



## Canadian tax alert

### 2018-2019 Northwest Territories budget highlights

February 12, 2018

The Minister of Finance, Robert C. McLeod, tabled the Northwest Territories 2018-2019 budget on February 8, 2018, an eighth consecutive balanced budget.

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

#### **Fiscal/economic outlook**

- The government predicts an operating surplus of \$23 million for 2018-2019, the lowest in seven years. Revised estimates project an operating surplus of \$75 million for 2017-2018.
- Primarily due to increased diamond production, real GDP grew in 2017, increasing by 8.2% over 2016. Real GDP is expected to moderate in the near term, decreasing by a projected 0.1% in 2018.
- The unemployment rate in the territory declined, falling from 7.4% in 2016 to 6.5% in 2017. The employment rate also fell - from 69.2% in 2016 to 66.1% in 2017.

- Revenue growth is predicted to be negative this year, with a projected 2.9% decrease in revenues from 2017-18 revised estimates. Modest revenue increases are expected in the medium term.
- The government continues to rely on federal funding for most of its revenues (roughly 80%).

## Personal, corporate and other taxes

- Budget 2018-19 does not include any new taxes or any tax rate increases on existing taxes, other than the annual adjustment of property tax mill rates for inflation, effective April 1, 2018, and an increase in territorial park fees and permits. These increases result from the government's ongoing policy of indexing tobacco and property tax rates, liquor mark-ups and fees.
- Later this year, the government will announce its plans for carbon pricing and appropriate offsets to mitigate the cost. The government is a signatory to the Pan-Canadian Framework on Clean Growth and Climate Change that includes carbon pricing as one of the ways to reduce greenhouse gas emissions.
- During 2018-2019, the government will be developing detailed proposals to implement a land transfer tax similar to other jurisdictions. This tax is anticipated to raise an additional \$3.1 million annually and will be structured progressively by levying a smaller percentage on properties of lower value.
- In last year's budget, the government announced its intention to introduce a sugary drinks tax with the objective of discouraging the consumption of sugary drinks that are linked to health issues such as obesity and diabetes. The government continues to work with stakeholders on a proposed approach and expects to get feedback from residents.
- Last November, the government released its plan to address the federal legalization of cannabis consumption in July 2018, and expects to introduce draft legislation shortly. The government intends to sign a two-year agreement with the federal government under which it will receive 75% of the federal cannabis excise tax generated in the Northwest Territories below the federal cap of \$100 million and 100% of excise tax generated in the Northwest Territories above the federal cap. However, revenue estimates from cannabis taxes are not included in this budget because federal legislation to legalize cannabis has not been passed. Early estimates indicate that revenues from cannabis will be modest.

- The government is investing \$665,000 to provide an increase to the Senior Citizens and Disabled Persons Property Tax Relief program, as well as the Territorial Power Subsidy Program in communities outside of Yellowknife.

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

## **Your dedicated team:**

### **National**

#### **Albert Baker**

National Tax Policy Leader

Tel: 416 643 8753

#### **Fatima Laher**

Tax Clients and Industry Leader

Tel: 416-601-6570

Deloitte LLP  
Bay Adelaide Centre, East Tower  
22 Adelaide Street West, Suite 200  
Toronto ON M5H 0A9  
Canada

This publication is produced by Deloitte LLP as an information service to clients and friends of the firm, and is not intended to substitute for competent professional advice. No action should be initiated without consulting your professional advisors. Your use of this document is at your own risk.

Deloitte, one of Canada's leading professional services firms, provides audit, tax, consulting, and financial advisory services. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a U.K. private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

© Deloitte LLP and affiliated entities.