



Canadian tax alert

2019-2020 Nova Scotia budget highlights

March 26, 2019

Today, the Minister of Finance, Karen Casey, presented the 2019-2020 Nova Scotia budget, "Building on a Strong Foundation".

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

Fiscal/economic outlook

The 2019-2020 budget projects increases in both spending and revenue from the prior year forecast of 1.8% and 1.9%, respectively, resulting in a projected surplus of \$33.6 million. The 2018-2019 forecasted net debt-to-GDP rate of 34.3% is budgeted to decrease to 33.8% for 2019-2020.

Overall, the economy is expected to grow at a steady pace, with nominal GDP growth of 2.8% in 2019 and 2.9% in 2020 and real GDP growth of 0.8% in 2019 and 0.9% in 2020. A rising population and growing labour productivity were cited as key contributors to the expected economic growth.

Personal tax measures

The budget does not include any tax rate changes for individuals. The top marginal tax rates for 2019 are noted in the table below.

Combined federal and provincial personal top marginal rates - 2019	
	Nova Scotia rate
Interest and regular income	54.00%
Capital gains	27.00%
Eligible dividends	41.58%
Ineligible dividends	48.28%

Innovation Equity Tax Credit

Effective January 17, 2019, a new Innovation Equity Tax Credit will replace the current Equity Tax Credit that will be phased out as of December 31, 2019. The new Innovation Equity Tax Credit will no longer restrict investments to common shares, and the maximum investment limit for individuals will be raised to \$250,000, compared to \$50,000 under the current Equity Tax Credit. The tax credit rate will remain at 35% for investments in a broad range of sectors, and there will be a 45% tax credit rate available for investments in selected sectors in ocean technology and the life sciences. It should be noted that there will be no changes to the existing tax credit available for equity investments in Community Economic Development Investment Funds (CEDIFs).

Business tax measures

The budget does not include any tax rate changes for businesses. The corporate tax rates for 2019 are noted in the table below.

Combined federal and provincial corporate income tax rates - 2019	
	Nova Scotia rate
General	31.0%
M&P	31.0%
Small business (threshold \$500,000)	12.0%

Innovation Equity Tax Credit

The Innovation Equity Tax Credit discussed above will also be available to corporations as of April 1, 2019. The tax credit rate for corporations will be 15%, to a maximum of \$500,000.

Other measures

Effective April 1, 2019, a Venture Capital Tax Credit will be available for both individual and corporate investors in a venture capital corporation or fund. The tax credit rate will be 15%.

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

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