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Finances of the Nation

Vivien Morgan*

SURVEY OF PROVINCIAL AND TERRITORIAL BUDGETS, 2015-16

For almost 60 years, the Canadian Tax Foundation published an annual monograph, Finances of the Nation, *and its predecessor,* The National Finances. *In a change of format, the 2014* Canadian Tax Journal *introduced a new "Finances of the Nation" feature, which presents a series of articles on topical matters related to taxation and public expenditures in Canada. The first article, in the third issue for 2014, surveyed the 2013-14 provincial and territorial budgets; the second article, in the first issue for 2015, surveyed the 2014-15 provincial and territorial budgets; this article surveys the 2015-16 provincial and territorial budgets. Kevin Milligan wrote "The Growth of Government in Canada: A 21st-Century Perspective" for the journal's third issue in 2015 and Kenneth J. McKenzie wrote "The Corporate Income Tax in Canada—Past, Present, and Future" for the fourth issue in 2015. The underlying data for the* Finances of the Nation *monographs and the articles in this journal will be published online in the near future.*

KEYWORDS: BUDGETS ■ PROVINCIAL ■ TERRITORIAL ■ GOVERNMENT FINANCE ■ REVENUE ■ EXPENDITURES

CONTENTS

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INTRODUCTION

This article has two distinct parts. First, it sets out tables and charts that show aggregate figures related to projected 2015-16 budget revenues and expenditures for the various provinces and territories, as well as tables that show corporate income tax rates and personal brackets and rates for each jurisdiction. Second, the article summarizes the projected budget revenues and expenditures in tabular form and tax changes in narrative form for each province and territory.

SUMMARY INFORMATION

Most of the provinces and territories brought down their 2015-16 fiscal-year budgets between February and June 2015; Alberta's newly elected government issued a revised fiscal update in August 2015 and a revised budget in October 2015. Some budgets were delayed because of the precipitous drop in the price of oil in calendar 2014, which significantly affected revenues from related taxes and royalties. A slight majority of provinces had a budget deficit (with expenditures exceeding revenues) in this cycle, but 6 of the 13 jurisdictions forecasted a surplus in the 2015-16 fiscal year based on projected increased economic growth and continued moderate spending restraint. The remaining jurisdictions that issued projections for future years expected to return to a balanced budget or surplus in two to four years. Overall, the budgets as delivered were neither good news nor bad news for most taxpayers: the majority of tax changes were minor adjustments to personal income tax brackets and rates and some corporate income tax rates, and some sin tax increases. Few significant expansions or contractions were made to expenditures on services and social programs. The subdued economic environment was matched by a subdued response to both revenue increases and expenditures. Efforts have been made to balance budgets, but the sharp decline in crude oil prices since mid-2014 put pressure on fiscal restraint. Balanced budgets inspire confidence in investors and consumers, and most provincial and territorial jurisdictions arrived at close to a balanced budget without significantly increasing tax revenue. Tax expenditures such as tax credits were by and large tightened though, and major expenditures (such as spending on health care) were held at last year's level or increased modestly. International trade and investment are vital to the continued growth of the Canadian economy. But global growth continued to be fragile, leading to stockpiles in crude oil inventory, which in turn put downward pressure on crude oil prices; that combination presents a risk to fiscal health for a producer and net exporter of crude oil such as Canada. The United States, which is an oil producer and the largest oil consumer in the world, is in the final analysis a net importer of oil, and the recent decline in crude oil prices may underlie the strong US fiscal performance of the last year. Most analysts do not foresee a rebound in the price of crude oil until there is a decline in US output, which has been driven by shale oil production. Moreover, the advantage of the lower crude oil prices to Canadian oil-importing provinces such as Ontario is arguably not as great as predicted. Risk to the Canadian economy also resides in the high level of household debt to income—upward of 165 percent since 2012[1] but perhaps stabilizing around that level—which has been spurred on by residential real estate investment.

Table 1 aggregates the projected budget revenue and expenditure items in each province and territory. The different jurisdictions' budget projections are not strictly comparable, owing to accounting differences across the provinces and territories.[2] However, the placement of the various jurisdictions' figures in a single table illustrates trends and distinctions intended to stimulate discussion. The provinces and territories are listed in descending order based on each jurisdiction's original budget projection of its expected tax revenue. The figures shown have been aggregated from each province's and territory's budget summary presented in the second part of this article.

Figure 1 presents similar information, and includes surpluses and deficits at the right. Each projected revenue source amount is shown as a percentage of total revenues, and the projected surplus or deficit is shown as a percentage of total expenditures. Figure 2 shows projected tax revenues by source, as a percentage of total revenues. Figure 3 shows projected expenditures by spending category, as a percentage of total expenditures.

The provinces have exclusive powers and responsibility with respect to education, health, and social services expenditures. Across all jurisdictions, health-care expenditures averaged about 40 percent of total expenditures, as shown in tables 1 and 2. For example, for the 2015-16 fiscal year, Ontario's projected health-care and long-term care expenditures were $50,771 million or 38.49 percent of total expenditures of $131,902 million. In contrast, for the territories, projected spending on health care in 2015-16 accounted for 20.07 percent of total expenditures for Nunavut, 24.70 percent for the Northwest Territories, and 30.32 percent for Yukon. However, on a per capita basis, the results appeared to reverse: about $3,700 per capita in Ontario (in 2014-15, $3,700 and in 2013-14, $3,600) versus $9,100 to $10,200 per capita in the territories (in 2014-15, $8,600 to $9,200 and in 2013-14, $8,400 to $9,500).[3]

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1 Tamsin McMahon, "First-Time Homeowners Driving Higher Household Debt: Study," *Globe and Mail*, December 9, 2015.

2 For a discussion of accounting differences between Canadian jurisdictions, see Colin Busby and William B.P. Robson, *Credibility on the (Bottom) Line: The Fiscal Accountability of Canada's Senior Governments, 2013*, C.D. Howe Institute Commentary no. 404 (Toronto: C.D. Howe Institute, March 2014).

