



2017 British Columbia budget update summary

September 2017

As a result of the change in government on May 2017, Finance Minister Carole James presented a budget update on September 11, 2017. The update addresses the new government's key commitment to improving affordability, enhancing critical services and building a strong, sustainable, and innovative economy that creates jobs and works for everyone.

The government continues to project surpluses over the next three fiscal years and revenues are forecasted to be \$4.6 billion higher than the estimates used in preparing the original 2017-2018 budget issued in February 2017. BC's real GDP growth has also exceeded the government's expectations based on the strength of key indicators such as employment, retail sales, housing starts and exports. Overall government spending is also projected to increase, with taxpayer-supported infrastructure spending on hospitals, schools, post-secondary facilities, transit and roads forecasted to be \$14.6 billion over the next three years, and self-supported capital spending projected to be \$8.5 billion over the next three years.



To meet these commitments, the following tax measures have been adjusted.

Business tax measures

Corporate tax rates

Effective January 1, 2018, the general corporate income tax rate has been increased to 12% from 11%.

British Columbia's corporate tax rates for the 2017 and 2018 taxation year are summarized in Table A below:

Table A

British Columbia corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2017	2.12% ¹	11%	11%
2018	2.00%	12%	11%

Preferential tax treatment for credit unions

The phasing out of the preferential tax treatment for credit unions which was implemented in 2013 has been cancelled. Effective January 1, 2017, full preferential tax treatment will be restored.

BC book publishing tax credit

The book publishing tax credit is extended for one additional year and will now expire on December 31, 2018.

Training tax credits

The BC training tax credits have been extended for one additional year and will now expire on December 31, 2018.

Interactive digital media tax credit

Effective for taxation years ending on or after February 22, 2017, interactive digital media corporations that participate in the small venture capital program will be eligible for the interactive digital media tax credit.

International Business Activity program

The International Business Activity program, which provided tax incentive for banks and major businesses to invest in British Columbia, has been eliminated effective September 12, 2017 and international business activities will therefore no longer qualify for personal and corporate income tax refunds.

Personal tax measures

Personal tax rates

Effective for the 2018 taxation year, a new top personal income tax bracket has been introduced. This new tax bracket will be subject to a tax rate of 16.8% and will affect taxable income that exceeds a threshold of \$150,000.

British Columbia's personal tax rates for the 2018 taxation year are summarized in Table B below:

Table B

British Columbia personal tax rates

2018 taxable income	2018 tax rates
First \$38,898	5.06%
\$38,899 - \$77,797	7.70%
\$77,798 - \$89,320	10.50%
\$89,321 - \$108,460	12.29%
\$108,461 - \$150,000	14.70%
Over \$150,000	16.80%

¹ As the small business income tax rate was reduced from 2.50% to 2.00% effective April 1, 2017, the rate included in the table above reflects the pro-rated small business income tax rate for 2017.

Eligible dividend tax credit

As a result of the increase to the general corporate income tax rate, the dividend tax credit rate on eligible dividends has been increased to 43.57% from 36.32%. This change is effective for the 2019 and subsequent taxation years.

BC back-to-school tax credit

As announced on September 1, 2016, a new non-refundable tax credit of \$250 per child (providing a tax benefit of up to \$12.65 per child) was introduced to individuals with school-aged children from five to 17 years of age. This credit, which was originally available for the 2016 – 2018 taxation years, will now be available for the 2016 taxation year only.

Children's fitness, fitness equipment and arts tax credits

Further to the elimination of similar credits at the federal level, the children's fitness tax credit, children's fitness equipment tax credit and children's arts tax credit have been eliminated at the provincial level effective for the 2018 and subsequent taxation years.

Low income climate action tax credit

Effective, April 1, 2018, this credit has been increased to a maximum of \$135 per adult and \$40 per child. Single parent families will continue to receive the adult credit amount for the first child in the family.

Other measures

Carbon Tax Act

Changes that have been made to the Carbon Tax Act as a result of the 2017 budget update are as follows:

- Effective, April 1, 2018, carbon tax rates are to be increased by \$5 per tonne of carbon dioxide equivalent emissions on an annual basis to a maximum of \$50 per tonne on April 1, 2021.
- The requirement to prepare the Carbon Tax Report and Plan has been removed from the Carbon Tax Act. This means the Carbon Tax Act will no longer require revenue measures be introduced to offset carbon tax revenues.

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