



TaxNewsFlash

Canada

Highlights of the 2023 Manitoba Budget

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Manitoba's Finance Minister Cliff Cullen delivered the province's 2023 budget on March 7, 2023. The budget anticipates a deficit of \$378 million for 2022-23 and projects deficits of \$363 million for 2023-24 and \$294 million for 2024-25. Although the budget does not include any new changes to the corporate or personal tax rates, it provides personal income tax relief by increasing Manitoba's basic personal amount to \$15,000 (from \$10,145) and adjusting Manitoba's tax brackets.

Corporate tax changes

Corporate income tax rates

The budget does not announce changes to the province's corporate tax rates. As a result, Manitoba's corporate income tax rates remain as follows:

Corporate Income Tax Rates — As of January 1, 2023		
	Manitoba	Combined Federal and Manitoba
General	12%	27%
M&P	12%	27%
Small business ¹	0%	9%

¹ On first \$500,000 of active business income.

Interactive Digital Media Tax Credit

The budget expands the Interactive Digital Media Tax Credit to allow additional kinds of employee compensation and incentives to be considered eligible labour expenditures, effective April 1, 2023. Note that the credit is still not available for bonuses tied to profits or revenues, stock options and signing bonuses.

Mineral Exploration Tax Credit

The budget makes permanent the Mineral Exploration Tax Credit, which was previously scheduled to expire on December 31, 2023.

Green Energy Equipment Tax Credit

The budget makes permanent the Green Energy Equipment Tax Credit, which was previously scheduled to expire on June 30, 2023.

Personal tax changes

Personal income tax rates

The budget does not announce changes to personal tax rates. As a result, Manitoba’s top marginal personal income tax rates effective January 1, 2023 are as follows:

Personal Combined Federal/Manitoba Top Marginal Rates	
	2023
Interest and regular income	50.40%
Capital gains	25.20%
Eligible dividends	37.79%
Non-eligible dividends	46.67%

Basic personal amount

The budget increases Manitoba’s basic personal amount to \$15,000 (from \$10,145), effective for the 2023 tax year, with a return to annual indexing in 2024.

Tax bracket thresholds

The budget increases Manitoba’s tax brackets to \$47,000 and \$100,000 (from \$36,842 and \$79,625), effective for the 2024 tax year, with a return to annual indexing in 2025. As a result, Manitoba’s personal income tax brackets for 2023 and 2024 are as follows:

Tax Rates	2023 Brackets	2024 Brackets
10.80%	Up to \$36,842	Up to \$47,000
12.75%	\$36,843 to \$79,625	\$47,001 to \$100,000
17.40%	\$79,626 and over	\$100,001 and over

Indirect tax measures

Health and Post-Secondary Education Tax Levy

The budget effectively reduces the province's Health and Post-Secondary Education Tax Levy for certain employers, which is imposed on wages paid by employers with a permanent establishment in Manitoba (i.e., payroll tax) by increasing payroll tax thresholds. This measure is effective as of January 1, 2024. Specifically, the budget:

- Increases the exemption threshold for a business's annual payroll to \$2.25 million (from \$2 million) of annual remuneration
- Increases the annual payroll threshold below which employers pay a reduced rate to \$4.5 million (from \$4 million).

Other technical changes

The budget also announces certain administrative changes to:

- Adjust Manitoba's Mineral Exploration Tax Credit to ensure exploration expenses related to critical minerals continue to be eligible for the credit, to account for the new federal Critical Mineral Exploration Tax Credit
- Extend the tax refund limit period for provincially administered taxes for refunds that are the result of a tax audit to match the audit period.

We can help

Your KPMG adviser can help you assess the effect of the tax changes in this year's Manitoba budget on your personal finances or business affairs, and point out ways to realize any tax savings. We can also keep you abreast of the progress of these proposals as they make their way into law.

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