3 See Vivien Morgan, "Survey of Provincial and Territorial Budgets, 2013-14," Finances of the Nation feature (2013) 62:3 *Canadian Tax Journal* 771-812, at 774; and Vivien Morgan, "Survey of Provincial and Territorial Budgets, 2014-15," Finances of the Nation feature (2015) 63:1 *Canadian Tax Journal* 157-215, at 162. The population figures were taken from Northwest Territories, Bureau of Statistics, as of January 1, 2015. Because the budgets were estimated for 2015-16 and the populations were taken at slightly different dates, the per capita figures were rounded.

TABLE 1 Provincial and Territorial Revenues and Expenditures, Budget Projections, Fiscal Year 2015-16

Province/territory	Tax revenue	Federal transfers	Other sources of revenue[a]	Total revenues	Total expenditures	Adjustments[b]	Surplus/ (deficit)
				millions of dollars			
Ontario	87,397	22,890	14,103	124,390	(131,902)	(1,000)	(8,512)
Quebec	61,867	19,444	18,849	100,160	(98,574)		1,586
British Columbia	23,126	7,646	15,593	46,365	(45,831)	(250)	284
Alberta[c]	22,099	6,984	14,705	43,788	(49,906)		(6,118)
Manitoba	7,973	3,882	3,108	14,963	(15,535)	150	(422)
Saskatchewan	6,808	2,223	5,249	14,280	(14,173)		107
Newfoundland and Labrador	3,489[d]	1,149	2,338	6,976	(8,070)		(1,093)
Nova Scotia	5,418	3,086	1,416	9,920	(10,024)	7	(98)
New Brunswick	4,027	2,881	1,400	8,308	(8,635)	(150)	(477)
Prince Edward Island	874	633	142	1,649	(1,669)		(20)
Northwest Territories	260	1,402	165	1,827	(1,648)	(32)	147
Yukon	127	923	200	1,250	(1,227)		23
Nunavut	107	1,535	80	1,722	(1,669)	(30)	23

[a] Other sources of revenue included resource royalties; premiums, fees, and licences; commercial Crown corporation transfers; and investment income.

[b] Adjustments included consolidation numbers (in some cases) and transfers to and from reserve funds.

[c] Following the May 5, 2015 election, the new government issued a fiscal update on August 31, 2015 for the first quarter of 2015-16; a revised budget was delivered on October 27, 2015.

[d] Newfoundland and Labrador's tax revenue included mining tax revenue and royalties of $145 million.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22. See below for further details. Differences are due to rounding.

TABLE 2 Provincial and Territorial Health-Care Expenditures, Budget Projections, Fiscal Years 2013-14, 2014-15, and 2015-16

	Health-care expenditures			Total expenditures			Percentage of total expenditures		
Province/territory	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
				millions of dollars					
Ontario	48,855	50,055	50,771	127,588	130,376	131,902	38.29	38.39	38.49
Quebec	31,258	37,264	37,688[a]	72,392	97,446	98,574	43.18	38.24	38.23
British Columbia	18,426	18,683	19,061	43,936	44,416	45,831	41.94	42.06	41.59
Alberta	17,461	18,294	19,684[b]	38,006	40,432	49,906	45.94	45.24	39.44
Manitoba	5,660	5,791	6,088	14,847	15,137	15,535	38.12	38.26	39.19
Saskatchewan	4,799	5,356	5,507[c]	11,543	14,002	14,173	41.57	38.25	38.86
Nova Scotia	3,911	4,105	4,138	9,524	9,936	10,024	41.06	41.31	41.28
New Brunswick	2,586	2,613	2,617	8,473	8,427	8,635	30.52	31.01	30.31
Newfoundland and Labrador	2,301	2,399	3,015	7,571	7,829	8,070	30.39	30.64	37.36
Prince Edward Island	566	581	587	1,625	1,657	1,669	34.83	35.06	35.17
Northwest Territories	364	392	407	1,467	1,613	1,648	24.81	24.30	24.70
Yukon	348	338	372	1,083	1,142	1,227	32.13	29.60	30.32
Nunavut	305	311	335	1,478	1,533	1,669	20.64	20.29	20.07

Note: Owing to accounting differences between provinces and territories, direct comparison of the above numbers is not strictly appropriate. Numbers may not add because of rounding.

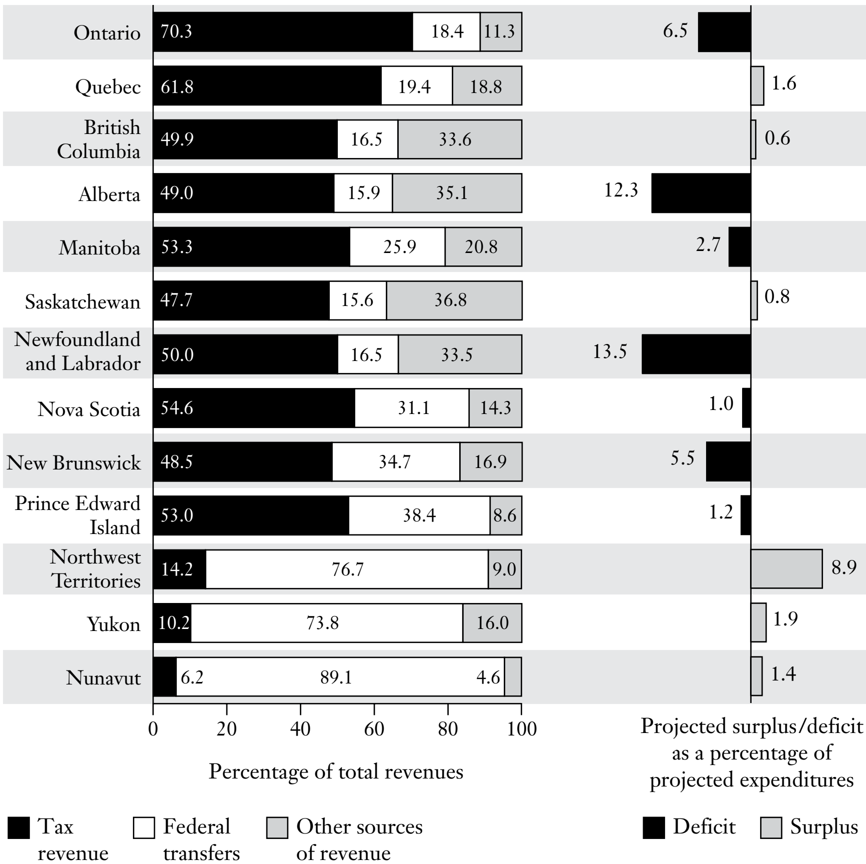
[a] Quebec accounting was changed after the 2013-14 budget; amounts for the 2014-15 fiscal year were reported on a consolidated basis, showing general fund plus consolidated entities. Using 2013-14 accounting, Quebec's projected health-care expenditure for 2014-15 would be $32,346 million.

