

## Canadian tax alert

### 2016-2017 Prince Edward Island budget highlights



On April 19, 2016, Finance Minister and Chair of Treasury Board Allen F. Roach presented the 2016-2017 Prince Edward Island budget. The following is a summary of the tax highlights from the budget.

#### Overall fiscal position and assumptions

- The projected deficit is \$27.7 million for fiscal year ended March 31, 2016, higher than the original estimated deficit of \$19.9 million in budget 2015-2016.
- The deficit is projected to be \$9.6 million for fiscal year ended March 31, 2017 but surpluses are projected in 2017-2018 (\$9.2 million) and in 2018-2019 (\$24.5 million).
- The net debt to GDP ratio is expected to decrease from 35.4% in 2015-2016 to 31.8% in 2018-2019.
- The unemployment rate was 10.4% in 2015, down 0.2 percentage points from 2014.
- GDP growth is estimated to be 1.2% in 2015 and 1.4% in 2016 and in 2017.

#### Measures concerning business

- The budget contains no changes in corporate tax rates and introduced no new taxes or fees.

## Measures concerning individuals

- The basic personal amount will be increased to \$8,000 from \$7,708 for the 2016 and subsequent taxation years. The spousal and eligible dependant amounts will also be increased.
- Under the low-income tax reduction program, the basic, spousal, equivalent-to-spouse, and child amounts will each increase by \$50 effective for the 2016 and subsequent years.
- The refundable sales tax credit will be increased by 10% effective July 2016. This will increase the basic credit amount to \$110 and the spouse, equivalent to spouse and supplement amounts to \$55. The maximum amount for the enhanced credit will be \$220.

## Sales and other tax measures

- The provincial portion of the HST will increase from 9% to 10%, effective October 1, 2016. Therefore, the joint federal-provincial HST rate will rise from 14% to 15% as of that date.
- The current 1% rate under the Real Property Transfer Tax Act will be reduced to 0%, effective October 1, 2016 for all first-time home buyers.

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



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## Your dedicated team:

### National

#### **Heather Evans**

Canadian Managing Partner, Tax

[heevans@deloitte.ca](mailto:heevans@deloitte.ca)

416-601-6472

#### **Albert Baker**

National Tax Policy Leader

[abaker@deloitte.ca](mailto:abaker@deloitte.ca)

416-643-8753

### Eastern

#### **Mark Noonan**

Director of Operations

[mnoonan@deloitte.ca](mailto:mnoonan@deloitte.ca)

613-751-6688



### Deloitte

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

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