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Tax Alert – Canada

Newfoundland and Labrador budget 2024-25

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.

“Much progress has been made over the last four years under the Furey Government. We are transforming and improving health care with record investment, a focus on primary care and implementing the Health Accord.”

“Improving finances with near balanced budgets, a Future Fund, fiscal prudence, and debt management.

Transforming and improving the economy with strong growth and new investment in critical minerals, lower carbon oil development, wind-hydrogen, tourism, television and film development, to name a few.”

*Newfoundland and Labrador Deputy Premier and Finance Minister Siobhan Coady
2024-25 budget speech*

On 21 March 2024, Newfoundland and Labrador Deputy Premier and Finance Minister Siobhan Coady tabled the province’s fiscal 2024-25 budget. The budget contains no new taxes and no tax increases but includes a reduction in the small-business income tax rate.

The minister anticipates a deficit of \$152 million for 2024-25, representing 1.5% of revenues. The province projects a balanced budget for 2025-26 and for the foreseeable future.

Following is a brief summary of the key tax measures.

Business tax measures

Corporate income tax rates

No changes are proposed to the general corporate income tax rate; however, the small-business tax rate has been reduced from 3% to 2.5%, effective 1 January 2024. No changes are proposed to the \$500,000 small-business limit.

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

Table A - 2024 Newfoundland and Labrador corporate income tax rates¹

	Current NL rate	Proposed rates for 2024	
		NL	Federal and NL combined
Small-business tax rate ²	3.00%	2.50%	11.50%
General corporate tax rate ^{2, 3}	15.00%	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 federal 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).

Personal tax

Personal income tax rates

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

The 2024 Newfoundland and Labrador personal income tax rates are summarized in Table B.

Table B - 2024 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 \$43,198	\$43,199 to \$86,395	\$86,396 to \$154,244	\$154,245 to \$215,943	\$215,944 to \$275,870	\$275,871 to \$551,739	\$551,740 to \$1,103,478	Above \$1,103,478
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 2024 with taxable income up to \$22,013 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 \$23,390 until the reduction is eliminated, resulting in an additional 16% of provincial tax on income between \$23,391 and \$29,478.

For taxable income in excess of \$275,870, the 2024 combined federal-Newfoundland and Labrador personal income tax rates are outlined in Table C.

Table C - Combined 2024 federal and Newfoundland and Labrador personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$275,871 to \$551,739	53.80%	44.82%	47.81%
\$551,740 to \$1,103,478	54.30%	45.51%	48.38%
Above \$1,103,478	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 does not propose any changes to the Newfoundland and Labrador personal credits/amounts.

Learn more

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