[b] The fiscal update for the first quarter of 2015-16 issued by the newly elected government, showed the total expenditures as $50,222 million and health-care expenditures (by department) of $18,614 million, or 37.06 percent. A revised budget was delivered on October 27, 2015.

[c] The figure for Saskatchewan reflected a change in accounting: the 2014-15 budget was the province's first budget prepared on a summary basis and included government core operations, other government service organizations, and government business enterprises.

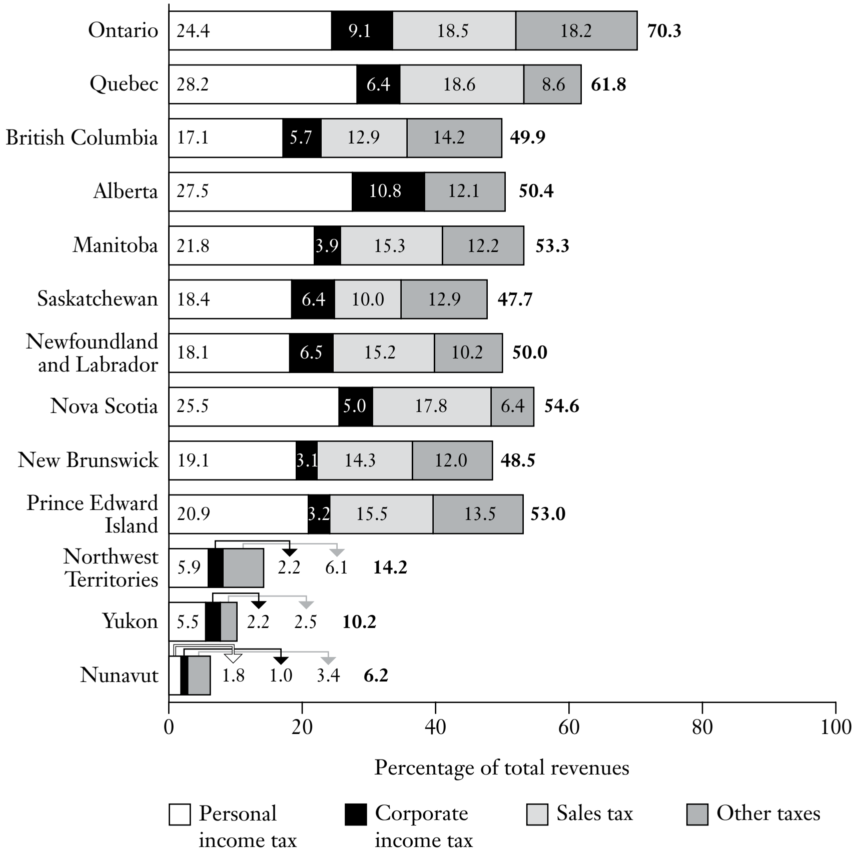
Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22. See those tables for further details.

FIGURE 1 Projected Provincial and Territorial Revenues by Source, as a Percentage of Total Revenues, and Projected Surplus/Deficit as a Percentage of Projected Expenditures, Fiscal Year 2015-16



Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22, and the data summary in table 1.

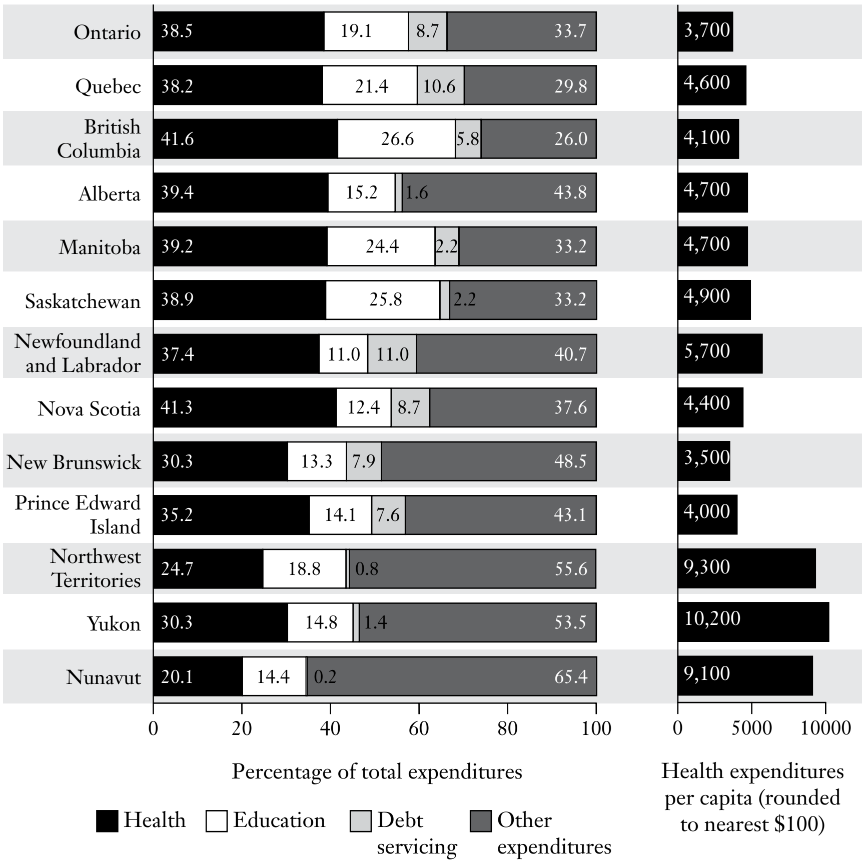
FIGURE 2 Projected Provincial and Territorial Tax Revenues by Source as a Percentage of Total Revenues, Fiscal Year 2015-16



Note: Totals might not add due to rounding.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22.

