

Budget 2022

# Prince Edward Island

Making sense of what's next.

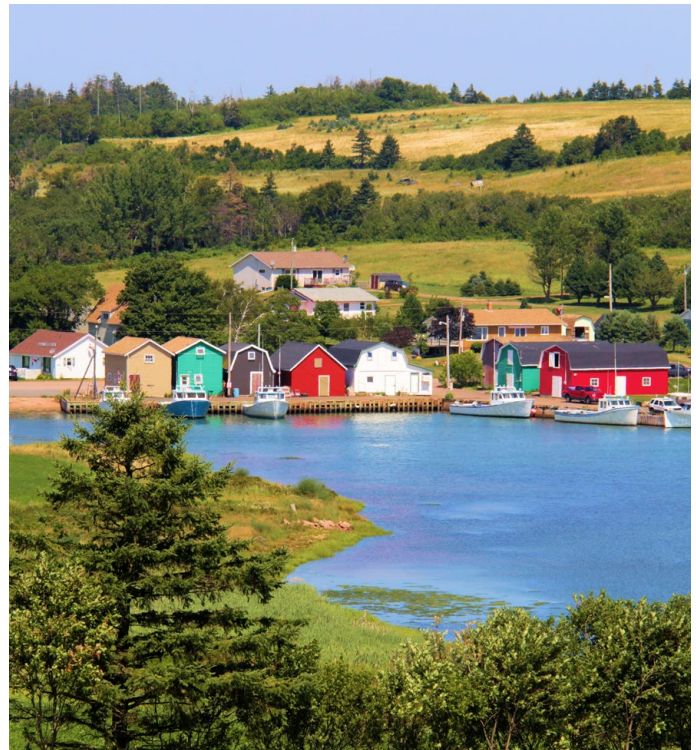
## February 2022

On February 24, 2022, Finance Minister Darlene Compton tabled Prince Edward Island's 2022-23 budget (PEI Budget 2022).

The estimates provided in the Budget show a deficit of \$26.5 million for the 2021-2022 fiscal year as compared to a deficit of \$112.1 million for the same period in the previous budget.

Fiscal results for the next three years are projected as follows:

Year	Projected surplus (deficit)
2022-23	(\$92.9 million)
2023-24	(\$51.9 million)
2024-25	(\$32.1 million)



## Business tax measures

### Corporate tax rates

There are no proposed changes to corporate tax rates or the \$500,000 small business limit. Effective January 1, 2022, the PEI small business tax rate decreased to 1% from 2%.

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

#### Combined federal and PEI corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2022	10%	31%	31%

## Personal tax measures

### Personal income tax rates

PEI Budget 2022 proposes to increase the basic personal income tax exemption to \$12,000, effective January 1, 2023 (from \$11,250 in 2022).

The rates for 2022 are as follows:

Tax brackets	Marginal tax rates
\$31,984 or less	9.8%
\$31,985 - \$63,969	13.8%
\$63,970 and over	16.7%

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

Type of income	2022
Interest	51.37%
Capital gains	25.69%
Eligible dividends	34.22%
Regular dividends	47.05%

## Sales and excise tax measures

PEI Budget 2022 proposes the following sales tax measures:

- a new tax on vaping products
- increase on tobacco taxes
- increase carbon levy on carbon-based fuels, effective March 31, 2022
- the provincial component of HST rebate for charities and non-profit organizations will be increased to 50% from 35%, starting January 1, 2023

## Other notable items

**Rebates:** \$100 rebate on every bicycle sold in PEI starting this summer; \$2.1 million investment in the Electric Vehicle Rebate Program; \$5.6 million investment in the Heat Pump Rebate Program

**Clean tech industry:** \$1 million towards grants and programming for the clean tech industry

**Tourism:** \$750,000 additional investment to develop tourism marketing campaigns

**Youth:** \$945,000 to increase student bursaries; free school supplies for every K-9 student; free transit for anyone under the age of 18; additional funding for KidSport to provide \$600 for each child (household income below \$60,000) to get involved in sports; \$27.2 million investment to expand childcare spaces and increase wages for childcare workers

**Health care:** Additional \$65.3 million funding in health care for a total of \$910.8 million for the year; this includes \$8.7 million to increase specialized capacity within hospitals and to add more physicians across multiple specialties

**Housing:** \$1 million to increase rental supports and \$500,000 to increase affordable housing grants to support construction of new units



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