

Budget 2022

Newfoundland and Labrador

Making sense of what's next.



April 2022

On April 7, 2022, Siobhán Coady, Minister of Finance and Deputy Premier, tabled Newfoundland and Labrador's 2022-23 budget (NL Budget 2022).

NL Budget 2022 projects a deficit of \$400 million for the 2021-22 fiscal year, compared to a \$826 million deficit projected for the same fiscal year in the previous budget.

The government anticipates balancing budget by 2026-27.

Projections for the next five fiscal years are as follows:

Year	Projected surplus/(deficit)
2022-23	(\$351 million)
2023-24	(\$309 million)
2024-25	(\$270 million)
2025-26	(\$74 million)
2026-27	\$82 million



Business tax measures

Corporate tax rates

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

Newfoundland and Labrador's corporate tax rates for 2022 are summarized as follows:

Period	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
NL only	3%	15.0%	15.0%
Federal and NL combined	12%	30.0%	30.0%

Green technology tax credit

This new proposed 20% tax credit will assist companies that invest in equipment that:

- conserves energy
- generates cleaner energy
- uses fuel from waste; or
- uses fossil fuels more efficiently

The maximum credit is \$1 million per year and the tax credit is expected to be 40 per cent refundable.

Manufacturing and Processing Investment Tax Credit

To encourage the manufacturing, fishery, farming and forestry sectors to invest in capital equipment, NL Budget 2022 proposes a new 10 per cent manufacturing and processing investment tax credit.

All Spend and Film Video Production Tax Credit

NL Budget 2022 introduces a new 30 per cent tax credit that will apply to total qualified production costs with a maximum credit of \$10 million annually per project.

Personal tax measures

Personal income tax rates

NL Budget 2022 includes no changes to the personal tax brackets and rates. The rates for 2022 are as follows:

Tax brackets	2022 marginal tax rates
\$39,147 or less	8.7%
\$39,148 - \$78,294	14.5%
\$78,295 - \$139,780	15.8%
\$139,781 - \$195,693	17.8%
\$195,694 - \$250,000	19.8%
\$250,001 - \$500,000	20.8%
\$500,001 - \$1,000,000	21.3%
\$1,000,001 and over	21.8%

The top combined federal and Newfoundland & Labrador marginal tax rates for 2022 are as follows:

Type of income	2022
Interest/Other	54.80%
Capital gains	27.40%
Eligible dividends	46.20%
Regular dividends	48.96%

Pre-natal Infant Nutrition Supplement

The Pre-natal Infant Nutrition Supplement (formerly the Mother Baby Nutrition Supplement) is an existing monthly financial benefit for low-income pregnant mothers and for families with children under age one.

NL Budget 2022 proposes to increase it to \$150 per month from \$100 per month and increase the one-time payment provided during the month of the baby's birth to \$150 from \$100.

Sales tax measures

No changes are proposed to the current 15% Harmonized Sales Tax (HST) rate, which is composed of a federal component of 5% and a provincial component of 10%.

Retail Sales tax on home insurance

Effective April 7, 2022, NL Budget 2022 proposes the elimination of retail sales tax on home insurance for one year.

Reduction in registration fees

NL Budget 2022 proposes a reduction of 50 per cent in registration fees for passenger vehicles, light duty trucks and taxis for one year.

Other notable changes

Infrastructure projects: \$567 million for construction of schools, hospitals and roads.

Workforce development: \$208 million for training to support workers, employers and community organizations.

Hospitality, tourism and cultural industries: \$20 million investment for hospitality, tourism, arts and cultural industries, as they recover from challenges created due to COVID-19.

Healthcare: \$14 million to improve access to primary health care.



Measures announced on March 15, 2022 (pre-budget)

Increase in income supplement: Income supplement is a tax free payment made to low-income individuals, families and persons with disabilities. The government has proposed to increase this by 10%.

Increase in seniors' benefit: This is a tax-free benefit for eligible seniors. The government has proposed to increase this by 10%.

One-time payment for those presently receiving income support: \$200 for single individuals and \$400 for families.

EV Rebate: \$2,500 rebate for consumers who purchase or lease all electric vehicles and \$1,500 rebate for the purchase or lease of plug-in hybrid vehicles.

Rebate for homes: Increase the existing rebate of up to \$2,500 to a rebate of up to \$5,000, to help transition homes whose source of heat is oil or electricity.