FIGURE 3 Projected Provincial and Territorial Expenditures by Spending Category as a Percentage of Total Expenditures, Fiscal Year 2015-16



Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22.

Table 3 sets out the provincial and territorial surpluses and deficits since the budget projections for 2014-15.[4] The table also shows various figures set out in the 2015-16 budgets: the projected surplus or deficit for the 2015-16 fiscal period, and any planned or targeted surpluses or deficits for up to five ensuing fiscal years. Most jurisdictions that projected beyond the 2015-16 fiscal year planned for a surplus within the following four years; Ontario forecasted a deficit in 2016-17 and a flat budget in 2017-18. Alberta forecasted a deficit in 2017-18, the final year for its projections.

On the basis of budget projections for each province and territory, projected total income tax revenue in the 2015 budgets of all provinces and territories aggregated $90.4 billion from personal income tax and $28.0 billion from corporate income tax—for total revenue of $118.4 billion from income tax—and projected sales tax revenue aggregated $55.5 billion. Thus, the provinces and territories expected to collect slightly more tax revenue from personal income tax than from corporate income tax and sales tax combined. In comparison, the 2015-16 federal budget projected $143.4 billion of revenue from personal income tax, $36.9 billion from corporate income tax (plus $6.2 billion from non-resident income tax) for a total of $186.5 billion, and $32.7 billion from sales tax.[5] And the federal government projects that it will have almost twice as much revenue from personal income tax as it does from corporate income tax, non-resident income tax, and goods and services tax (GST) combined.

Table 4 shows the corporate income tax rates in the provinces and territories for 2015.

From a personal income tax perspective, in prior years three provinces increased their income brackets for high income earners—British Columbia (for 2014 and 2015), Ontario (from 2012), and Quebec (from 2013)—and Nova Scotia (from 2010) continued its higher rate for taxpayers in its top bracket. In their 2015 budgets, Alberta, New Brunswick, Newfoundland and Labrador, and Yukon ushered in new personal income tax rates for high income earners. Now a minority of jurisdictions—two prairie provinces (Saskatchewan and Manitoba), one maritime province (Prince Edward Island), and two of the territories (Nunavut and the Northwest Territories)—do not impose a higher tax rate on high income earners. However, Prince Edward Island imposes a surtax on high income earners, and Nunavut and the Northwest Territories impose higher taxes at higher income brackets than other jurisdictions, perhaps reflecting the higher cost of living in the territories. Saskatchewan already has in place a tax bracket that could be said to impose a higher rate on high income earners, and Manitoba imposes a high rate at a low level of taxable income. Surtaxes may be applied in addition to the regular provincial or territorial

4 See "Survey of Provincial and Territorial Budgets, 2014-15," supra note 3, at 159, table 1.

5 Canada, Department of Finance, 2015 Budget, Budget Plan, April 21, 2015, at 364, table 5.2.5.

TABLE 3 Revised, Projected, and Planned Provincial and Territorial Surpluses and Deficits, 2013-14 and Onward

	2013-14		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Province/territory	2013-14 budget	Revised	2014-15 budget	2015-16 budget	2016-17 plan	2017-18 plan	2018-19 plan	2019-20 plan	2020-21 plan
					millions of dollars				
British Columbia	153	175	184	284	376	399			
Alberta	(451)	1,393	2,644	(6,118)[a]	(5,417)[a]	(4,366)[a]			
Saskatchewan	32	591	71	107	121	148	182		
Manitoba[b]	(518)	(432)	(357)	(422)	(328)	(185)	24		
Ontario	(11,743)	(11,300)	(12,505)	(8,512)	(4,800)[c]	nil			
Quebec[d]	1,039	(3,100)	(2,350)	1,586	2,236	2,765	3,085	3,446	
New Brunswick	(479)	(564)	(391)	(477)[e]					
Nova Scotia	16	(562)	(279)	(98)	23	25	66		
Prince Edward Island	(59)	(52)	(40)	(20)	12	44			
Newfoundland and Labrador	(564)	(349)	(538)	(1,093)	(889)	(490)	(195)	3	87
Northwest Territories	113	130	200	147	121	152	98	13	
Yukon	73	32	72	23	43	37	11		
Nunavut[f]	22	(106)	36	23					

[a] On August 31, 2015, the newly elected government issued a fiscal update for the 2015-16 year. Projections for future years were included in the revised 2015-16 budget of October 27, 2015.
[b] Manitoba's projections in 2015 do not include other government entities.
[c] Ontario's 2015-16 budget showed rounded figures for future years.
[d] Quebec's accounting for the 2014-15 fiscal year was changed, and amounts were reported on a consolidated basis, showing general fund plus consolidated entities.
[e] The 2015-16 New Brunswick budget presented no outlook for future years as it awaits recommendations from a strategic program review. The 2014-15 New Brunswick budget presented a planned deficit of \$262 million and \$129 million each for 2015-16 and 2016-17, respectively, and a \$119 million surplus for 2017-18.
[f] Nunavut forecasted surpluses for 2016 and 2017 were \$9.297 million and \$125.217 million, respectively, but not including revolving fund revenues and expenditures. The 2015 forecast, not including those revenues and expenditures, was a deficit of \$20.891 million.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22.

