



# 2018 New Brunswick budget summary

February 2018

**Tax Alert**

On January 30, 2018, New Brunswick Finance Minister, The Hon. Cathy Rogers, tabled the province's 2018–19 budget. The province will continue to focus on the following three areas: health care, education and jobs.



The province has revised the projected deficit for 2017–18 to \$115.2 million and has projected a deficit of \$188.7 million for 2018–19. The province, however, is projecting a surplus of \$69 million by 2021–22. Yet the province’s debt will continue to increase and is projected to reach \$14.5 billion by the end of 2018–19.

There are no new tax measures or tax increases included in this budget. The budget contains relatively few taxation changes other than a decrease in corporate tax rates for small businesses.

## Business tax measures

### Corporate tax rates

No changes to the \$500,000 small-business limit are proposed. However, the small business tax rate will decrease from 3% to 2.5% effective April 1, 2018.

New Brunswick’s new corporate tax rates for 2018 and 2019 are summarized in Table A below:

**Table A**

#### New Brunswick corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2018	2.62% <sup>1</sup>	14%	14%
2019	2.5%	14%	14%

<sup>1</sup> Prorated based on a December 31 year-end

## Personal tax measures

### Personal income tax rates

No changes to personal income tax rates are proposed. The rates for 2018 are as follows:

- 9.68% on the first tax bracket (up to \$41,675)
- 14.82% on the second tax bracket (from \$41,676 up to \$83,351)
- 16.52% on the third tax bracket (from \$83,352 up to \$135,510)
- 17.84% on the fourth tax bracket (from \$135,511 up to \$154,382)
- 20.30% on the fifth tax bracket (over \$154,383)

Table B illustrates the top combined federal-New Brunswick marginal rate of tax on various types of income for 2018 for the top income tax bracket:

**Table B**

#### New Brunswick – top personal tax rates

Taxable income	2018 marginal tax rates
Interest	53.30%
Capital gains	26.65%
Eligible dividends	33.51%
Regular dividends	46.88% <sup>2</sup>

<sup>2</sup> Effective January 1, 2018, the gross-up rate for non-eligible dividends is reduced to 16%.