



# TaxNewsFlash

Canada

## Highlights of the 2026 Manitoba Budget

March 24, 2026

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Manitoba's Finance Minister delivered the province's 2026 budget on March 24, 2026. The budget anticipates a deficit of \$1.7 billion for 2025-26 and projects deficits of \$498 million for 2026-27 and a surplus of \$8 million for 2027-28. The budget does not include any new changes to the corporate nor personal income tax rates, but does remove the retail sales tax (RST) on certain additional food items at grocery stores and increases the Renters Affordability Tax Credit and the maximum Homeowners Affordability Tax Credit, among other changes.

### 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, 2026		
	Manitoba	Combined Federal and Manitoba
General	12%	27%
M&P	12%	27%
Small business <sup>1</sup>	0%	9%

<sup>1</sup> On first \$500,000 of active business income.

#### *Film and Video Production Tax Credit*

The budget enhances the administration of the Film and Video Production Tax Credit by:

- Establishing a mandatory pre-certification process
- Reducing the potential for abuse and fraud
- Allowing for the inclusion of eligible non-resident labour costs on advanced certificates
- Improving administration.

## Indirect tax changes

### *Retail sales tax*

The budget removes the RST on additional food and beverages for human consumption sold by grocery stores, effective July 1, 2026. This change will affect common food items including:

- Ready-to-eat prepared food such as sandwiches, soups, rotisserie chickens and samosas
- Platters or arrangements of prepared foods such as sushi, cold cuts and cheeses
- Carbonated beverages and beverages containing 1% or less alcohol per volume.

The budget also removes RST on prenatal vitamins, effective July 1, 2026. Retail sales tax will continue to apply on beverages with an alcohol content greater than 1%, dietary supplements and taxable non-food items sold in grocery stores.

The budget also:

- Allows the province to deny RST refunds on the purchase and sale of vehicles where taxpayers have falsified a copy of their bill of sale to enable a purchaser to pay less tax when registering their vehicle
- Requires all businesses registered to collect RST to file, remit and pay electronically, effective January 1, 2028.

## 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, 2026 are as follows:

<b>Personal Combined Federal/Manitoba Top Marginal Rates</b>	
	<b>2026</b>
Interest and regular income	50.40%
Capital gains	25.20%
Eligible dividends	37.79%
Non-eligible dividends	46.67%

### *Renters Affordability Tax Credit*

The budget increases the Renters Affordability Tax Credit to a maximum of \$675 (from \$625) and increases the seniors top-up to a maximum of \$385.71 (from \$357.14) for seniors with a family net income of less than \$40,000. These measures apply for the 2027 tax year.

### *Homeowners Affordability Tax Credit*

The budget increases the maximum Homeowners Affordability Tax Credit to \$1,700 (from \$1,600) for the 2027 property tax year. Starting in 2027, this credit will be reduced on properties with an assessed value of in excess of \$1 million, with the credit eliminated for properties valued at \$1.5 million and above.

### **Other tax changes**

#### *Land transfer tax*

The budget advises that Manitoba intends to introduce legislative amendments in 2026 to the Tax Administration and Miscellaneous Taxes Act to prevent the avoidance of land transfer tax through the use of legal structures in which legal and beneficial ownership of the property are separated. Manitoba states that these changes are planned to come into effect on January 1, 2027.

### **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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