

Newfoundland Cincle Labra Labr

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Budget 2023

March 23, 2023

Finance Minister and Deputy Premier Siobhán Coady tabled Newfoundland and Labrador's budget (NL Budget 2023) for the 2023-24 fiscal year on March 23, 2023.

NL Budget 2023 projects a surplus of \$784 million for the 2022-23 fiscal year, compared to a \$351 million deficit projected in the previous budget.

Fiscal projections for the next five years are as follows:

Year	Projected surplus/(deficit)
2023-24	(\$160 million)
2024–25	\$297 million
2025-26	\$286 million
2026-27	\$71 million
2027-28	\$25 million

Business tax measures

Corporate tax rates

NL Budget 2023 announces no changes to the corporate tax rates or the \$500,000 small business limit.

2023 combined federal and NL corporate tax rates

Corporate tax rates	NL only	Federal and NL combined
Small business tax rate (non-ZETM¹)	3.0%	12.0%
Small business tax rate (ZETM)	3.0%	7.5%
General corporate tax rate	15.0%	30.0%
Manufacturing and processing tax rate	15.0%	30.0%
Manufacturing and processing tax rate (ZETM)	15.0%	22.5%

1 zero-emission technology manufacturer

All Spend Film and Video Production Tax Credit

NL Budget 2023 increases the All Spend Film and Video Production Tax Credit to 40% (from 30%). This credit applies to total qualified production costs providing a maximum credit of \$10 million annually per project, in addition to the \$10 million available through the Film and Television Equity Investment Program.

Personal tax measures

Personal income tax rates

NL Budget 2023 doesn't change the personal rates. The indexed personal tax brackets (\$) and the respective marginal tax rates (%) for 2023 are as follows:

Tax brackets and marginal tax rates

\$41,457 or less 8.7%%

\$207,240 - \$264,750 **19.8**%

\$41,458 - \$82,913 **14.5**[%]

\$82,914 - \$148,027 **15.8**[%]

\$148,028 - \$207,239 17.8%

\$264,751 - \$529,500 20.8%

\$529,501 - \$1,059,000 **21.3**[%]

\$1,059,001 and over 21.8%

The top combined federal and Newfoundland and Labrador marginal tax rates for 2023 are as follows:

Type of income	Tax rate
Salary/interest	54.80%
Capital gains	27.40%
Eligible dividends	46.20%
Non-eligible dividends	48.96%

Physical Activity Tax Credit

NL Budget 2023 doubles the maximum amount of eligible fitness expenses to \$4,000/family (from \$2,000). This refundable tax credit applies to qualifying fitness expenses incurred, at a rate of 8.7% and is expected to provide up to \$348 in tax relief.

Enhancement of social services and assistance

NL Budget 2023 increases Newfoundland and Labrador's Income Supplement and Seniors' Benefit by 5%. These refundable tax credits are paid to certain low-income individuals, seniors, and families, even if no tax is payable. For more information, see Newfoundland and Labrador's website.

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NL Budget 2023 doubles the maximum amount of eligible fitness expenses to \$4,000/family

Sales and other tax measures

NL Budget 2023 proposes no changes to the current 15% Harmonized Sales Tax (HST) rate, which is composed of a federal component of 5% and a provincial component of 10%.

Health and Post-Secondary Education Tax

NL Budget 2023 reduces payroll taxes for more businesses by increasing the exemption threshold of the Health and Post-Secondary Education Tax to \$2 million (from \$1.3 million). This 2% "payroll tax" is payable by employers whose annual remuneration exceeds this exemption threshold.

Gasoline and diesel tax

NL Budget 2023 extends the tax reduction on gasoline and diesel of 7 cents/litre until March 31, 2024. This extension reduces the price of gas and diesel by 8.05 cents/litre (including HST).

Retail sales tax

NL Budget 2023 eliminates the retail sales tax on personal property insurance. This was previously introduced as a temporary measure on April 7, 2022.

Other notable changes



HEALTH CARE

Providing a \$3.9 billion investment

in health care. This funding will support new equipment and improvements to health care facilities, invest in the recruitment and retention of health care professionals, and expand virtual care programs.

INFRASTRUCTURE PROJECTS

Investing

\$1.1 billion

for infrastructure projects, including hospitals, roads, and highways.

HOUSING

Providing more than

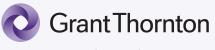
\$140 million

to improve housing for the prevention of homelessness, including the construction of more than 850 affordable rental homes, with a focus on seniors.

Visit our <u>Budget 2023</u> hub to learn more about all federal and provincial budgets.

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