TABLE 4 Provincial and Territorial Corporate Income Tax Rates, 2015

Province/territory	General rate	M & P rate	Small business rate	Small business limit[a]
		percent		*dollars*
British Columbia	11.00	11.00	2.5	500,000
Alberta	11.01	11.01	3.0	500,000
Saskatchewan	12.00	10.00	2.0	500,000
Manitoba	12.00	12.00	0.0	425,000
Ontario	11.50	10.00[b]	4.5	500,000
Quebec	11.90	11.90	8.0 or 4.49[c]	500,000
New Brunswick	12.00	12.00	4.0[d]	500,000
Nova Scotia	16.00	16.00	3.0	350,000
Prince Edward Island	16.00	16.00	4.5	500,000
Newfoundland and Labrador	14.00	5.00	3.0	500,000
Northwest Territories	11.50	11.50	4.0	500,000
Yukon	15.00	2.50	3.0 or 1.5[e]	500,000
Nunavut	12.00	12.00	4.0	500,000

M & P = manufacturing and processing.

[a] The threshold is reduced straight-line if the Canadian-controlled private corporation (CCPC) and associated corporations had taxable capital between $10 million and $15 million in the preceding year. Ontario adopted the clawback effective May 1, 2014.

[b] In Ontario, the M & P rate applies to income from manufacturing, processing, farming, mining, logging, and fishing operations carried on in Canada and allocated to the province.

[c] In Quebec, a 4.49 percent rate applied to active business income up to $500,000 for a CCPC from April 1, 2015 if at least 50 percent of the CCPC's activities were attributable to M & P or activities in the primary sector (based on assets and labour): the rates decreased straightline if the attributable activities were greater than 25 percent and less than 50 percent.

[d] The New Brunswick small business rate applied to a small business whose taxable capital did not exceed $15 million.

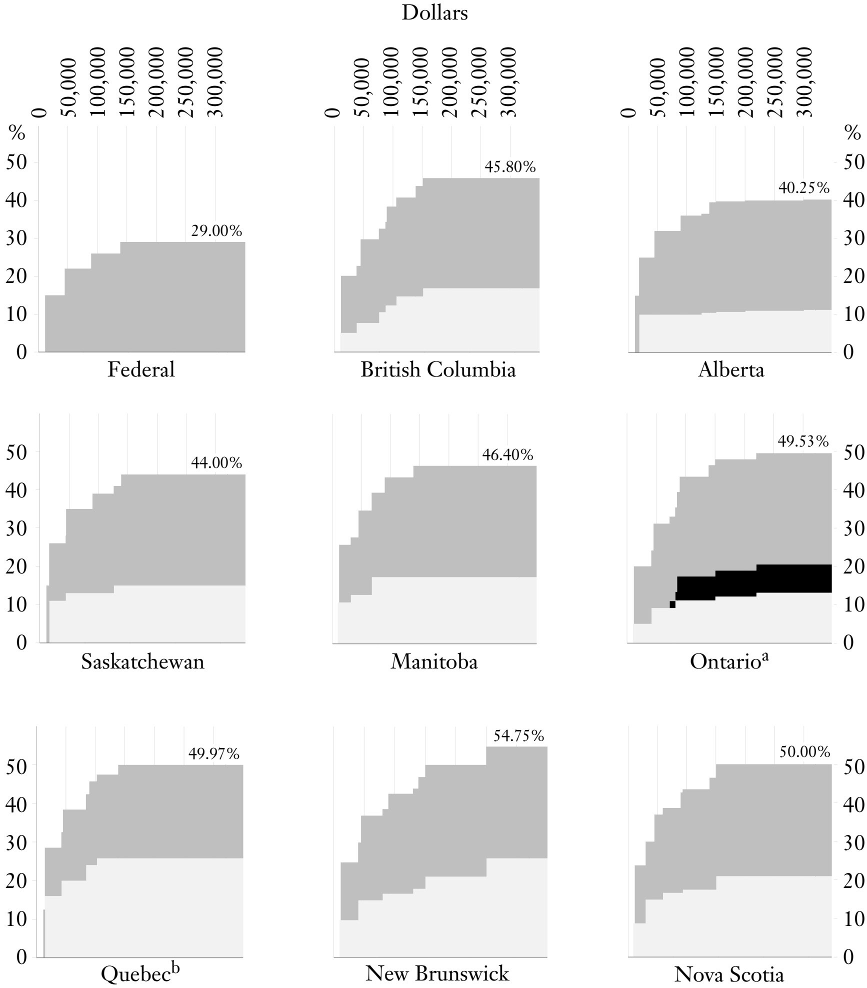
[e] In Yukon, the 1.5 percent rate applied to M & P income of a CCPC up to the small business limit.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22.

personal income tax. All federal, provincial, and territorial marginal personal income tax rates on ordinary income and interest are shown in figure 4 as a function of taxable income. Table 5 shows the provincial and territorial personal income tax brackets and rates for 2015.

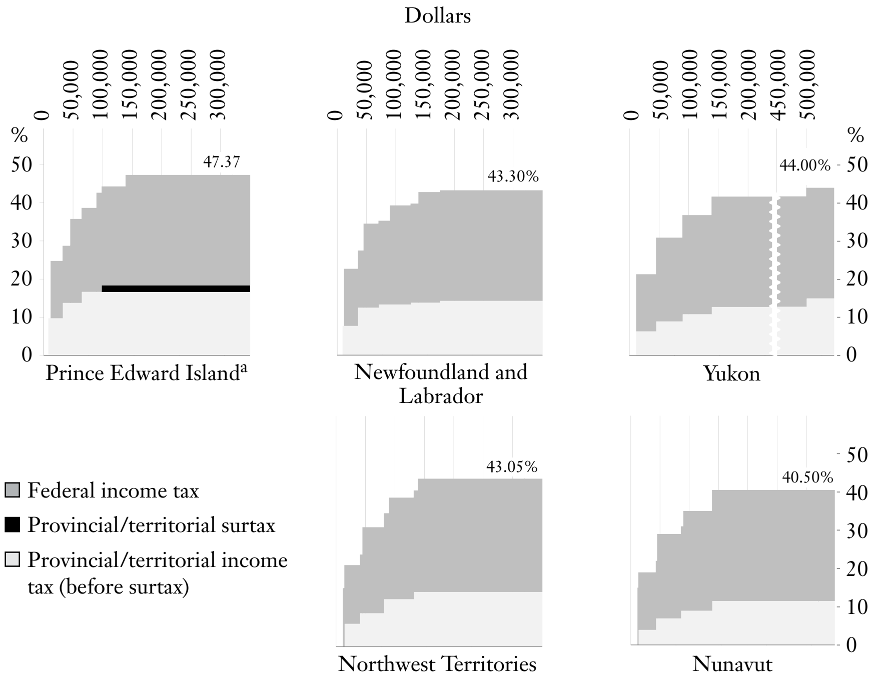
British Columbia, Saskatchewan, and Manitoba imposed a provincial sales tax (PST). Ontario, Newfoundland and Labrador, Nova Scotia, New Brunswick, and Prince Edward Island are harmonized sales tax (HST) participating provinces that harmonize their sales tax with the federal GST. Quebec has its own Quebec sales tax (QST), which applies in a manner similar to the GST. Alberta and the territories do not impose sales taxes. Table 6 summarizes the sales tax rates across the provinces and territories in 2015.

