

## Canadian tax alert

### 2015-2016 Prince Edward Island budget highlights



# CANADA

On June 19, 2015, Finance Minister and Chair of Treasury Board Allen F. Roach presented the 2015-2016 Prince Edward Island budget.

The fiscal position of the province is summarized as follows:

- A deficit of \$34.7 million is projected for fiscal year ended March 31, 2015, lower than the original estimate of \$39.7 million in budget 2014-2015.
- A deficit of \$19.9 million is projected for fiscal year ended March 31, 2016.
- Fiscal balance is expected to be achieved in 2016-2017.
- Revenues are expected to grow by 1.4% and expenditures by 0.5% for fiscal year ended March 31, 2016.
- The unemployment rate was 10.6% in 2014, down 1.0 percentage points from 2013.
- There was real GDP growth of 1.3% in 2014.

The following is a summary of the tax highlights from the budget.

#### Measures concerning business

- The budget contains no changes in corporate tax rates and introduced no new taxes or fees.

## Measures concerning individuals

- Low-income tax reduction - The budget proposes three changes to the low-income tax reduction, effective as of the beginning of 2015:
  - Increase the amounts of the basic credit and the spouse/equivalent-to-spouse credit by \$50 from the current \$250 to \$300 and the amount for each dependent child by \$50 from \$200 to \$250;
  - add a new senior credit of \$250 for persons aged 65 and older; and
  - raise the income threshold at which a person will receive the full value of the credits from the current \$15,000 per year to \$17,000 per year.

## Sales tax measures

- As of midnight on June 19, 2015, tax on tobacco will increase by 2.5 cents per cigarette (or \$5 per carton of 200 cigarettes) and tax on fine tobacco by 4.0 cents per gram (or \$8 per 200 grams).

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

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With the right tax policy, we believe that Canada can be more productive and globally competitive. The key lies in creating a tax ecosystem capable of fostering innovation and investment while supporting the objective of a balanced budget.

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