



## Canadian tax alert

### 2017-2018 New Brunswick budget highlights

February 7, 2017

On February 7, 2017, New Brunswick Finance Minister Cathy Rogers presented the 2017-2018 New Brunswick budget, "Listening and Getting Things Done". The budget focused on three key priorities:

- Creating jobs;
- Growing the economy; and
- Securing and enhancing health care and education.

#### **Fiscal/economic outlook**

The 2017-2018 budget expects government revenues to increase by 4.1%, while expenses are expected to grow by only 3.6%. The deficit for the year is projected to be \$191.9 million, which does not include a contingency reserve. The deficit is expected to be eliminated in its entirety by 2020-2021.

Real gross domestic product growth is projected to be 0.6% in 2017 which will be the third consecutive year of growth in the New Brunswick economy.

Employment is expected to grow in 2017 and the minimum wage will increase to \$11 per hour effective April 1, 2017.

The budget does not include any new taxes or tax increases. The following is a summary of the tax highlights contained in the budget.

## Measures concerning individuals

### Small business investor tax credit

The budget confirmed the previously announced increase in the small business investor tax credit for individuals from 30% to 50%. The eligibility was also expanded to include community economic development funds.

The New Brunswick small business investor tax credit provides a 50% (for investments made after April 1, 2015) non-refundable personal income tax credit of up to \$125,000 per year (for investments of up to \$250,000 per individual investor) to eligible individual investors who invest in eligible small businesses and/or community economic development corporations in the province. In addition, the New Brunswick small business investor tax credit provides eligible New Brunswick corporations and trusts a 15% non-refundable corporate income tax credit of up to \$75,000 per year (for investments of up to \$500,000).

## Measures concerning business

### Small business income tax rate

Effective April 1, 2017, the small business income tax rate will be lowered from 3.5% to 3.0%, with an overall goal of reducing the rate further to 2.5%.

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

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