



# TaxNewsFlash Canada

## Highlights of the 2019 New Brunswick Budget

March 19, 2019

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New Brunswick's Finance Minister Ernie Steeves delivered the province's 2019 budget on March 19, 2019. The budget anticipates a surplus of \$4.5 million for 2018-2019 and projects surpluses of \$23 million for 2019-2020, \$33 million for 2020-2021 and \$63 million for 2021-2022. The budget does not include any new changes to the province's corporate or personal tax rates. However, New Brunswick announces in this budget that it will not parallel the federal tax measure to phase out the small business limit for Canadian-controlled private corporations (CCPCs) based on passive investment income.

### Corporate tax changes

#### *Corporate income tax rates*

The budget did not announce changes to the province's corporate tax rates. As a result, New Brunswick's corporate income tax rates remain as follows:

Corporate Income Tax Rates — As of January 1, 2019		
	New Brunswick	Combined Federal and New Brunswick
General	14%	29%
M&P	14%	29%
Small business <sup>1</sup>	2.5%	11.5%

<sup>1</sup> On first \$500,000 of active business income.

### *New Brunswick will not harmonize with federal small business limit changes*

The budget says that New Brunswick will not parallel federal changes to reduce the small business limit for CCPCs based on their passive investment income. The 2018 federal budget introduced new rules that will reduce the small business limit on a straight-line basis for CCPCs, which together with associated corporations, have between \$50,000 and \$150,000 of adjusted aggregate investment income for taxation years that begin after 2018. Maintaining the current rules for the New Brunswick small business limit avoids a provincial corporate income tax rate increase from 2.5% to 14% on active business income for those small businesses impacted by the federal changes.

As a result, New Brunswick small businesses will not be subject to a provincial tax increase of up to \$57,500 per year.

### **Personal tax changes**

#### *Personal income tax rates*

The budget did not announce changes to personal tax rates. As a result, New Brunswick's personal income tax rates effective January 1, 2019 are as follows:

<b>Personal Combined Federal/Provincial Top Marginal Rates</b>	
	<b>2019</b>
Interest and regular income	53.30%
Capital gains	26.65%
Eligible dividends	33.51%
Non-eligible dividends	47.75%

#### *New Brunswick Tuition Tax Credit*

The budget reintroduces the New Brunswick Tuition Tax Credit. Individuals will be able to claim this personal income tax credit when they file their 2019 tax return.

## We can help

Your KPMG adviser can help you assess the effect of this year's New Brunswick budget on your personal finances or business affairs. We can help you address any concerns you may have about this year's New Brunswick budget.

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