FIGURE 4 Personal Income Tax Marginal Rates Applicable to Taxable Income, 2015



(Figure 4 is concluded on the next page.)

FIGURE 4 Concluded



[a] Surtax calculations assume that the only credit claimed reflects applicable basic personal amounts.

[b] For Quebec, federal income tax has been reduced by the 16.5% provincial abatement.

Source: PricewaterhouseCoopers LLP, Tax Facts and Figures: Canada 2015 (Toronto: PwC, 2015), at 4.

TABLE 5 Provincial and Territorial Personal Income Tax Brackets and Rates, 2015

Province/territory	Tax bracket	Rate	Surtax (percentage of regular tax) and top combined rate
	dollars	*percent*	
British Columbia	0 to 37,869	5.06	
	37,870 to 75,740	7.70	
	75,741 to 86,958	10.50	
	86,959 to 105,592	12.29	
	105,593 to 151,050	14.70	
	Over 151,050[a]	16.80	Top combined rate of 45.80%
Alberta	0 to 125,000	10.00	
	125,001 to 150,000	10.50	
	150,001 to 200,000	10.75	
	200,001 to 300,000	11.00	
	Over 300,000	11.25	Top combined rate of 40.25%
Saskatchewan	0 to 44,028	11.00	
	44,029 to 125,795	13.00	
	Over 125,795	15.00	Top combined rate of 44.00%
Manitoba	0 to 31,000[b]	10.80	
	31,001 to 67,000[b]	12.75	
	Over 67,000[b]	17.40	Top combined rate of 46.40%
Ontario	0 to 40,922	5.05	
	40,923 to 81,847	9.15	Surtax equal to 20% of basic personal tax greater than $4,418
	81,848 to 150,000[b]	11.16	Additional surtax equal to 36% of basic personal tax greater than $5,654
	150,001 to 220,000[b]	12.16	
	Over 220,000[b]	13.16	Top combined rate of 49.53%
Quebec	0 to 41,935	16.00	
	41,936 to 83,865	20.00	
	83,866 to 102,040	24.00	
	Over 102,041	25.75	Top combined rate of 49.97%
New Brunswick	0 to 39,973	9.68	
	39,974 to 79,946	14.82	
	79,947 to 129,975	16.52	
	129,976 to 150,000	17.84	
	150,001 to 250,000	21.00	
	Over 250,000	25.75	Top combined rate of 54.75%
Nova Scotia	0 to 29,590[b]	8.79	
	29,591 to 59,180[b]	14.95	
	59,181 to 93,000[b]	16.67	
	93,001 to 150,000[b]	17.50	
	Over 150,000[b]	21.00	Top combined rate of 50.00%
Prince Edward Island	0 to 31,984[b]	9.80	
	31,985 to 63,969[b]	13.80	Surtax equal to 10% of basic provincial tax in excess of $12,500
	Over 63,969[b]	16.70	Top combined rate of 47.37%

(Table 5 is concluded on the next page.)

TABLE 5 Concluded

Province/territory	Tax bracket	Rate	Surtax (percentage of regular tax) and top combined rate
	dollars	*percent*	
Newfoundland and Labrador	0 to 35,008	7.70	
	35,009 to 70,015	12.50	
	70,016 to 125,000	13.30	
	125,001 to 175,000	13.80	
	Over 175,000	14.30	Top combined rate of 43.30%
Northwest Territories	0 to 40,484	5.90	
	40,485 to 80,971	8.60	
	80,972 to 131,641	12.20	
	Over 131,641	14.05	Top combined rate of 43.05%
Yukon	0 to 44,701	6.40	
	44,702 to 89,401	9.00	
	89,402 to 138,586	10.90	
	138,587 to 500,000	12.80	
	Over 500,000	15.00	Top combined rate of 44.00%
Nunavut	0 to 42,622	4.00	
	42,623 to 85,243	7.00	
	85,244 to 138,586	9.00	
	Over 138,586	11.50	Top combined rate of 40.50%

[a] Effective for 2014 and 2015.
[b] Not indexed for inflation.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22.

TABLE 6 Provincial and Territorial Sales Tax Rates, Percent, 2015

Province/territory	GST or federal portion of HST	Provincial portion of HST	PST and QST	Combined[a]
British Columbia	5		7	12
Alberta	5			5
Saskatchewan	5		5	10
Manitoba	5		8	13
Ontario	5	8		13
Quebec	5		9.975	14.975
New Brunswick	5	8		13
Nova Scotia[b]	5	10		15
Prince Edward Island	5	9		14
Newfoundland and Labrador[c]	5	8		13
Northwest Territories	5			5
Yukon	5			5
Nunavut	5			5

GST = goods and services tax; HST = harmonized sales tax; PST = provincial sales tax; QST = Quebec sales tax.

[a] The rates shown did not yield comparable tax burdens for all jurisdictions. For example, GST and HST allowed input tax credits for underlying taxes, eliminated sales tax on exports, and also covered a wider range of goods and services than PST.

[b] Proposed rate reductions for 2014 and 2015 were cancelled in the 2014 budget.

