



Canadian tax alert

2019-2020 Newfoundland and Labrador budget highlights

April 16, 2019

On Tuesday, April 16, 2019, The Honourable Tom Osborne, Minister of Finance and President of Treasury Board, released Budget 2019: "Working towards a brighter future".

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

Fiscal/economic outlook

The 2019-2020 budget projects a surplus of \$1.92 billion, largely driven by the additional revenue stream secured by the province through its recent Atlantic Accord agreement. The year 2018-2019 produced a deficit of \$522 million. Deficits are projected for years 2020-21 and 2021-22 and a surplus in 2022-23. Budget 2019 is forecasting oil prices at US \$65 per barrel, with a projected Canada-to-US exchange rate of \$0.765.

Real GDP declined in 2018 by approximately 2.9% due primarily to the decline in capital investment and iron ore production. Real GDP is expected to rise in 2019 by 4.1% and capital investment expected to increase by 16.8%, due largely to higher expenditures on the West White Rose project and the Voisey's Bay underground mine.

Personal tax measures

The budget announces no tax or fee increases. The budget also eliminates the retail sales tax on automobile insurance. This change will be implemented by early July and will be retroactive to April 16, 2019.

The temporary deficit reduction levy, which came into effect on July 1, 2016, is scheduled to be removed by December 31, 2019.

The chart below contains the top personal tax rates for 2019.

Combined federal and Newfoundland and Labrador top personal marginal rates - 2019	
	Rate
Interest and regular income	51.30%
Capital gains	25.65%
Eligible dividends	42.61%
Ineligible dividends	44.59%

Business tax measures

The Budget contains no changes in taxes or fees for businesses. The 2019 corporate tax rates are as noted in the chart below.

Corporate tax rates for Newfoundland and Labrador companies 2019 calendar year		
	Newfoundland and Labrador	Combined (federal and Newfoundland and Labrador)
General and investment	15.0%	30.0%
Manufacturing and processing	15.0%	30.0%
Small business (threshold \$500,000)	3.0%	12.0%

Other measures

The budget allocates \$594.3 million to investment in infrastructure, as part of the government's rolling five-year \$3 billion infrastructure plan from 2019-20 to 2023-24. This spending will support new and existing schools, healthcare facilities, post-

secondary institutions, roads and bridges, justice facilities, affordable housing and municipal infrastructure. These investments are projected to generate \$580 million in economic activity and 5,100 person years of employment.

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

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