



## Manitoba Budget Announcement - 2020

# MANITOBA BUDGET HIGHLIGHTS

On Thursday, March 19, 2020, Manitoba Finance Minister Scott Fielding presented the province's 2020 Budget. Entitled "Moving Manitoba Forward," Budget 2020 delivers no new tax increases and projects a summary deficit of \$220 million for the 2020 / 2021 fiscal year.

## A. Corporate Tax Measures

### Corporate Tax Rates

No new corporate income tax rate changes have been announced in this year's budget. The current corporate income tax rates for 2020 are outlined below:

	Small Business Rate		General Rate	
	Rate	Threshold	Non-M&P	M&P
Federal	9.0%	\$500,000	15.0%	15.0%
Manitoba	0.0%	\$500,000	12.0%	12.0%

### Health and Post-Secondary Education Tax Levy

Effective January 1, 2021, the exemption threshold is raised from \$1.25 million to \$1.5 million of annual remuneration. In addition, the threshold below which employers pay a reduced rate is raised from \$2.5 million to \$3.0 million.

### Film and Video Production Tax Credit

Effective for principal photography that begins after May 31, 2020, a new Manitoba Production Company Bonus of 8 percent is added to the 30 percent cost-of-production credit under the Film and Video Production Tax Credit, increasing the total credit to 38 percent. This enhanced cost-of-production credit is intended to encourage more pre- and post-production film and video activity in Manitoba.

Eligible Manitoba productions and co-productions may choose the cost-of-salaries credit (of up to 65 percent of eligible salaries) or the cost-of-production credit of up to 38 percent (up from 30 percent) of eligible expenses.

### Childcare Centre Development Tax Credit

Effective after Budget Day, the existing childcare spaces limit is increased by 474 spaces, from 208 to 682 spaces, to support growing interest in workplace childcare. In addition, the maximum daily amount that can be charged is eliminated, allowing eligible corporations to partner with for-profit childcare centres and permit non-profit childcare centres developed under the tax credit, to establish parent fees that support their business.

### Manufacturing Investment Tax Credit

Effective for qualifying property acquired and available for use after June 30, 2020, the refundable portion of the Manufacturing Investment Tax Credit is reduced from 7 percent to 6 percent, to align with the sales tax rate reduction. The 1 percent non-refundable portion is not impacted by this change.

### Extensions to Existing Tax Credits

The following tax credits are extended:

- The Manufacturing Investment Tax Credit, set to expire on December 31, 2020, is made permanent.

- The Manufacturing Exploration Tax Credit, set to expire on December 31, 2020, is extended for three years to December 31, 2023.
- The Community Enterprise Development Tax Credit, scheduled to expire on December 31, 2020, is extended for one year to December 31, 2021.
- The Cultural Industries Printing Tax Credit, scheduled to expire on December 31, 2020, is extended for one year to December 31, 2021.

## B. Personal Tax Measures

### Personal Tax Rates

No new personal income tax rate changes have been announced in this year's budget. The top marginal personal income tax rate for Manitoba is 17.40 percent for 2020. The current top combined federal and Manitoba marginal rates for 2020 are outlined below:

Salary, business income, interest	50.40%
Capital gains	25.20%
Eligible dividends	37.78%
Non-eligible dividends	46.67%

### Basic Personal Amount

The Manitoba Basic Personal Amount will be indexed to \$9,838 in 2020; indexing of personal income tax brackets to inflation will also continue.

## C. Other Tax Measures

### Retail Sales Tax

As previously announced, the general retail sales tax rate will decrease from 7 percent to 6 percent, effective July 1, 2020. The current list of sales tax exemptions will be maintained.

The following retail sales tax rates will also decrease, effective July 1, 2020:

- The rate charged on electricity used by qualifying manufacturing, mining and oil well operators in Manitoba will decrease from 1.4 percent to 1.2 percent.
- The rate on mixed uses of electricity and natural gas used for home heating, heating and cooling of farm buildings and operating farm grain dryers, will decrease from 1.4 percent to 1.2 percent.
- The retail sales tax rate on mobile, modular and ready-to-move homes will decrease from 4 percent to 3.5 percent.
- The prorated vehicle tax rates for commercial trucking will be adjusted for the lower general retail sales tax rate of 6 percent.

It was further announced that the preparation of personal income tax returns will be exempted from the Manitoba retail sales tax, effective October 1, 2020. This ensures the preparation of personal income tax returns for the 2020 taxation year will be exempted from retail sales tax.

### Green Levy

The province will introduce a Green Levy at a flat rate of \$25 per tonne of carbon dioxide equivalent (tCO<sub>2</sub>e) emissions, effective July 1, 2020. It will apply to gas, liquid and solid fuel products intended for combustion. The following table provides the Green Levy rates for the main types of fuel consumed in Manitoba:

Fuel Type	Green Levy Rate Per Unit
Gasoline	5.30¢ / L
Diesel	6.74¢ / L
Natural Gas	4.74¢ / m3
Propane	3.87¢ / L

All agricultural process-related emissions and all marked fuels, including marked gasoline and marked diesel, will be exempted from the Green Levy.

The Green Levy on transportation fuels will be collected and remitted to the province through the existing fuel tax system. The Green Levy on natural gas will be collected by Manitoba Hydro.

The Green Levy on natural gas and coal will be exempted from retail sales tax. A similar exemption is not required for gasoline, diesel and propane as they are not subject to retail sales tax.

### **Tobacco Tax**

To ensure the total retail price of tobacco will remain the same once the sales tax rate decreases to 6 percent, the following tobacco tax rates will change effective July 1, 2020:

- Cigarettes from \$0.30 to \$0.305 each
- Fine cut tobacco from \$0.455 to \$0.46 per gram
- Raw leaf tobacco from \$0.275 to \$0.28 per gram
- Other tobacco products from \$0.29 to \$0.295 per gram

## **D. Administrative and Technical Tax Measures**

### **The Income Tax Act (Manitoba)**

**Registration of Tax Rebate Discounters** – Effective for the 2020 taxation year, the requirement to register with the Province of Manitoba as a tax rebate discounter and the association registration fee are eliminated. Manitoba discounters will be required to register with the Canada Revenue Agency, consistent with other provinces.

**The Primary Caregiver Tax Credit** – Provisions related to the credit will be amended to require a renewal every three years.

**The Optometry Act** – Amendments will be made to allow optometrists to provide their professional services through a professional corporation.

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