



## Canadian tax alert

### 2017-2018 Prince Edward Island budget highlights

April 10 2017

On April 7, 2017, Finance Minister and Chair of Treasury Board Allen F. Roach presented the 2017-2018 Prince Edward Island budget in the Legislative Assembly. The following is a summary of the tax and economic highlights contained in the budget.

#### **Fiscal and economic outlook**

- The projected deficit is \$17.9 million for fiscal year ended March 31, 2017, higher than the original estimated deficit of \$9.6 million in budget 2016-2017.
- The budget projects a surplus of \$0.6 million for fiscal year ended March 31, 2018 and more surpluses are projected in 2018-2019 (\$5.4 million) and in 2019-2020 (\$12.9 million).
- GDP growth is estimated to be 1.4% in 2016, 1.3% in 2017 and 1.2% in 2018.
- The net debt-to-GDP ratio is expected to decrease from 34.5% in 2016-2017 to 31.6% in 2019-2020.
- The unemployment rate was 10.7% in 2016, up 0.3 percentage points from 2015.
- The government expressed confidence that future years will be producing operating surpluses due to the return to fiscal balance coupled with economic growth.

## Measures concerning business

- The budget contains no changes in corporate tax rates and introduces no new taxes or fees.
- The province will make a matching contribution of up to \$2 million to a new Angel/Seed Investment Fund which will invest in qualifying start-ups developing innovative products and services.

## Measures concerning individuals

- The basic personal amount (currently \$8,000) will be increased by 2% for the 2017 taxation year. The spouse and equivalent-to-spouse amounts (currently \$6,795) will also be adjusted by 2%. The government anticipates that this measure will reduce provincial income taxes for 85,000 Islanders.
- A legislative amendment will be introduced in order to preserve the existing provincial education amounts for the 2017 taxation year. This amendment is necessary due to the elimination of the federal amounts effective this year.
- The government will be preparing a report on existing income tax credits with a view to undertaking a thorough review of them in future budgets.

## Measures concerning sales and other taxes

- The budget announces no changes to the provincial portion of the HST or to property transfer taxes.

For further details, we refer you to the [Government of Prince Edward Island website](#).

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