

Budget 2021

Nova Scotia

Making sense of what's next.

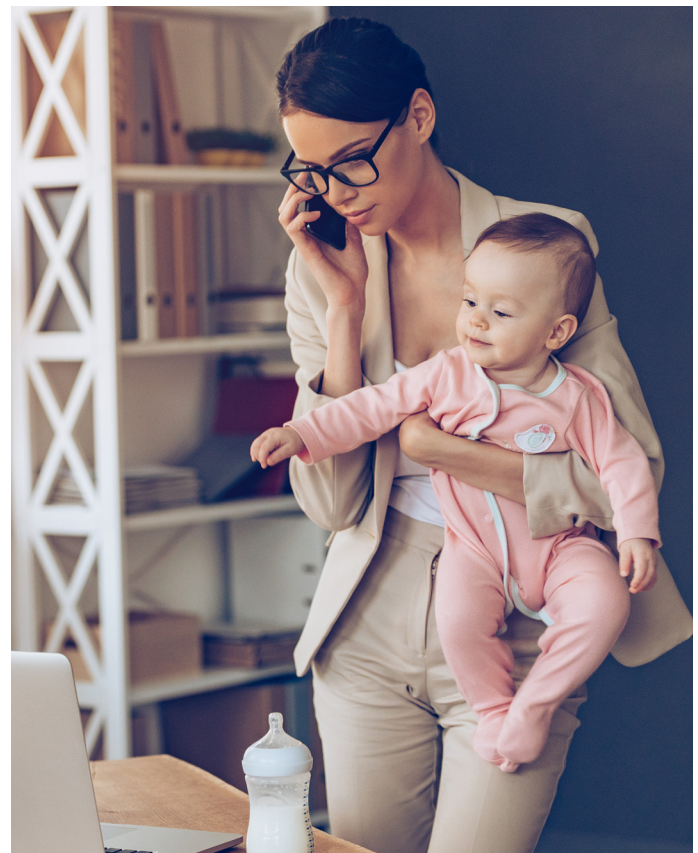
March 2021

On March 25, 2021, Finance Minister Labi Kousoulis tabled Nova Scotia's budget for the 2021-22 fiscal year (Budget 2021).

Prior to the 2020-21 fiscal year, the government had four consecutive years of surpluses. According to government estimates, \$617.3 million was spent on COVID-19 related expenses in 2020-21. As a result of the pandemic spending, Budget 2021 estimates that the province's deficit for the 2020-21 fiscal year was \$705.5 million as compared to the \$55 million surplus projected for the same fiscal year in the previous budget. The government anticipates returning to a balanced budget in 2024-25.

Projections for the next four fiscal years are shown as follow:

Year	Projected surplus/(deficit)
2021-22	(\$584.9 million)
2022-23	(\$217.5 million)
2023-24	(\$175.6 million)
2024-25	\$10.5 million



Tax measures

Corporate tax rate

There are no changes proposed to the \$500,000 small business limit and the corporate tax rates.

Nova Scotia's corporate tax rates for 2021 are summarized as follows:

Nova Scotia corporate tax rates

	Small business tax rate	General corporate tax rate	Investment income earned by CCPC
NS only	2.5%	14.0%	14.0%
Federal and NS combined	11.5%	29.0%	52.67%

Personal income tax rates

Budget 2021 includes no changes to the personal tax brackets and rates. The rates for 2021 are as follows:

Tax brackets	Marginal tax rates
\$29,590 or less	8.79%
\$29,591 – \$59,180	14.95%
\$59,181 – \$93,000	16.67%
\$93,001 – \$150,000	17.50%
\$150,001 and over	21.00%

The top combined federal Nova Scotia marginal tax rates for 2021 are as follows:

Taxable income	2021
Interest	54.00%
Capital gains	27.00%
Eligible dividends	41.58%
Regular dividends	48.28%

Standard Household Rate

Effective January 1, 2020, the Standard Household Rate replaced the personal allowance and shelter allowance and provides financial assistance in the form of a direct payment from the government to low income individuals in the province. A single person who rents or owns their home and is able to work can get \$586 a month. The amount goes up a maximum of \$1,193 a month for a couple who are able to work and have one or more dependants.

Budget 2021 proposes to invest an additional \$35.2 million to provide \$100 per month more for each adult across the board who receives this income assistance. Additional details on the current Standard Household Rate can be found on [government's website](#).

Equity Tax Credit

The Equity Tax Credit for investments in Community Economic Development Investment Funds (CEDIFs) provides a 35 percent tax credit for individuals who invest up to \$50,000 in a tax year and hold their shares for a five-year period. An additional 20 percent tax credit will be available if individuals hold their shares for ten years. A further 10 percent (for a total of 65 percent) tax credit is available when individuals retain their shares for 15 years.

As announced in Budget 2019, the Equity Tax Credit for CEDIFs is scheduled to expire on February 28, 2022. Budget 2021 proposes to extend the tax credit for 10 more years.

Sales tax

Budget 2021 proposes no changes to the current 15 percent HST rate, which is composed of a federal component of five percent and a provincial component of ten percent.

Other notable items

Significant spending includes:

Tourism and hospitality

The government will invest \$1.2 million to expand the 10 percent Nova Scotia Liquor Corporation wholesale discount for the hospitality industry to include canned and bottled beer, cider and ready-to-drink products. In addition, eligible tourism and accommodation operators can get a one-time 50 percent rebate on the first six months of their commercial property taxes paid for 2021-22 tax year. Applications for part two of this program will open in Spring 2021.

Property tax rebate for small businesses

Property tax relief for small businesses was introduced before the budget release to provide support for small businesses in the service sector, such as restaurants, gyms and personal service businesses. Qualified businesses can choose a rebate of \$1,000 or 50 percent of the commercial property taxes paid for the final six months of the 2020-21 tax year. Applications are expected to open in March 2021.



Long-term care and home care

The government is investing \$1.02 billion on long-term care and home care projects this year. Key projects include:

- \$22.6 million increase, for a total of \$27.8 million, to implement findings of the Expert Advisory Panel on Long-Term Care
- \$12.3 million to extend Regional Care Centres for long-term care patients with COVID-19
- \$8.6 million for the first year of a multi-year plan to replace or renovate seven nursing homes

Mental health care and services

The government will invest \$336.5 million, the largest mental health care budget in the province's history, to improve mental health support. This budget includes a \$12.3 million increase for new programming and \$1.5 million to establish the Office of Mental Health and Addictions.

Green Fund programs

\$26 million will be spent on a new Green Fund program to address climate change, including developing a new climate change strategy for clean growth and creating a Nova Scotia Regional Climate Representative position at the Atlantic Data Hub.

Clean Agriculture Technology Fund

Budget 2021 proposes to invest \$5 million to establish a fund to support low-carbon clean technology in the agricultural sector.