



TaxNewsFlash

Canada

Highlights of the 2023 Newfoundland and Labrador Budget

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Newfoundland and Labrador's Finance Minister Siobhan Coady delivered the province's 2023 budget on March 23, 2023. The budget anticipates a surplus of \$784 million for 2022-23 and projects a deficit of \$160 million for 2023-24 and a surplus of \$297 million for 2024-25. Although the budget does not include any new changes to the corporate or personal tax rates, it permanently eliminates the Retail Sales Tax on home insurance and doubles the Physical Activity Tax Credit, among other changes.

Corporate tax changes

Corporate income tax rates

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

Corporate Income Tax Rates — As of January 1, 2023		
	Newfoundland and Labrador	Combined Federal and Newfoundland and Labrador
General	15%	30%
M&P	15%	30%
Small business ¹	3%	12%

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

All Spend Film and Video Production Tax Credit

The budget increases the All Spend Film and Video Production Tax Credit rate to 40% (from 30%) on total qualified production costs, up to a maximum credit of \$10 million annually per project.

Personal tax changes

Personal income tax rates

The budget does not announce changes to personal tax rates. As a result, Newfoundland and Labrador's personal income tax rates effective January 1, 2023 are as follows:

Personal Combined Federal/Newfoundland and Labrador Top Marginal Rates	
	2023
Interest and regular income	54.80%
Capital gains	27.40%
Eligible dividends	46.20%
Non-eligible dividends	48.96%

Physical Activity Tax Credit

The budget doubles the refundable Physical Activity Tax Credit to maximum of \$4,000 (from \$2,000) per family (value of up to \$348 per family).

Indirect tax measures

Retail Sales Tax on home insurance

The budget permanently eliminates the 15% Retail Sales Tax on home insurance. Previously, the Retail Sales Tax on home insurance was temporarily eliminated for policies entered into or renewed between April 7, 2022 and April 6, 2023.

Health and Post-Secondary Education Tax

The budget increases the exemption threshold for the Health and Post-Secondary Education Tax to \$2 million (from \$1.3 million).

Gas and diesel tax

The budget confirms the extension of the 8.05 cent (including HST) per litre reduction of the provincial tax on gas and diesel to March 31, 2024 (from March 31, 2023). This extension was previously announced on March 13, 2023.

We can help

Your KPMG adviser can help you assess the effect of the tax changes in this year's Newfoundland and Labrador 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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