

British Columbia

# Budget 2019

Making sense of what's next.

## February 2019

On February 19, 2019, Finance Minister Carole James tabled British Columbia's 2019-20 budget. This budget sees the province experiencing strong economic growth (the strongest in the country at 2.7%) and making significant investments in various social and economic areas.

From a fiscal perspective, the province continues to project surpluses over the next three years as follows:

Year	Projected surplus
2018-19	\$374 million
2019-20	\$274 million
2020-21	\$287 million
2021-22	\$585 million

While the tax changes included in this budget were relatively minor, an increase in government spending does present a number of opportunities to individuals and business owners alike. Being aware of these changes will allow you to take advantage of this funding and ensure you are accessing everything that might be relevant to you.



## Tax measures

### Corporate tax rates

No changes to the corporate tax rates, or the \$500,000 small business limit, are proposed.

British Columbia's corporate tax rates for 2019 and 2020 are summarized as follows:

#### Combined federal and British Columbia corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2019-20	11.00% <sup>1</sup>	27.00%	27.00%

### Enhanced write offs of capital expenditures

The province has announced, as part of this budget, that it will be paralleling the federal capital cost allowance incentives that were introduced as part of the [Fall Economic Statement](#). These changes will allow businesses to increase the capital cost allowance deduction that is available in the year of purchase for certain capital expenditures, thereby decreasing taxes payable.

### Personal income tax rates

No changes to personal income tax rates are proposed. The top combined federal British Columbia marginal tax rates for 2019 are as follows:

Taxable income	2019
Interest	49.80%
Capital gains	24.90%
Eligible dividends	31.44%
Regular dividends	44.64%

### BC Child Opportunity Benefit

Effective October 1, 2020, a new BC Child Opportunity Benefit is being implemented as a replacement to the early childhood tax benefit. This benefit is targeted to BC families with children who are under 18 years of age.

The amount of the benefit will be:

- \$1,600 for the first child;
- \$1,000 for the second child in a family; and
- \$800 for each additional child.

The benefit will be reduced by 4% of family net income over \$25,000, a threshold that will be indexed to inflation going forward. The advantage of this credit over the previous childhood tax benefit is that parents with children between the ages of 6 and 18 will now qualify.

Parents who are already registered for the federal Canada Child Benefit will be automatically registered to receive the BC Opportunity Benefit. Those who are not currently registered for the federal benefit will need to apply to the Canada Revenue Agency in order to receive this provincial benefit.

### Climate action tax credit

In line with the [scheduled increases to the carbon tax rate](#), the personal climate action tax credit will be increased as follows over the next three years:

Date	Credit amount per adult	Credit amount per child
Current	\$135	\$40
July 1, 2019	\$154.50	\$45.50
July 1, 2020	\$174	\$51
July 1, 2021	\$193.50	\$56.50

As in previous years, this credit can be claimed by filing your personal income tax return.

### Medical Services Plan (MSP) premiums

Effective January 1, 2020, MSP premiums will be eliminated. These premiums have been replaced by [the employer health tax \(EHT\)](#) which was implemented on January 1, 2019.

## Tax credit changes

The following credits or allowances have been extended or made permanent as a result of 2018-19 budget:

Credit	Change
Mining flow-through share tax credit	Credit made permanent effective January 1, 2019
Mining exploration tax credit	Credit made permanent effective on the date of royal assent
Training tax credits	Credit extended to December 31, 2019
Shipbuilding and ship repair industry tax credit	Credit extended to December 31, 2022
Farmers' food donation tax credit	Credit extended to December 31, 2020
New mine allowance	Allowance extended to December 31, 2020

## Small Business Venture Capital Tax Credit Program

The [small business venture capital tax credit](#), which is applicable to individuals and corporations that invest in shares of a registered venture capital corporation or eligible business corporation<sup>1</sup>, has also been enhanced in numerous ways, such as:

- For investment made after February 19, 2019, the credit limit has been increased from \$60,000 to \$120,000; and
- Effective February 20, 2019, the maximum amount that can be raised through the program by an eligible business corporation has been increased from \$5 million to \$10 million.

Those looking to invest in small businesses in BC should be aware of these changes as the tax advantage associated with making such an investment has now been increased.

## Additional funding

### CleanBC

The 2019 BC Budget invests over \$679 million in different initiatives with the goal of encouraging green technologies and reducing climate pollution. The CleanBC plan offers incentives which are available to both individuals and businesses alike, as well as significant investments in various areas.

Incentives include:

- \$42 million for the purchase of new battery electric and hydrogen vehicles (up to \$6,000 for purchases and up to \$1,500 per year on fuel);
- \$41 million for energy efficiency incentives for households and businesses to promote the installation of high-efficiency equipment;
- \$168 million targeted specifically to large industrial operations such as pulp and paper mills, natural gas operations and large mines;
- \$3 million to help businesses reduce fuel consumption through a new heavy-duty vehicle efficiency program.

Areas of investment include:

- \$20 million to build new public fast-charging and hydrogen fuelling stations;
- \$6 million for light-duty vehicle fleets to switch to zero-emission vehicles;
- \$5 million for battery electric vehicle charging stations at highway rest stops; and
- \$3 million to assist Indigenous communities to advance energy efficiency and clean energy projects.

<sup>1</sup> A corporation must register with the Government of BC to qualify as a registered venture capital corporation or an eligible business corporation.

## Other notable changes

- **Student loan interest relief:** Starting February 19, 2019, interest will no longer accrue on new and existing student loans obtained through the British Columbia Student Loan Program;
- **A new provincial program for rent banks:** The program will provide short-term assistance to tenants to help cover housing costs;
- **Fire management support:** An additional \$111 million is designated to help address the issue of fires across the province, most notably wildfires;
- **Investments in Fair Pharmacare:** An additional \$42 million is designated for additional drugs, as well as the elimination or reduction of deductibles for those with household incomes under \$45,000;
- **Increase in income and disability assistance:** Eligible individuals will receive \$50 more per month, starting April 1, 2019;
- **Additional housing-related spending:** Which will include the construction of affordable rental housing; and
- **Additional funding for caregivers:** Including family caregivers, adoptive parents, foster parents and Indigenous extended family caregivers.



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