



Canadian tax alert

2019-2020 Manitoba budget highlights

March 7, 2019

The Minister of Finance, the Honourable Scott Fielding, presented the Manitoba 2019 budget on Thursday, March 7, 2019.

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

Fiscal/economic outlook

The budgeted deficit is estimated to be \$360 million for 2019-2020, with revenues projected to increase by 1.4% and expenditures projected to increase by 0.3%. The 2018-2019 deficit is estimated to be \$470 million.

Sales tax measures

- The Manitoba retail sales tax rate will be reduced from 8% to 7%, effective July 1, 2019. There are only three provinces that currently have a provincial retail sales tax, and this change will put Manitoba's rate in line with that of British Columbia and higher than Saskatchewan's 6% rate. The delay in the rate change until July is

intended to give businesses time to change their point-of-sale systems. It is estimated by the government that this amendment will save the average household of four individuals \$239 in 2019, and approximately \$500 annually thereafter.

- The retail sales tax will not be applied to the federal carbon tax that is scheduled to be levied on natural gas and coal beginning on April 1, 2019.
- Effective 2020, large businesses with retail sales tax remittances greater than \$5,000 per month will be required to file returns electronically.

Personal tax measures

- There were no changes to personal income tax rates in this budget. The rates for 2019 are noted in the following chart.

Personal combined federal and provincial top marginal rates - 2019	
Income	Rate
Interest and regular income	50.40%
Capital gains	25.20%
Eligible dividends	37.78%
Ineligible dividends	46.67%

- The top marginal rate for ineligible dividends is higher than in 2018 as a result of the decrease in the federal tax rate on small business corporations.
- Manitoba intends to harmonize with the federal "TOSI" (tax on split income) rules implemented in 2018. These rules are designed to tax certain types of income at the top federal rate if the income was paid by a related business to family members with lower income. Manitoba residents will pay tax at the top rates noted above if these rules apply.
- As was announced in Budget 2016, Manitoba personal income tax brackets and the basic personal amount are indexed to inflation by the Manitoba Consumer Price Index.

Business tax measures

- There were no changes to corporate income tax rates in this budget. The rates for 2019 are noted in the following chart.

Corporate combined federal and provincial income tax rates - 2019	
Income	Rate
General	27.0%
M&P	27.0%
Small business (threshold \$500,000)	9.0%

- The refundable portion of the Manufacturing Investment Tax Credit will be reduced from 8% to 7% for qualified property acquired on or after July 1, 2019. This change will not affect the 1% non-refundable Manufacturing Investment Tax Credit. This measure is intended to ensure alignment of the refundable credit with the retail sales tax rate reduction.
- The Film and Video Production Tax Credit that was set to expire on December 31, 2019 has been made permanent.
- The Small Business Venture Capital Tax Credit, set to expire on December 31, 2019, has been extended to December 31, 2022. This credit is available to individuals and corporations that acquire equity capital in eligible Manitoba enterprises.
- The Cultural Industries Printing Tax Credit, set to expire on December 31, 2019, is extended to December 31, 2020.
- The Book Publishing Tax Credit, set to expire on December 31, 2019, is extended to December 31, 2024.

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

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