

2021 New Brunswick Budget Summary

Making sense of what's next.

March 2021 – Tax Alert

On March 16, 2021, Finance Minister Ernie L. Steeves tabled New Brunswick's 2021-22 budget (Budget 2021).

The estimates provided in Budget 2021 show that the province projects a deficit of \$12.7 million for the 2020-21 fiscal year, compared to a \$92.4 million surplus projected for the same fiscal year in the previous budget.

From a fiscal perspective, the province projects deficits over the next three years as follows:

Year	Projected deficit
2021-22	\$245 million
2022-23	\$296 million
2023-24	\$220 million



Tax measures

Corporate tax rates

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

New Brunswick's corporate tax rates for 2021 are summarized as follows:

New Brunswick corporate tax rates

	Small business tax rate	General corporate tax rate	Manufacturing and processing tax rate
NB only	2.5%	14.0%	14.0%
Federal and NB combined	11.5%	29.0%	29.0%

Personal income tax rates

New Brunswick's personal tax brackets are indexed to inflation on an annual basis. Budget 2021 proposes no further changes to the personal tax brackets and rates. The rates for 2021 are as follows:

Tax brackets	Marginal tax rates
\$43,835 or less	9.68%
\$43,836 - \$87,671	14.82%
\$87,672 - \$142,534	16.52%
\$142,535 - \$162,383	17.84%
\$162,384 and over	20.30%

The top combined federal and New Brunswick marginal tax rates for 2021 are as follows:

Type of income	2021
Regular	53.30%
Capital gains	26.65%
Eligible dividends	33.51%
Regular dividends	47.75%

Sales and excise taxes

Budget 2021 proposes no changes to the current 15% HST rate, which is composed of a federal component of 5% and a provincial component of 10%.

Effective April 1, 2021, the provincial carbon tax will increase from \$30 per tonne to \$40 per tonne. As a result, gas prices will increase by 2.21 cents/litre and diesel prices will increase by 2.68 cents/litre.

Other notable items

Pandemic spending

Budget 2021 includes \$64 million for pandemic spending, including \$30 million for the vaccination program.

Tourism

The government will continue to offer the [Explore NB Travel Incentive program](#), which offers New Brunswick residents a 20% rebate on eligible travel expenses spent in the province.

Childcare

The government will provide a further \$0.75/hour wage increase for early childhood educators, bringing the hourly wage to \$19.