

Budget 2022

British Columbia

Making sense of what's next.

February 2022

On February 22, 2022, Finance Minister Selina Robison tabled British Columbia's 2022 budget (BC Budget 2022).

BC Budget 2022 estimates that the province's deficit for the 2021-22 fiscal year was \$483 million as compared to the \$9.7 billion deficit projected for the same fiscal year in the previous budget. The decrease in the deficit is partly due to the financial rebound of the Insurance Corporation of British Columbia (ICBC) and the higher than expected property transfer taxes from home sales.

From a fiscal perspective, the province continues to project the following deficits over the next three years:

Year	Projected deficits
2022-23	\$5.461 billion
2023-24	\$4.182 billion
2024-25	\$3.181 billion



Business tax measures

Corporate tax rates

No changes to the corporate tax rates or the \$500,000 small business limit are proposed.

BC's corporate tax rates for 2022 are summarized as follows:

Combined federal and BC corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2022	11.00%	27.00%	27.00%

Changes to existing business tax credits

Tax credits	BC Budget 2022 changes
Scientific Research and Experimental Development Tax Credit	Extended for five years to August 31, 2027
Training Tax Credits	Extended for two years to the end of 2024
Shipbuilding and Ship Repair Industry Tax Credit	Extended for two years to the end of 2024
Small Business Venture Capital Tax Credit	Total tax credit budget for the 2022-2024 calendar years is temporarily increased to \$41 million from \$38.5 million
Production Services Tax Credit	Deadline to file pre-certification form is extended from 60 days to 120 days

Clean Buildings Tax Credit – New

BC Budget 2022 introduces a temporary tax credit for retrofits that improve the energy efficiency of multi-unit residential buildings with four or more dwellings and prescribed types of commercial buildings.

Taxpayers meeting certain requirements will be eligible for a refundable tax credit of 5% of eligible expenditures (made before April 1, 2025, and under a contract entered into after February 22, 2022).

To be eligible, taxpayers must improve the energy efficiency of the buildings to meet prescribed energy use targets after the retrofit is completed.

Personal tax measures

Personal income tax rates

BC's personal tax brackets are indexed to inflation on an annual basis. No further changes to the personal tax brackets and rates are proposed. The rates for 2022 are as follows:

Tax brackets	Marginal tax rates
\$43,070 or less	5.06%
\$43,071 to \$86,141	7.70%
\$86,142 to \$98,901	10.50%
\$98,902 to \$120,094	12.29%
\$120,095 to \$162,832	14.70%
\$162,833 to \$227,091	16.80%
Over \$227,091	20.50%

The top combined federal and BC marginal tax rates for 2022 are as follows:

Type of income	2022
Regular	53.50%
Capital gains	26.75%
Eligible dividends	36.54%
Regular dividends	48.89%

Sales tax measures

Provincial Sales Tax (PST)

Market Facilitators

Effective July 1, 2022, businesses that are marketplace facilitators (i.e. facilitate sales or leases for third parties through their online platform, including accepting payments from a consumer) will be required to collect and remit tax on the sale and leases made in BC. Sellers will not be required to collect and remit tax on sales and leases made through a marketplace facilitator. In addition, marketplace facilitators will be required to charge PST on marketplace services, such as advertising and promotion, storage, and fulfilment services, provided to sellers.

Real Property Contractors

Retroactive amendments to April 1, 2013 clarify the evidentiary requirements for when there is an agreement by the consumer to pay the PST on materials used to satisfy these contracts. Specific information must be included in purchase documentation between a real property contractor and a purchaser to utilize this provision to assign the obligation to pay PST to the purchaser.

Zero-Emission Vehicles (ZEVs)

Effective February 23, 2022, used ZEVs are exempt from PST. This includes used ZEVs from motor dealers and used ZEVs sold through private sales that have been driven for at least 6,000 kilometres. In addition, the passenger vehicle surtax threshold for ZEVs is increased to \$75,000 from \$55,000. The PST exemption and increased surtax threshold for ZEVs are available for five years and will end on February 22, 2027.

Private Vehicle Sales

Effective October 1, 2022, PST on private sales of motor vehicles (does not include trade-ins) will be based on the greater of the reported purchase price and the average wholesale value of the vehicle.

Heat Pumps and Fossil Fuel Heating Equipment

Effective April 1, 2022, heat pumps, including any parts or components included as part of the system on the initial purchase, are exempt from PST. If a heat pump is purchased before April 1, 2022 but is installed into the property after April 1, 2022, the purchaser of the heat pump will be eligible to apply for a refund of the PST paid.

In addition, the PST rate on the purchase or lease price of a fossil combustion system will increase from 7% to 12% as of April 1, 2022. For contracts entered into before February 23, 2022, the fossil fuel combustion system installed after April 1, 2022 is still subject to 7% PST.

Tobacco

Effective July 1, 2022, the PST exemption for tobacco is removed.

Motor Fuel Tax

Effective February 23, 2022, hydrogen fuel that is purchased for use in an internal combustion engine vehicle and is not produced by electrolysis using coal-generated electricity, is exempt from motor fuel tax.

Speculation and Vacancy Tax

The speculation and vacancy tax exemption for strata accommodation property was scheduled to expire at the end of the 2021 tax year. BC Budget 2022 has proposed to make this exemption permanent.

BC Budget 2022 proposes that residential properties in Abbotsford, Chilliwack and Mission would be able to temporarily claim the exemption for hazardous or damaged residential property even if the property was uninhabitable for less than 60 days.

Other notable items

In addition, BC Budget 2022 proposes the following items:

Infrastructure – providing \$27.4 billion over the next three years for major transportation projects, new schools, post-secondary investments and health care.

Climate-related disasters – providing \$2.1 billion to fund recovery and prevention from climate-related disasters.

Child care – reducing fees for full day infant and toddler care to an average of approximately \$20/day by the end of 2022. In addition, BC Budget 2022 proposes to reduce average fees for preschool and before and after school care to less than \$20/day for the 2023/2024 school year.