



Canadian tax alert

2012 Newfoundland and Labrador budget highlights



April 24, 2012

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The Honourable Tom Marshall, Minister of Finance and President of the Treasury Board, presented the 2012 Budget this afternoon. The following is a summary of the tax highlights contained in the budget.

Budget highlights

- The 2012 Budget builds on a strong economy, with an estimated surplus of \$776 million for 2011-12, but expects some economic challenges in the next few years with anticipated deficits of \$258 million for 2012-13 and \$433 million in 2013-14 before a return to a surplus position.
- Real gross domestic product (GDP) will increase by a modest 0.1% as a decline in oil revenues will result from two of the province's three producing oil fields being shut down for a period of planned maintenance. Oil revenues are estimated at \$2.2 billion based on \$124/bbl.
- Capital investment will increase by 30% to a record \$9.6 billion as expansion continues in the province's mining sector, Hebron oil field and infrastructure projects.
- Net debt is at \$7.8 billion, and net debt-to-GDP has improved from a high of 70% in 2004 to 25% projected for 2013.
- The 2012-2013 deficit is forecast on revenues of \$7.2 billion and expenses of \$7.5 billion with expenditures growing by 1.7% and nominal reductions in government work force.

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Measures concerning business

- No changes in corporate tax rates.
- Over \$100 million in funding to increase apprenticeship training and enhance workforce development.
- Almost \$200 million to support innovation and development of aquaculture, ocean technology and tourism.
- Over \$900 million for infrastructure improvements, mostly road construction and public buildings.

Measures concerning individuals

- No changes to personal income tax rates.
- Seniors will be provided with a 35% discount on a number of items such as motor vehicle registration, driver's licences and other fees.
- Continued freeze on tuition, non-repayable grants for post-secondary and no interest on the provincial portion of student loans.

Sales tax measures

- No changes to sales tax rates.

Other measures

- Nearly \$3 billion to improve health care for all residents.

For further details on the provincial budget, please visit www.budget.gov.nl.ca/budget2012.

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