



TaxNewsFlash

Canada

Highlights of the 2025 Newfoundland and Labrador Budget

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Newfoundland and Labrador's Finance Minister delivered the province's 2025 budget on April 9, 2025. The budget anticipates a deficit of \$252 million for 2024-25 and projects a deficit of \$372 million for 2025-26 and a surplus of \$96 million for 2026-27. The budget includes a \$200 million contingency fund to address the economic impacts associated with the uncertainty of U.S. tariffs and associated counter tariffs. The budget does not include any new changes to the corporate or personal income tax rates. However, it announced that the eligibility threshold for the Seniors' Benefit will be indexed to the consumer price index.

Corporate tax

Corporate income tax rates

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

Corporate Income Tax Rates — As of January 1, 2025		
	Newfoundland and Labrador	Combined Federal and Newfoundland and Labrador
General	15%	30%
M&P	15%	30%
Small business ¹	2.5%	11.5%

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

Personal tax

Personal income tax rates

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

Personal Combined Federal/Newfoundland and Labrador Top Marginal Rates	
	2025
Interest and regular income	54.80%
Capital gains	27.40% ¹
Eligible dividends	46.20%
Non-eligible dividends	48.96%

¹ The capital gains rate is based on the legislated $\frac{1}{2}$ inclusion rate.

Seniors' Benefit

The budget announced the eligibility threshold for the Seniors' Benefit will be indexed to the consumer price index.

We can help

Your KPMG adviser can help you assess the effect of this year's Newfoundland and Labrador budget on your personal finances or business affairs, and point out ways to realize any tax savings.

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