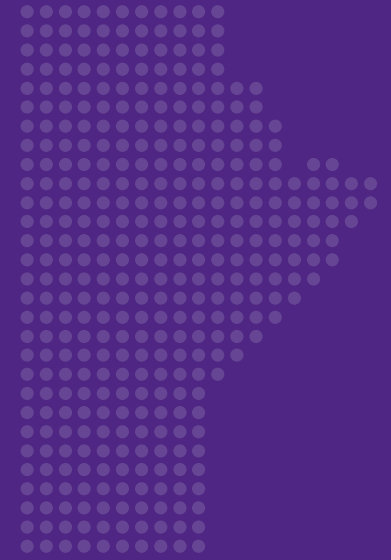


Budget 2019

# Manitoba

Making sense of what's next.

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## March 2019

On March 7, 2019, Finance Minister Scott Fielding tabled Manitoba's 2019-20 budget. The provincial government forecasts strong revenue growth in 2019-20 with a projected increase of \$238 million, or 1.4% from last year. The estimates provided in Budget 2019 show that the province's deficit for the 2018-19 fiscal year is \$51 million less than the deficit projected for the same fiscal year in the previous budget.

From a fiscal perspective, the province is expecting to continue reducing the provincial deficit according to the following projection:

Year	Projected deficit
2018-19	\$470 million
2019-20	\$360 million



## Tax measures

### Retail sales tax measures

Budget 2019 includes a long-promised reduction to the retail sales tax (RST) rate. Effective July 1, 2019, the general retail sales tax rate will decrease from 8% to 7%.

As a result of this 1% reduction, Manitoba's RST rate will now be the same as British Columbia's provincial sales tax (PST) rate, although it still remains higher than Saskatchewan's 6% PST rate.

In addition to the reduction in the general RST rate, there is also a decrease in RST rate from 4.5% to 4% on mobile, modular and ready-to-move homes. Furthermore, the existing reduced RST charged on electricity used in manufacturing, mining and processing operations will also fall from 1.6% to 1.4%. These changes are effective July 1, 2019.

Manitoba has confirmed that RST will not apply to the federal carbon tax levied on natural gas and coal, beginning April 1, 2019.

Vendors making taxable sales and purchasers required to self-assess RST will need to consider the transitional rules for transactions straddling July 1, 2019 to determine the correct rate that needs to be charged.

## Business tax measures

### Corporate tax rates

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

Manitoba's corporate tax rates for 2019 are summarized as follows:

#### Combined federal and Manitoba corporate tax rates

Year	Small business tax rate	General corporate tax rate	Manufacturing & processing tax rate
2019	9.00%	27.00%	27.00%

### Tax credit changes

The following credits or exemption have been revised as a result of Budget 2019:

Credit	Change
Fuel tax exemption for the forestry industry	Exemption <b>expanded</b> to include mill site equipment used for log handling and processing, effective June 1, 2019
Manufacturing Investment Tax Credit (MITC)	The refundable portion of the MITC will be <b>reduced</b> from 8% to 7% (to match the decrease in RST), effective for qualifying property acquired after June 30, 2019
Film and video production tax credit	Credit <b>made permanent</b> . (Was previously set to expire on December 31, 2019)
Small business venture capital tax credit	Credit <b>extended</b> to December 31, 2022
Culture industries printing tax credit	Credit <b>extended</b> to December 31, 2020
Book publishing tax credit	Credit <b>extended</b> to December 31, 2024

## Personal tax measures

### Personal income tax rates

Beginning in the 2017 taxation year, Manitoba's personal tax brackets became indexed to inflation on an annual basis. Budget 2019 reconfirms this indexation but provides no further changes to the personal tax brackets and rates. The rates for 2019 are as follows:

- 10.80% on the first tax bracket (up to \$32,670)
- 12.75% on the second tax bracket (from \$32,670 to \$70,610)
- 17.40% on the third tax bracket (over \$70,610)

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

Taxable income	2019
Interest	50.40%
Capital gains	25.20%
Eligible dividends	37.78%
Regular dividends	46.67%

## Other notable changes

- **Electronic filing:** Starting January 1, 2020, all businesses will be required to file, remit and pay the fuel tax, tobacco tax, and health and post-secondary education tax levy electronically. Larger businesses remitting or paying RST of \$5,000 or more per month will be required to file, remit and pay electronically.
- **Commissions on retail sales tax:** Commissions will not be paid to any business filing monthly RST returns (no impact on quarterly or annual filers who file less than \$3,000 per filing period).
- **Primary Caregiver Tax Credit registration:** The due date to register for the Primary Caregiver Tax Credit will now be April 30 of the following year (instead of December 31 of the current year).
- **TOSI paralleling:** Manitoba's rules will generally parallel the federal rules that apply to the tax on split income (TOSI), including with respect to various non-refundable tax credits. However, Manitoba rules on TOSI with respect to various provincial refundable tax credits will not be harmonized.



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