

Canadian tax alert

2015-2016 New Brunswick budget highlights



On March 31, 2015, New Brunswick Finance Minister Roger Melanson presented the 2015-2016 New Brunswick budget, “Facing our Challenges Together”. The budget focused on three key priorities:

- Creating the conditions for job creation;
- Facing our fiscal challenges; and
- Helping families

The 2015-2016 budget expects government revenues to increase by 0.6% and operating expense growth will be limited to 1.5%. The deficit for the year is projected to be \$476.8 million which includes a \$150 million contingency reserve. The reserve is intended to protect against unforeseen circumstances, such as unexpected changes to revenue. If the contingency is not required, the projected deficit will be \$326.8 million.

Measures concerning individuals

The 2015-2016 budget includes measures to increase revenue with a focus on ensuring that everyone pays their “fair share” of taxes. In total, these measures are expected to generate an incremental \$58.2 million in revenue.

Personal income tax rates on the rise

- The budget announced two new tax brackets. Effective January 1, 2015, New Brunswickers with taxable income of between \$150,000 and \$250,000 will see an

increase in the marginal income tax rate - from 17.84% to 21% - on the amount equal to or exceeding \$150,000, and an increase from 17.84% to 25.75% on taxable income greater than \$250,000.

- The New Brunswick dividend tax credit will decrease from 5.3% to 4% for dividends received from small businesses on or after January 1, 2015.

Consumption Taxes

- The fuel tax on gasoline will increase by \$0.019 per litre, effective 12:01am on April 1, 2015.
- The fuel tax on diesel will increase by \$0.023 per litre effective 12:01am on April 1, 2015.
- This results in a combined federal and provincial gasoline and motive fuel tax rate of \$0.255 per litre.

HST

- There was no HST increase introduced in the budget.

Seniors' home renovation tax credit

- A New Brunswick Seniors' home renovation tax credit has been announced to allow seniors or their families to renovate their homes to stay independent longer. This credit is effective for the 2015 taxation year. Further details will be announced at a later date.

Small business investor tax credit

- Effective for investments made after March 31, 2015, the small business investor tax credit for individuals will be increased from 30% to 50%, increasing the maximum tax credit available to \$125,000 per year.

Measures concerning business

Small business tax rate

- The budget confirmed the previously announced decrease in the small business corporate income tax rate from 4.5% to 4% effective January 1, 2015.

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

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key drivers of national prosperity.

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