[c] After 2015, the provincial portion of HST was set to increase from 8 percent to 10 percent and the combined federal and provincial tax, from 13 percent to 15 percent. On December 2, 2015, the newly elected government announced that the HST rate would remain at 13 percent in 2016.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22.

PROVINCIAL AND TERRITORIAL BUDGETS BY JURISDICTION

Table 7 shows the various dates for the original 2015-16 budgets in each province and territory, the name and title of the person who announced the budget, and the announced estimated surplus or deficit.

Set out below for each provincial and territorial jurisdiction are selected fiscal figures, highlights of tax changes, and a summary of tax changes. The figures for each jurisdiction are difficult to compare across jurisdictions. Where relevant, and where the information is accessible, notes that refer to differences in accounting and/or presentation are appended to the tables; however, it is beyond the scope of this article to analyze the differing accounting practices of each jurisdiction and the differences in those practices between jurisdictions. Notes to the tables also make reference to the jurisdiction's significant resource revenue, if any. The "highlights" section sets out some of the more important tax changes and, where possible, lists them in order of precedence. Each summary of tax changes is categorized under eight headings, as follows:

TABLE 7 Provincial and Territorial Surplus/(Deficit) Projections, Fiscal Year 2015-16

Province/territory	Budget date	Finance minister	Projected surplus/ (deficit)
			millions of dollars
British Columbia	February 17, 2015	Michael de Jong	284
Alberta	October 27, 2015	Joe Ceci[a]	(6,118)
Saskatchewan	March 18, 2015	Ken Krawetz[b]	107
Manitoba	April 30, 2015	Greg Dewar	(422)
Ontario	April 23, 2015	Charles Sousa	(8,512)
Quebec	March 26, 2015	Carlos Leitão	1,586
New Brunswick	March 31, 2015	Roger Melanson	(477)
Nova Scotia	April 9, 2015	Diana Whalen[c]	(98)
Prince Edward Island	June 19, 2015	Allen F. Roach[d]	(20)
Newfoundland and Labrador	April 30, 2015	Ross Wiseman[e]	(1,093)
Northwest Territories	February 5, 2015	J. Michael Miltenberger	147
Yukon	April 2, 2015	Darrell Pasloski[f]	23
Nunavut	February 25, 2015	Keith Peterson	23

[a] President of the Treasury Board and minister of finance. The original 2015 budget was delivered on March 26, 2015 by the previous government and projected a deficit of $4,991 million. The newly elected government issued a fiscal update on August 31, 2015 and projected a deficit of $5,884 million. A new budget delivered on October 27, 2015 projected a revised deficit of $6,118 million.
[b] Deputy premier and minister of finance.
[c] Minister of finance and Treasury Board.
[d] Minister of finance and chair of the Treasury Board.
[e] President of the Treasury Board and minister of finance.
[f] Premier and minister of finance.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 8-13 and 16-22.

1. ***Corporate income tax:*** rates, credits, deductions, inclusions, reporting, business income matters, and other items
2. ***Personal income tax:*** rates, credits, deductions, inclusions, and other items
3. ***Sales tax:*** HST, PST, QST
4. ***Sin taxes:*** alcohol and tobacco taxes
5. ***Resource-related matters:*** resource deductions, credits, royalties, and other items
6. ***Real estate taxes:*** land transfer taxes and property taxes
7. ***Pensions:*** including proposed studies
8. ***Other:*** a catchall category that includes corporate capital tax, general anti-avoidance rule (GAAR) and other anti-avoidance initiatives, partnership and trust matters not covered above, and other items

These categories have been selected for organizational purposes only. Some may overlap (for example, categories 1, 2, and 5).

British Columbia

Tax Highlights

- No corporate income tax rate increases
- No personal income tax rate or bracket increases
- Temporary increase in top personal income tax bracket and rate eliminated after 2015

Tax Changes

1. Corporate Income Tax

No rate increases were announced.

The BC interactive digital media tax credit was extended for an additional three years to August 31, 2018.

The digital animation or visual effects tax credit was expanded to include eligible post-production activities if the production's principal photography began after February 2015.

The budget for the small business venture capital tax credit was increased by $3 million for direct investments in an eligible new corporation, allowing for up to $10 million in additional equity financing for qualifying new corporations in 2015.

The BC training tax credit for an apprentice and an employer (a sole practitioner, partnership, or corporation) was extended for three years to the end of 2017; this extension was previously announced on December 30, 2014.

Options will be explored to give a farmer a credit for the donation of agricultural goods to help those in need.

2. Personal Income Tax

No rate increases were announced. The top marginal rate of 16.8 percent on taxable income over $150,000 was set to expire after 2015, a reduction confirmed in the budget. The top bracket was reached at $105,593 after 2016 (as indexed for 2015), and income at that level and higher will be taxed at 14.7 percent.

Effective for 2015, the non-refundable BC tax reduction credit increases to $432 from $412 and the phaseout threshold increases to $19,000 from $18,327 at a rate that increases to 3.5 percent from 3.2 percent of net income.

Effective in 2015, a new non-refundable children's fitness equipment credit was available. A parent could already claim a credit for registration fees paid for a child's participation in an eligible physical activity program. An additional credit was made available for fitness equipment purchased for the child. The new credit was 50 percent of the existing BC children's fitness credit claimed. No receipt was required. The credit benefit was up to $12.65 per child.

Effective in 2015, a new non-refundable, unindexed BC education coaching tax credit was available to a teacher or teaching assistant who carried out at least 10 hours of extracurricular coaching activity in the tax year. The credit amount was

TABLE 8 Projected Revenues and Expenditures, British Columbia, Fiscal Year 2015-16

	millions of dollars
Total revenues	46,365
Total expenditures	(45,831)
Reserve	(250)
Surplus/(deficit)	284
Revenue sources	
Personal income tax	7,948
Corporate income tax	2,630
Sales tax	5,970
Other taxes	6,578
Total tax revenue	23,126
Federal transfers	7,646
Other revenues	15,593
Total revenues	46,365
Expenditures	
Education	12,190
Health	19,061
Debt servicing	2,648
Other expenditures	11,932
Total expenditures	45,831

Notes: Expenditure figures were estimated by function. Revenue included commercial Crown corporation net income.

