

Canadian tax alert

2016-2017 Manitoba budget highlights



The Minister of Finance, Cameron Friesen, delivered his first budget for the newly elected Manitoba government. The projected core deficit for the 2016/2017 fiscal year is \$890 million, down slightly from the forecast deficit for the 2016 fiscal year of \$1.01 billion. The following is a summary of the tax highlights contained in the budget.

Measures concerning business

The Small Business Venture Capital Tax Credit, set to expire on December 31, 2016, will be extended three years to December 31, 2019. This credit, available to Manitoba resident individuals and corporations, promotes the acquisition of equity capital in emerging enterprises.

The Green Energy Equipment Tax Credit will be expanded to include gasification equipment and equipment for co-generation of energy using biomass fuel. Currently, geothermal heating equipment is eligible for a 15% refundable credit and solar thermal heating equipment is eligible for a 10% refundable credit. The gasification and biomass fuel energy equipment installed in Manitoba and used in a business are eligible for a 15% refundable credit.

Measures concerning individuals

The Manitoba personal income tax brackets will be indexed, beginning in 2017, by the Manitoba Consumer Price Index (CPI) for the period October 2015 to September 2016. It will continue to be indexed in subsequent years.

In addition, beginning in 2017, the Manitoba basic personal amount will also be indexed according to the same CPI referred to above. Similar to the tax brackets, the basic personal amount will continue to be indexed in subsequent years. It is estimated that the basic personal amount will increase from \$9,134 in 2016 to \$9,292 in 2017.

Beginning in 2016, the Seniors' School Tax Rebate will now be reduced by 2% of net family income for senior households over \$40,000. Eligible seniors below the \$40,000 income-tested threshold will receive the full maximum rebate of \$470 depending on net school taxes paid, but senior households with a family net income of \$63,500 or higher will no longer receive the rebate. The rebate will now be claimable on the annual personal income tax return.

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



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