



2018 New Brunswick budget summary

February 2018

Tax Alert

On January 30, 2018, New Brunswick Finance Minister, The Hon. Cathy Rogers, tabled the province's 2018–19 budget. The province will continue to focus on the following three areas: health care, education and jobs.



The province has revised the projected deficit for 2017–18 to \$115.2 million and has projected a deficit of \$188.7 million for 2018–19. The province, however, is projecting a surplus of \$69 million by 2021–22. Yet the province’s debt will continue to increase and is projected to reach \$14.5 billion by the end of 2018–19.

There are no new tax measures or tax increases included in this budget. The budget contains relatively few taxation changes other than a decrease in corporate tax rates for small businesses.

Business tax measures

Corporate tax rates

No changes to the \$500,000 small-business limit are proposed. However, the small business tax rate will decrease from 3% to 2.5% effective April 1, 2018.

New Brunswick’s new corporate tax rates for 2018 and 2019 are summarized in Table A below:

Table A

New Brunswick corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2018	2.62% ¹	14%	14%
2019	2.5%	14%	14%

¹ Prorated based on a December 31 year-end

Personal tax measures

Personal income tax rates

No changes to personal income tax rates are proposed. The rates for 2018 are as follows:

- 9.68% on the first tax bracket (up to \$41,675)
- 14.82% on the second tax bracket (from \$41,676 up to \$83,351)
- 16.52% on the third tax bracket (from \$83,352 up to \$135,510)
- 17.84% on the fourth tax bracket (from \$135,511 up to \$154,382)
- 20.30% on the fifth tax bracket (over \$154,383)

Table B illustrates the top combined federal-New Brunswick marginal rate of tax on various types of income for 2018 for the top income tax bracket:

Table B

New Brunswick – top personal tax rates

Taxable income	2018 marginal tax rates
Interest	53.30%
Capital gains	26.65%
Eligible dividends	33.51%
Regular dividends	46.88% ²

² Effective January 1, 2018, the gross-up rate for non-eligible dividends is reduced to 16%.