

## Canadian tax alert

### 2016-2017 Nunavut budget highlights



On February 25, 2016, Minister of Finance Keith Peterson presented **Nunavut's 2016-2017 budget**. Mr. Peterson stated that Nunavut should see a growth rate of only 1% for 2016 as a consequence of the drop in global commodity markets. This forecast also assumes that the mining industry, the Iqaluit airport and aquatic centre projects as well as the Canadian High Arctic Research Station and a number of other projects continue to be growth drivers of the Nunavut economy. He cautioned, however, that the economy must grow faster in order to provide jobs to young Nunavummiut who will soon be leaving school.

Here are some of the budget highlights:

- No new taxes or tax changes are introduced.
- An \$11.1 million operating deficit is projected for 2016-2017, following an expected operating surplus of \$14.9 million for 2015-2016.
- The government continues to rely on federal funding for most of its revenues (roughly 85%).
- Revenues are expected to increase by less than 1% and departmental expenditures are expected to decrease by approximately 4% from the revised estimates of the previous year.
- Nominal GDP is expected to increase by 4.6% and real GDP is expected to increase by 1.2%.
- Nunavut's unemployment rate remains high at 15.9% per 2015 statistics, up 2.1% from 2014.
- The Department of Finance has launched a comprehensive review of Nunavut's tax system.

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



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## Your dedicated team:

### National

#### **Heather Evans**

Canadian Managing Partner, Tax

[heevans@deloitte.ca](mailto:heevans@deloitte.ca)

416-601-6472

#### **Albert Baker**

National Tax Policy Leader

[abaker@deloitte.ca](mailto:abaker@deloitte.ca)

416-643-8753



### Deloitte

Bay Adelaide Centre, East Tower  
22 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Canada

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