



Canadian tax alert

2018-2019 Manitoba budget highlights

March 12, 2018

The Minister of Finance, the Honourable Cameron Friesen, presented his third provincial budget today. The budget did not contain any changes to the personal and business income tax rates. However, some measures, including an increase in the amount of income eligible for the small business deduction and a new carbon tax, were introduced. The following is a summary of the economic and tax highlights contained in the budget.

Fiscal/economic outlook

The 2018–2019 deficit is estimated to be \$521 million, with revenues projected to increase by 4% to \$16.8 billion and expenditures projected to increase by 3.7%. The deficit for the current 2017-2018 fiscal year is estimated to be \$726 million versus an initial budgeted deficit of \$840 million.

Personal tax measures

- The Manitoba basic personal amount will be increased by \$1,010 each year for 2019 and 2020 (approximately 10% per year) resulting in additional savings of \$109 for 2019 and \$218 for 2020.
- The personal income tax brackets will continue to be indexed by increases in the consumer price index (CPI).
- The process for applying for the annual primary caregiver tax credit of \$1,400 will be simplified immediately by removing the pre-approval process and only requiring caregivers to complete an application form. The credit will now be a fixed amount of \$1,400 regardless of the number of days that care was provided.
- The calculation of the education property tax credit will be based on actual school taxes and the \$250 deductible will be eliminated.

Business tax measures

- The amount of income eligible for the small business deduction will be increased from \$450,000 to \$500,000, effective January 1, 2019.
- A new refundable tax credit for private corporations that create new child care centres by December 31, 2020, equal to \$10,000 per child space created, is being introduced. The credit will be claimable over 5 years. The credit is initially limited to 200 spaces, subject to future increases. The applicant's primary business cannot be the provision of child care services.
- The small business venture capital tax credit is being enhanced to allow larger companies to access the credit by removing the \$15 million revenue cap and to provide for smaller investments by lowering the minimum investment from \$20,000 to \$10,000. This measure is effective March 12, 2018.
- The 1% profit tax on credit unions and caisses populaires with taxable income in excess of \$400,000 is being eliminated effective January 1, 2019. In conjunction with the repeal of the 1% tax, the special tax deduction for these entities that effectively increased their small business limit, is being phased out over 5 years starting in 2019. Once fully phased out, their small business deduction will be limited to \$500,000.

Retail sales tax

- Exemptions from sales tax are being introduced for purchases of drill bits designed for oil and gas exploration/development and for fertilizer bins used in farming operations.

Other

- Effective September 1, 2018, Manitoba will introduce a carbon tax of \$25 per tonne of greenhouse gas emissions from gas, liquid and solid fuel products. Most emissions in the agricultural sector will be exempt from this tax. The tax is

expected to result in increases to gasoline prices of 5.32 cents/litre, with increases of 6.71 cents/litre for diesel, 3.87 cents/litre for propane and 4.74 cents/cubic metre for natural gas. The tax is expected to generate \$248 million in revenue in the first 12 months.

- Chiropractors will be allowed to provide their services through a professional corporation once the regulations governing their activity are amended.

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

Your dedicated team:

National

Fatima Laher

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

Albert Baker

National Tax Policy Leader
Tel: 416-643-8753

Western 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
8 Adelaide Street West, Suite 200
Toronto ON M5H 0A9
Canada

This publication is produced by Deloitte LLP as an information service to clients and friends of the firm, and is not intended to substitute for competent professional advice. No action should be initiated without consulting your professional advisors. Your use of this document is at your own risk.

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights and service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 264,000 professionals—9,400 of whom are based in Canada—make an impact that matters, please connect with us on LinkedIn, Twitter or Facebook.

Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private companies limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Please note that Deloitte is prepared to provide accessible formats and communication supports upon request.

© Deloitte LLP and affiliated entities.