



Canadian tax alert

2017-2018 Nova Scotia budget highlights

September 26, 2017

The Minister of Finance, Karen Casey, presented the 2017-2018 Nova Scotia budget, "Opportunities for Growth". This budget builds on the April 2017 budget that was tabled but not approved due to the May 2017 provincial election.

The following is a summary of the highlights contained in the budget. The personal and business tax measures remain unchanged from the April budget and have been repeated below.

Fiscal/economic outlook

The 2017-2018 budget projects increases in both spending and revenues from the prior year of 3.8% and 3.6%, respectively, which results in a projected surplus of \$131.6 million. This surplus is then reduced by \$110.3 million for the government's contribution to Nova Scotia's new Provincial Health Complex – the QEII Health Sciences redevelopment. This results in a surplus after the contribution of \$21.3 million. The 2016-2017 net debt-to-GDP ratio of 36.3% is budgeted to decrease to 35.5% for 2017-2018.

Personal tax measures

The budget proposes to increase the Basic Personal Amount, the Spousal Amount, and the Eligible Dependent Amount by a maximum of \$3,000 for taxpayers with taxable income under \$25,000. Taxpayers with taxable income between \$25,000 and \$75,000 will receive a partial benefit. Taxpayers with taxable income of \$75,000 or greater will not receive any benefit from the enhanced amounts. This measure is effective January 1, 2018.

The budget proposes a similar measure for the Age Amount, increasing it from \$4,141 to \$5,606 for taxpayers that have taxable income under \$25,000. Taxpayers with taxable income between \$25,000 and \$75,000 will receive a partial benefit. Taxpayers with taxable income of \$75,000 or greater will not receive any benefit from the enhanced Age Amount. The measure is also effective January 1, 2018.

Business tax measures

Effective January 1, 2017, the small business deduction limit increased from \$350,000 to \$500,000 which will bring it in line with the federal limit and the limits of all other provinces except for Manitoba (\$450,000). This means that the first \$500,000 of active business income earned by a Canadian-controlled private corporation in Nova Scotia will be subject to a combined federal/provincial tax rate of 13.5%. As in the past, the Small Business Deduction limit must be shared by an associated group of companies.

Other measures

There were no other major tax measures in this budget.

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

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