

Canadian tax alert

2016-2017 Northwest Territories budget highlights



On June 1, 2016, Northwest Territories Finance Minister Robert C. McLeod tabled the 2016-2017 budget. The following is a summary of the economic and tax highlights contained in the budget.

Economic results and indicators

- The government predicts an operating surplus of \$119 million for 2016-2017 but an overall deficit of \$54 million. Revised estimates project an operating surplus of \$97 million for 2015-2016.
- The territory's economy has not fully recovered from the last recession. Real GDP grew only 0.7% over 2014, but is forecast to increase 2.6% in 2016.
- The unemployment rate was 8.3% in 2015. The anticipated increase in economic activity for 2016 is forecast to increase employment by 0.9%, an improvement after declines in 2014 and 2015.
- Total revenues are projected to be flat over the next four years.
- The government has identified expenditure reductions of 3% of the total operating budget.
- The government plans to generate operating cash surpluses in upcoming years in order to protect and extend the life of existing infrastructure and to begin addressing the \$3.4 billion infrastructure deficit.

Personal, corporate and other taxes

- The budget does not include any new taxes or tax rate changes.
- The budget proposes to change the Income Assistance Program so that income from the Canada Child Benefit, the Northwest Territories Child Benefit and spousal support is excluded in the calculation of income assistance payments.
- Amendments will be proposed to enhance the Northwest Territories Child Benefit, including different benefit amounts for children under and over the age of six. This benefit would be non-taxable and not included in other income assistance benefits.
- Yellowknife airport fees are proposed to be restructured to match industry averages. Property tax mill rates and a number of fees were adjusted for inflation, effective April 1, 2016. However, tobacco taxes and liquor mark-ups were not increased.

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

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