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Tax Alert – Canada

Newfoundland and Labrador budget 2023-24

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

“Your Health. Physical. Mental. Financial. Economic.

Together, with emphasis on the social determinants of health is the impetus of this budget. This is the largest investment in your health in the history of Newfoundland and Labrador.”

*Newfoundland and Labrador Deputy Premier and Minister of Finance Siobhan Coady
2023-24 budget speech*

On 23 March 2023, Newfoundland and Labrador Deputy Premier and Minister of Finance Siobhan Coady tabled the province’s fiscal 2023-24 budget. The budget contains tax measures affecting individuals and corporations.

The minister anticipates a surplus of \$784 million for 2022-23 compared to the original estimated deficit of \$351 million. The minister projects a deficit of \$160 million for 2023-24 followed by a return to surplus for the next four years.

Following is a brief summary of the key tax measures.

Business tax measures

Corporate income tax rates

No changes are proposed to the corporate income tax rates or the \$500,000 small-business limit.

Newfoundland and Labrador’s (NL) 2023 corporate income tax rates are summarized in Table A.

Table A - 2023 Newfoundland and Labrador corporate income tax rates¹

	NL	Federal and NL combined
Small-business tax rate ²	3.00%	12.00%
General corporate tax rate ^{2, 3}	15.00%	30.00%

¹ The rates represent calendar-year-end rates unless otherwise indicated.

² The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate. These reductions are not reflected in the combined federal and Newfoundland and Labrador rates above.

³ An additional tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a \$100 million exemption to be shared by group members), effective for taxation years ending after 7 April 2022 (prorated for taxation years straddling this effective date).

Other business tax measures

This budget proposes to increase the All-Spend Film and Video Production tax credit from 30% to 40%.

Personal tax

Personal income tax rates

The budget does not include any changes to personal income tax rates.

The 2023 Newfoundland and Labrador personal income tax rates are summarized in Table B.

Table B - 2023 Newfoundland and Labrador personal income tax rates

First bracket rate ¹	Second bracket rate	Third bracket rate	Fourth bracket rate	Fifth bracket rate	Sixth bracket rate	Seventh bracket rate	Eighth bracket rate
\$0 to \$41,457	\$41,458 to \$82,913	\$82,914 to \$148,027	\$148,028 to \$207,239	\$207,240 to \$264,750	\$264,751 to \$529,500	\$529,501 to \$1,059,000	Above \$1,059,000
8.70%	14.50%	15.80%	17.80%	19.80%	20.80%	21.30%	21.80%

¹ Individuals resident in Newfoundland and Labrador on 31 December 2023 with taxable income up to \$21,141 pay no provincial income tax as a result of a low-income tax reduction. The low-income tax reduction is clawed back for income in excess of \$22,447 until the reduction is eliminated, resulting in an additional 16% of provincial tax on income between \$22,448 and \$28,297.

For taxable income in excess of \$264,750, the 2023 combined federal-Newfoundland and Labrador personal income tax rates are outlined in Table C.

Table C - Combined 2023 federal and Newfoundland and Labrador personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$264,751 to \$529,500	53.80%	44.82%	47.81%
\$529,501 to \$1,059,000	54.30%	45.51%	48.38%
Above \$1,059,000	54.80%	46.20%	48.96%

¹ The rate on capital gains is one-half the ordinary income tax rate.

Personal tax credits

This budget proposes to double the Newfoundland and Labrador Physical Activity tax credit, which will provide a refundable tax credit of up to \$348 per family.

Other tax measures

Provincial tax measures

- ▶ The exemption threshold for the Health and Post-Secondary Education Tax will be increased from \$1.3 million to \$2 million.
- ▶ The retail sales tax on home insurance will be eliminated.
- ▶ The provincial tax on gas and diesel will be reduced by 7 cents per litre (8.05 cents per litre including the impact of HST).

Learn more

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