



Canadian tax alert

2017-2018 Northwest Territories budget highlights

February 2, 2017

Northwest Territories Finance Minister Robert C. McLeod tabled the 2017-2018 budget on February 1, 2017. He noted that this budget is part of a multi-year plan for fiscal sustainability of the territory without adding to the short-term debt. The following is a summary of the economic and tax highlights contained in the budget.

Economic results and indicators

- The government predicts an operating surplus of \$167 million for 2017-2018. Revised estimates project an operating surplus of \$126 million for 2016-2017.
- Real GDP was essentially unchanged in 2016, growing only 0.2% over 2015. However, it is forecast to increase by 13.7% in 2017.
- The unemployment rate was 7.5% in 2016, a reduction from 8.3% in 2015. The employment rate increased from 68.5% in 2015 to 69.8% in 2016.
- Revenue growth is projected to be flat, with a forecast increase of 1.1% annually over the medium term.

- The government points out that additional savings or revenues will be necessary to increase infrastructure investment to protect the existing asset base and to address the \$3.4 billion infrastructure deficit.

Personal, corporate and other taxes

- The budget does not include any new taxes or tax rate changes; however, property tax mill rates and a number of fees will be adjusted for inflation and to better reflect the cost of providing services, effective April 1, 2017.
- The budget raises tobacco taxes to 30.4 cents per cigarette and 27.2 cents per gram of loose tobacco, effective April 1, 2017.
- The government is investigating the introduction of a price on carbon of \$10 per tonne of greenhouse gas emissions in 2018-2019.
- The government is also contemplating the introduction of a sugary drink tax in 2018-2019, as a price incentive to discourage the consumption of sugary drinks that are linked to health issues such as obesity and diabetes.
- Amendments will be proposed to further enhance the Northwest Territories Child Benefit, with increased direct support for families with children this year and next whose annual income is under \$80,000.
- The budget is introducing a home repair program to assist seniors with income below the core need threshold to make necessary repairs to their residences.
- Expenditures reflecting a commitment to community wellness and safety are introduced, including funding for a 9-1-1 service and increased funding for medical travel.

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

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