

Canadian tax alert

2016-2017 Nova Scotia budget highlights



On April 19, 2016, Finance and Treasury Board Minister Randy Delorey presented the 2016-2017 Nova Scotia budget, “Working together for a stronger Nova Scotia”.

The 2016-2017 net position is projected to be \$17.1 million with increasing surpluses through 2020.

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

Personal tax measures

Personal income taxes

The budget proposes no changes to personal income taxes.

Food bank tax credit for farmers

Individuals and corporations that carry on a farming business may claim a non-refundable tax credit equal to 25% of the fair market value of qualifying agricultural products donated to a registered charity that provides food to families in need. The tax credit must be claimed in the same year that a charitable donation tax credit or deduction is claimed for the donation. This measure is effective as of January 1, 2016.

Consumption taxes

Harmonized sales tax (HST)

The budget proposes no changes to the current HST regime.

Tobacco tax

Effective April 20, 2016, tobacco tax will increase by \$.02 per unit. The new rate will be \$0.2752 per cigarette, an increase of \$4 per carton of 200 cigarettes. Tobacco tax on a carton of cigarettes will be \$55.04. In addition, the tax on cigars will increase from 56% to 60% of the suggested retail selling price of a cigar.

Corporate tax measures

Corporate income taxes

The budget proposes no changes to corporate income taxes.

Trusts and estates

The province will introduce measures that are consistent with changes to the taxation of trusts and estates announced in the federal government's 2014 budget. Effective for taxation years ending after December 31, 2015, graduated personal income tax rates will apply only to trusts that are "graduated rate estates" or "qualified disability trusts". Graduated personal income tax rates will therefore only apply to:

- eligible estates for the first 36 months after an individual's death, and
- testamentary trusts that are for the benefit of individuals who are eligible for the federal disability tax credit.

The top provincial personal income tax rate of 21% will apply to all other trusts and estates.

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



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