



Canadian tax alert

2013 New Brunswick budget highlights

March 27, 2013

Budget highlights

Yesterday afternoon, Finance Minister Blaine Higgs presented the New Brunswick government's 2013-2014 Budget, "Managing Smarter for a Brighter Future".

Economic results and indicators

- 2012-2013
 - 2012-2013 deficit projected at \$411.1 million
 - Government spending over budget by \$32.3 million
 - Government revenues under budget by \$195.8 million
 - Economic growth of 0.7% for 2012, below the 1.3% projected in March, 2012
 - Overall employment declined modestly in 2012, with full-time jobs increasing by 1,500
- 2013-2014
 - Economic growth of 0.5% projected for 2013
 - 2013-2014 deficit projected at \$478.7 million, including one-time pension expense of \$110 million

The future of Canada

- Deloitte is Canada's largest tax practice and a global tax firm with a unique perspective on competitive tax policy and the key drivers of national prosperity.
- With the right tax policy, we believe that Canada can be more productive and globally competitive. The key lies in creating a tax ecosystem capable of fostering innovation and investment while supporting the objective of a balanced budget.
- **The future of productivity**
- **Deloitte's policy submissions**

Personal tax rate changes

- Effective July 1, 2013, personal income tax rates will be returned to the rates that applied in 2006; this results in the largest percentage increases for people in the top two income brackets earning \$77,908 to \$126,662 and over
- The rates will be changed as follows:
 - from 9.1% to 9.68% for the first tax bracket (up to \$38,954)
 - from 12.1% to 14.82% for the second tax bracket (from \$38,954 to \$77,908)
 - from 12.4% to 16.52% for the third tax bracket (from \$77,908 to \$126,662)
 - from 14.3% to 17.84% on the fourth tax bracket (over \$126,662)
- All tax brackets and credits will continue to be indexed to inflation

Corporate tax rate changes

- Effective July 1, 2013, the general corporate income tax rate will increase from 10% to 12%
- No change in the small business corporate income rate of 4.5%

Other tax measures

- No change to the provincial harmonized sales tax
- Increases in tobacco taxes
- Enhancements to the New Brunswick Small Business Investor Tax Credit to be outlined

Government spending

- Reviews are underway in various government departments to identify efficiencies in service delivery
- New 2013-2014 investments totaling \$70 million include:
 - \$16 million in 2013-14 as part of a five-year, \$80-million investment in innovation in order to jump-start the economy
 - the establishment of the new Energy Institute
 - increases for a number of poverty-reduction initiatives including social assistance rate increases and improvements
 - additional funding for special care homes, specialized care beds, and community residences and funding for the nursing home renovation and replacement plan
 - the continued rollout of the diabetes and mental health strategies
 - increased funding for early childhood development

For further details, we refer you to the [Government of New Brunswick website](#).

Contacts

Canadian Managing Partner, Tax

Heather Evans
416-601-6472

National Tax Policy Leader

Albert Baker
416-643-8753

New Brunswick

David Nielsen
Partner, Tax
506-663-6655

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2 Queen Street East, Suite 1200
Toronto, ON M5C 3G7 Canada

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