



# TaxNewsFlash

Canada

## Highlights of the 2026 Newfoundland & Labrador Budget

April 29, 2026

No. 2026-28

Newfoundland & Labrador's Finance Minister delivered the province's 2026 budget on April 29, 2026. The budget anticipates a deficit of \$729 million for 2025-26 and projects deficits of \$688 million for 2026-27 and \$1.1 billion for 2027-28. The budget reduces the small business income tax rate to 2.0% (from 2.5%) for 2026, 1.5% for 2027, and 1.0% for 2028. The budget also increases the Basic Personal Amount to \$15,000, among other changes.

### Business tax changes

#### Corporate income tax rates

The budget reduces Newfoundland and Labrador's small business corporate income tax rate by 0.5% per year, beginning on January 1, 2026. As a result, Newfoundland & Labrador's corporate income tax rates for 2026, 2027 and 2028 are as follows:

Newfoundland & Labrador Corporate Income Tax Rates			
	2026	2027	2028
General	15%	15%	15%
M&P	15%	15%	15%
Small business <sup>1</sup>	2.0%	1.5%	1.0%

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

<b>Combined Federal and Newfoundland &amp; Labrador Corporate Income Tax Rates</b>			
	<b>2026</b>	<b>2027</b>	<b>2028</b>
General	30%	30%	30%
M&P	30%	30%	30%
Small business <sup>1</sup>	11%	10.5%	10%

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

## Personal tax changes

### Personal income tax rates

The budget does not announce changes to personal income tax rates. As a result, Newfoundland & Labrador's personal income tax rates effective January 1, 2026 are as follows:

<b>Personal Combined Federal/Newfoundland &amp; Labrador Top Marginal Rates<sup>1</sup></b>	
	<b>2026</b>
Interest and regular income	54.80%
Capital gains	27.40%
Eligible dividends	46.20%
Non-eligible dividends	48.96%

<sup>1</sup> Assumes no further changes to the federal or Newfoundland & Labrador tax rates.

### KPMG observations

The budget does not appear to address the impact of a reduction to the small business income tax rate on integration. In particular, it does not include a reduction to the non-eligible dividend tax credit rate that would increase the effective tax rate on non-eligible dividends.

### Basic Personal Amount

The budget increases the Basic Personal Amount to \$15,000 (from \$11,188).

### Volunteer Firefighter and Search and Rescue Tax Credits

The budget proposes to double the Volunteer Firefighter and the Search and Rescue Tax Credits to \$6,000 (from \$3,000) to match the federal credit amount of \$6,000. Taxpayers can only claim one of the tax credits for any given tax year.

### Seniors' Benefit

The budget increases the Newfoundland and Labrador Seniors' Benefit by 20%, effective July 1, 2026.

### **KPMG observations**

As a result, seniors with family net income of up to \$30,409 (from \$30,078) are eligible to receive a maximum benefit of \$1,861 (from \$1,551).

### *Child Benefit*

The budget expands eligibility criteria for the Newfoundland and Labrador Child Benefit.

### **Indirect tax changes**

The budget proposes to permanently reduce the provincial tax to the current rates: 7.5 cents a litre on gasoline and 9.5 cents a litre on diesel.

### **We can help**

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