



Canadian tax alert

2017-2018 Manitoba budget highlights

April 11, 2017

The Minister of Finance, the Honorable Cameron Friesen, presented his second provincial budget today. The following is a summary of the tax highlights contained in the budget. Note that there were no changes to the personal and business income tax rates.

Fiscal/economic outlook

The budgeted deficit is estimated to be \$840 million for 2017-2018, with revenues projected to increase by 4% and expenditures projected to increase by 3.1%. The deficit for 2016-2017 is estimated to be \$872 million.

Personal tax measures

- As was announced in Budget 2016, Manitoba personal income tax brackets and the basic personal amount are indexed to inflation by the Manitoba Consumer Price Index.
- The tuition income tax rebate is being phased out, commencing in 2017 when the annual cap that a graduate can claim is reduced from a maximum of \$2,500

to \$500. There will be no rebate available in 2018 and any unclaimed rebate claims will lapse.

- The tuition fee income tax rebate advance is eliminated effective for tuition fees paid in relation to a school term that begins after April 2017.
- The education amount, eliminated by the federal government, will still be available to Manitoba students.
- The annual primary caregiver tax credit will be capped at a maximum of \$1,400 in 2017 and future years, but the limit of three care recipients is removed. Eligibility for the credit will now only begin in the year that the application is submitted to the assessing authority (such as a regional health authority), so that retroactive claims prior to 2017 are not permitted.
- The political contributions tax credit will be enhanced by increasing the maximum eligible contributions from \$1,275 to \$2,325, resulting in a total available annual credit of \$1,000, up from \$650.

Business tax measures

- The research and development tax credit will be reduced from 20% to 15% for expenditures incurred after April 11, 2017.
- The manufacturing investment tax credit will be reduced from 10% to 9%. The refundable portion will remain unchanged at 8% of eligible expenditures. This change is effective for qualifying property acquired after April 11, 2017. In addition, this credit is extended to December 31, 2020 as it was scheduled to expire on December 31, 2017.
- The mineral exploration tax credit, scheduled to expire on December 31, 2017, is extended to December 31, 2020.
- The interactive digital media tax credit, scheduled to expire on December 31, 2019, is extended to December 31, 2022.
- Crown corporations and other provincial government entities will no longer be eligible for the paid work experience tax credit, effective for the 2017 tax year.
- The following tax credits are eliminated for contributions or expenditures made after April 11, 2017:
 - Co-operative development tax credit
 - Odour control tax credit
 - Nutrient management tax credit
- The following tax credits are eliminated immediately:
 - Riparian tax credit
 - Neighbourhoods Alive! tax credit
 - Data processing investment tax credits

Other measures

Technical updates are forthcoming for programs that were phased out by the federal government, but will remain as non-refundable tax credits in Manitoba. In addition to the Manitoba education amount discussed above, the children's arts and cultural

activity tax credit and the fitness tax credit will remain available to Manitoba taxpayers.

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

Your dedicated team:

National

Fatima Laher

Tax Clients & Industry Leader
Tel: 416-601-6570

Albert Baker

National Tax Policy Leader
Tel: 416-643-8753

Prairie Region

Markus Navikenas

Regional Tax Leader
Tel: 403-267-1859

Manitoba

Brian Anderson

Partner, Tax
Tel: 204-944-3628

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

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