



TaxNewsFlash

Canada

Highlights of the 2025 Manitoba Budget

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Manitoba's Finance Minister delivered the province's 2025 budget on March 20, 2025. The budget anticipates a deficit of \$1.2 billion for 2024-25 and projects deficits of \$794 million for 2025-26 and \$327 million for 2026-27. The budget does not include any new changes to the corporate or personal income tax rates. The budget eliminates the corporation capital tax paid by crown corporations, exempts additional businesses from the Health and Post Secondary Education Tax Levy and indefinitely extends the Cultural Industries Printing Tax Credit, among other measures. Manitoba's budget also includes a contingency fiscal plan in the event of broad-based U.S. tariffs on Canadian goods.

Business tax changes

Corporate income tax rates

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

Corporate Income Tax Rates — As of January 1, 2025		
	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.

Corporation capital tax

The budget eliminates the corporation capital tax paid by crown corporations for fiscal years beginning after March 31, 2025.

Health and Post Secondary Education Tax Levy

The budget exempts more businesses from the Health and Post Secondary Education Tax Levy. Specifically, the budget increases the exemption threshold so that this payroll tax will apply to businesses with \$2.5 million of annual remuneration (from \$2.25 million), and increases the threshold below which the reduced effective rate applies to \$5 million (from \$4.5 million), effective January 1, 2026. The Health and Post Secondary Education Tax Levy applies to remuneration that is paid to employees by employers with a permanent establishment in Manitoba.

Cultural Industries Printing Tax Credit

The budget indefinitely extends the Cultural Industries Printing Tax Credit, which provides Manitoba's printing industry with a 35% refundable credit on salary and wages paid to Manitoba employees. This credit previously applied to eligible expenses incurred until December 31, 2024.

Personal tax changes

Personal income tax rates

The budget does not announce changes to personal income tax rates. As a result, Manitoba's personal income tax rates effective January 1, 2025 are as follows:

Personal Combined Federal/Manitoba Top Marginal Rates	
	2025
Interest and regular income	50.40%
Capital gains	25.20% ¹
Eligible dividends	37.79%
Non-eligible dividends	46.67%

¹ The capital gains rate is based on the legislated ½ inclusion rate.

Basic Personal Amount and tax bracket threshold indexation

The budget freezes the indexation of the Basic Personal Amount and personal income tax bracket thresholds (to inflation), beginning with the 2025 tax year.

Renters Affordability Tax Credit

The budget increases the Renters Affordability Tax Credit to a maximum of \$625 (from \$575), and increases the top-up for low-income seniors to a maximum of \$357 (from \$328), effective for the 2026 tax year.

Homeowners Affordability Tax Credit

The budget increases the maximum Homeowners Affordability Tax Credit to \$1,600 (from \$1,500) for the 2026 property tax year.

Volunteer Firefighter and Search and Rescue Amount

The budget increases the Volunteer Firefighter and Search and Rescue Amount non-refundable tax credit to \$6,000 (from \$3,000), which increases the maximum annual value of the credit to \$648 (from \$324), effective for the 2025 tax year.

Trust changes

The budget excludes trusts from being eligible for the Family Tax Benefit.

Indirect tax changes

Retail sales tax on cloud computing

The budget announces that retail sales tax will apply to cloud computing services, such as subscriptions to software, data storage and remote computer processing, effective January 1, 2026.

Technical amendments and administrative tax changes

Land transfer tax

The budget further notes that Manitoba intends to review the land transfer tax and consider legislative changes to address the potential avoidance of land transfer tax through certain ownership structures in which legal and beneficial ownership of property are separated.

Other measures

The budget also includes several technical amendments and certain administrative tax changes. These changes include measures to:

- Align eligibility timing for the Seniors School Tax Rebate with the Homeowners Affordability Tax Credit
- Streamline reporting requirements around penalty and interest waivers granted to taxpayers
- Repeal the new investment tax credit for mining (which relates to investments made prior to January 1, 2004)
- Eliminate the requirement for the Finance Minister to designate a new mine or major expansion

- Eliminate the special (refundable) tax rate of 0.5% that applies in addition to the regular tax rates on the profit of all mining operators
- Update tobacco band assessment agreements with participating First Nations to increase their duration and reduce the administration fee

The budget also advises that Manitoba intends to implement an online registry in 2025 that will enable taxpayers to verify if a business is registered for retail sales tax, as well as a similar registry for tobacco tax.

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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