The small-business rate is prorated based on a 31 December year end.

\*\* On 24 October 2017, the federal government tabled a notice of ways and means motion to implement reductions in the small-business corporate income tax rate, which were announced on 16 October 2017. The federal small-business rate is reduced from 10.5% to 10.0% effective 1 January 2018 and will be further reduced to 9.0% effective 1 January 2019.

\*\*\* The New Brunswick small-business rate was reduced from 3.5% to 3.0% effective 1 April 2017. On 14 November 2017, the province announced its intention to further reduce the small-business rate to 2.5% effective 1 April 2018. This proposal was enacted 20 December 2017.

## Other business tax measures

The province announced increased support to export-oriented small businesses in order to improve productivity. No details on this initiative were mentioned and they will be provided at a future date.

## Personal tax

### Personal income tax rates

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

The 2018 New Brunswick personal tax rates are summarized in Table B.

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate
\$0 to \$41,675	\$41,676 to \$83,351	\$83,352 to \$135,510	\$135,511 to \$154,382	Above \$154,382
9.68%	14.82%	16.52%	17.84%	20.30%

For taxable income in excess of \$154,382, the 2018 combined federal-New Brunswick personal income tax rates are outlined in Table C.

**Table C: Combined 2018 federal and New Brunswick personal tax rates**

Bracket	Ordinary income*	Eligible dividends	Non-eligible dividends
\$154,383 to \$205,842	49.30%	27.99%	42.24%
Above \$205,842	53.30%	33.51%	46.88%

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

### Personal tax credits

This budget does not include any changes to the personal credits/amounts.

## Learn more

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