



Canadian tax alert

2018-2019 New Brunswick budget highlights

January 30, 2018

On January 30, 2018, New Brunswick Finance Minister Cathy Rogers presented the 2018-2019 New Brunswick budget: "A budget that works for all New Brunswickers". The budget focused on three key priorities:

- Investments in seniors;
- Youth employment; and
- Economic competitiveness.

Fiscal/economic outlook

The 2018-2019 budget projects government revenues to increase by 1.77%, while expenses are expected to grow by 2.54%. The deficit for the year is projected to be \$188.7 million. The deficit is expected to be eliminated in its entirety by 2021-2022.

Real gross domestic product growth is projected to be 1.1% in 2018; this represents the fourth consecutive year of growth in the New Brunswick economy. Employment is expected to grow in 2018 for the second straight year. Government infrastructure spending is expected to encourage economic activity in the province in the medium-term.

Provincial exports are anticipated to grow in 2018 as the US economy continues to strengthen and major primary sectors boost production.

Interest rates are projected to increase in 2018, limiting the growth of household consumption.

The legalization of cannabis is identified as an economic opportunity, and the province intends to enter into an agreement with the federal government for the collection and sharing of cannabis duties.

The following is a summary of the tax highlights contained in the budget.

Measures concerning individuals

The budget does not include any new taxes or tax rate changes for individuals.

Measures concerning business

Small business income tax rate

As announced in November 2017, effective April 1, 2018, the small business income tax rate will be lowered from 3.0% to 2.5%, reaching the overall goal that was set out in last year's budget.

The budget also includes support to enhance the productivity of export-oriented small businesses; however, the details for the initiative were not disclosed.

For further details, we refer you to the [Department of Finance website](#).

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