

Budget 2022

Manitoba

Making sense of what's next.



April 2022

On April 12, 2022, Finance Minister Cameron Friesen tabled Manitoba's 2022-23 budget (MB Budget 2022).

MB Budget 2022 projects a deficit of \$1,393 million for the 2021-22 fiscal year, compared to a \$1,597 million deficit projected for the same fiscal year in the previous budget.

The government anticipates balancing the budget in seven years.

Fiscal projections for the next four years are as follows:

Year	Projected surplus/(deficit)
2022-23	(\$548 million)
2023-24	(\$440 million)
2024-25	(\$347 million)
2025-26	(\$260 million)



Business tax measures

Corporate tax rates

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

Manitoba's corporate tax rates for 2022 are as follows:

	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
MB only	0.00%	12.00%	12.00%
Federal and MB combined	9.00%	27.0%	27.0%

Health and Post-Secondary Education Tax Levy

Effective January 1, 2023, MB Budget 2022 proposes reducing payroll taxes for employers by raising the exemption threshold for the Health and Post-Secondary Education Levy (HE Levy) as follows:

HE Levy rate	Current payroll tiers	Payroll tiers - effective January 1, 2023
0.00%	Less than \$1.75M	Less than \$2M
4.30% on the amount over \$1.75M / \$2M (as applicable)	\$1.75M - \$3.5M	\$2M - \$4M
2.15% of total payroll	Over \$3.5M	Over \$4M

According to the government, the new higher thresholds will benefit businesses in the construction, manufacturing, retail, wholesale, professional and restaurant sectors.

Tax credit changes

The following credits have been revised as a result of Budget 2022:

Credit	Change
Small Business Venture Capital Tax Credit	<p>This credit provides a non-refundable tax credit up to 45% to individuals and corporations that acquire equity capital in eligible Manitoba businesses.</p> <p>Previously the credit was extended from December 31, 2019 to December 31, 2022. MB Budget 2022 proposes that this credit be made permanent.</p>

Community Enterprise Development Tax Credit	<p>This provides a 45% refundable tax credit to individuals and corporations that acquire equity capital in community-based enterprises in Manitoba.</p> <p>Previously the credit was extended from December 31, 2021 to December 31, 2022. MB Budget 2022 proposes that this credit be made permanent.</p>
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Personal tax measures

Personal income tax rates

Tax brackets are indexed to inflation in Manitoba. No changes to the personal tax rates are proposed. The rates for 2022 are as follows:

Tax bracket	Marginal tax rate
\$34,431 or less	10.8%
\$34,432 - \$74,416	12.75%
\$74,417 and over	17.4%

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

Taxable income	2022
Interest	50.40%
Capital gains	25.20%
Eligible dividends	37.78%
Regular dividends	46.67%

Residential Renters Tax Credit

MB Budget 2022 proposes replacing the Education Property Tax Credit with a new Renters Tax Credit, effective January 1, 2022. It is expected that renters of residential properties will be able to claim the new credit based on the number of months spent renting in a given year and will not be income tested. The fixed monthly claim amount will be \$43.75, resulting in a maximum annual claim amount of \$525.

Sales tax measures

No changes are proposed to the current 12% sales tax rate, which includes a Provincial Sales Tax (PST) of 7%.

Fuel Tax Exemption for Peat Harvesting Equipment

MB Budget 2022 proposes that fuel used in off-road operation of peat harvesting equipment be exempt from Manitoba's Fuel Tax, effective May 1, 2022.

Education property tax rebate

In accordance with previous announcements, the government continues to phase-out education property taxes by increasing the education property tax rebate. MB Budget 2022 proposes that owners of residential and farm properties are expected to receive a 37.5 per cent rebate of the school division special levy payable in 2022 and 50 per cent in 2023. This is in comparison to the 25 per cent rebate received in 2021.

Owners of other properties, such as businesses, industrial, railway and institutions, are expected to continue to receive a 10 per cent rebate on the gross education property tax (including both the school division special levy and the education support levy) in 2022 and in 2023.

The province will send cheques for the Education Property Tax Rebate in the same month that municipal property taxes are due, and no application is necessary.

To adjust for the increases in the Education Property Tax Rebate, the following existing education property tax credits and rebates are reduced for 2022 and 2023:

- Education Property Tax Credit and Advance
- Seniors School Tax Rebate
- Seniors Education Property Tax Credit
- Farmland School Tax Rebate

Vehicle registration fees

In addition to reductions announced in previous budgets, MB Budget 2022 proposes to further reduce the vehicle registration fees for renewals after June 30, 2022 by \$10. This reduction applies to non-commercial vehicles, including passenger vehicles, trucks, trailers and motorcycles /mopeds.

Other notable items

COVID-19 – \$630 million to help the health care system to respond to future variants.

Senior care – \$32 million to increase care for seniors throughout the province.

Health care facilities – \$812 million over five years, for rural and northern health care in the province's Clinical and Preventative Services Plan.

Infrastructure – \$578.5 million in projects funded by the Manitoba Restart Capital Program and capital projects for highways.

Child care – \$326 million over two years to improve the affordability and accessibility for child care in the province.