

Budget 2019

Prince Edward Island

Making sense of what's next.

June 2019

On June 25, 2019, Finance Minister Darlene Compton tabled PEI's 2019-20 budget. Budget 2019 is the third consecutive surplus budget for the province and the first PEI budget delivered by a minority government. The budget was put together by the newly elected Progressive Conservative provincial government in collaboration with the Opposition Green Party and the third-party Liberals.

The estimates provided in Budget 2019 show that the province's surplus for the 2018-2019 fiscal year is \$12.3 million higher than the surplus projected for the same period in the previous budget.

Fiscal results for the next three years are projected as follows:

Year	Projected surplus (deficit)
2019-20	\$1.8 million
2020-21	\$7.4 million
2021-22	\$12.6 million



Tax measures

Corporate tax rates

Budget 2019 proposes to reduce the provincial small business tax rate by 0.5% to 3% starting January 1, 2020, benefitting approximately 2,600 small businesses. No changes to the \$500,000 small business limit are proposed.

PEI's corporate tax rates for 2019-20 are summarized as follows:

Combined federal and PEI corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
2019	12.50%	31.00%	31.00%
2020	12.00%	31.00%	31.00%

Personal income tax rates

Budget 2019 proposes to increase the basic personal tax amount to \$10,000 and also increase the low income threshold amount for personal income tax from \$17,000 to \$18,000 effective January 1, 2020. These tax measures will exempt an additional 1,700 lower income individuals from paying provincial income tax.

The relevant rates for 2019 are as follows:

- 9.8% on the first tax bracket (first \$31,984)
- 13.8% on the second tax bracket (from \$31,985 to \$63,969)
- 16.7% on the third tax bracket (over \$63,970)

The top combined federal PEI marginal tax rates for 2019 are as follows:

Type of income	2019
Interest	51.37%
Capital gains	25.69%
Eligible dividends	34.22%
Regular dividends	45.22%

Sales tax measures

Budget 2019 proposes no changes to the current 15% Harmonized Sales Tax (HST) rate, which includes a federal component of 5% and a provincial component of 10%.

Other notable investments

Affordable housing: Budget 2019 allocates \$4.4 million to support the building of new affordable housing in partnership with communities and developers and an additional \$2.2 million for rent supplements.

Infrastructure: Budget 2019 allocates \$130 million for infrastructure projects, including roads and bridges, water and wastewater and high-speed internet initiative.

Education: Budget 2019 proposes to invest \$15.2 million to education, including the development of a new pre-school program for four-year-olds and school food program.

Healthcare: The additional \$36.3 million investment in healthcare will be used to hire additional practitioners, add 100 long-term care beds, and support mental health program and midwifery services.



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