Source: British Columbia, Ministry of Finance, Budget 2015-16, February 17, 2015.

$500, providing a tax benefit of up to $25.30 per eligible taxpayer. The credit will be reviewed for 2018.

The mining flowthrough share tax credit was extended to the end of 2015.

Effective after 2015, the medical services plan premiums increased by about 4 percent: $3.00 per month to $75.00 for a single person, $5.50 per month to $136.00 for a two-person family, and $6.00 per month to $150.00 for a family of three or more persons. Premium assistance was increased to offset the premium increase.

As previously announced, a one-time payment of $1,200 was made to every eligible BC-resident child born after 2006, who was six years old, and who had a registered education savings plan (RESP) established on his or her behalf: application was to be made at a participating financial institution starting in August 2015.

As previously announced, after March 2015 the BC early childhood tax benefit provided up to $55 per month for a child under the age of six for a family whose income was less than $100,000. The benefit is completely eliminated when family income reaches $150,000.

Starting after August 2015, child support payments were fully exempt from income assistance calculations.

3. Sales Tax

Effective February 18, 2015, the use of tangible personal property includes using tangible personal property brought, sent, or delivered into the province to make other tangible personal property that was transported out of the province to fulfill a contract for improvements to realty situated out of the province. This amendment equated the treatment of such property with the treatment accorded to tangible personal property purchased in the province for that purpose. A refund of BC tax paid on all such tangible personal property was made if sales tax was paid in another jurisdiction in respect of the other tangible personal property and no refund, credit, or rebate was available.

Effective February 18, 2015, a lift chair designed to facilitate standing up or sitting down was PST-exempt if sold on a medical practitioner's prescription.

Tax payable on multijurisdictional vehicles licensed after 2014 was calculated using a set travel ratio for each jurisdiction for new fleets and the actual travel ratio for existing fleets. This procedure was consistent with full reciprocity under the International Registration Plan.

Effective September 1, 2015 and subject to penalty for failure to register, a person must have been registered for levying, collecting, and remitting PST at the time of sale if that person was located outside British Columbia and in the ordinary course of business accepted orders for tangible personal property from within the province, sold or provided tangible personal property to a person in the province, and held that tangible personal property in inventory in the province at the time of sale. Voluntary registrations were accepted before the effective date of the measure.

Effective on royal assent, the maximum tax rate for the municipal and regional district tax (MRDT) program was increased. The tax was imposed on the short-term purchase of accommodation in a designated area to raise revenue for municipalities, regional districts, and eligible entities primarily for local tourism marketing, programs, and projects. The province was the collection agent only. The maximum rate was increased to 3 percent from 2 percent of the accommodation's purchase price; application must have been made by the municipality, regional district, or eligible entity to increase the tax rate in its designated accommodation area. A refund reflecting the tax increase may have been available to a purchaser of accommodation who received written confirmation of the reservation, entered into a written contract for accommodation, or paid a deposit, for a specified number of days of accommodation before the tax rate increase's effective date. The 3 percent MRDT rate applied in addition to the 8 percent PST applicable to sales of short-term accommodation in the province.

4. Sin Taxes

Effective February 18, 2015, security was payable on tobacco that a wholesale dealer brought into, sent into, or received in the province. The security scheme applied for both wholesale and retail dealers. The security equalled the amount of tobacco tax collectible on the subsequent retail sale of the tobacco and must have been paid to the minister of finance by the 20th of the month following the month of importation.

The wholesaler must have collected the security on all tobacco sold to a retailer, equal to the tax on the subsequent retail sale of the tobacco and may have retained that security as reimbursement of any security that it paid to the province on that tobacco.

5. Resource-Related Matters

The allowance under the Mineral Tax Act was extended for four years for a new mine and an expansion of an existing mine that begins commercial production by the end of calendar 2019; the allowance permitted an additional deduction for development costs in a new mine.

The budget papers also included the Revenue Neutral Carbon Tax Report for 2013-14 and 2014-15 and the Revenue Neutral Carbon Tax Plan for 2015-16 to 2017-18.

Mine permit fees will be introduced but will not be imposed on an exploration company.

The compliance burden on an importer of fuel by ship into the province was streamlined.

A natural gas tax return for natural gas used in a stationary internal combustion engine became due the last day (from the 15th day) of the following month.

Effective after June 2015, the use of coloured fuel to operate a locomotive became an authorized coloured fuel purpose for its purchase and use. Effective at the same time, certain purchasers of coloured fuel who failed to provide at or before its purchase a declaration of the intended authorized use must have paid the clear fuel tax rate and may have been eligible for a refund if the purchaser could demonstrate that coloured fuel purchased subject to the tax on an unauthorized purchaser was in fact used for an authorized purpose.

The refund of security for a deputy collector or a retail dealer in respect of coloured fuel was clarified. The penalty for purchase or use of coloured fuel for an unauthorized purpose may have been subject to a penalty equal to the greater of the current penalty and $1,000.

For taxation years beginning after calendar 2016, a liquefied natural gas (LNG) tax applied to income from liquefaction activities at or in respect of an LNG facility in British Columbia. The government said that legislation including administration and enforcement was to be introduced in the spring of 2015.

6. Real Estate Taxes

The threshold for the phaseout of the homeowner grant was maintained at $1.1 million for 2015. For properties above the threshold, the grant was reduced by $5 for every $1,000 of assessed value in excess of the threshold.

The longstanding rate-setting policy (since 2003) for provincial residential school property taxes continued in 2015: the rate before the application of the homeowner grant increased by the prior year's provincial inflation rate. The rate was set when revised assessment roll data became available in the spring.

The general approach to setting non-residential school tax rates (in effect since 2005) continued, and each property class rate increased by inflation plus new construction. The setting of 2015 rates was made when revised assessment roll data became available in the spring. The major industry class, the light industry class, and the business class were all set at the same tax rate. Rural area property tax rates increased similarly.

7. Pensions

No changes were announced.

8. Other

An incentive program was put into place for five years to encourage cement producers to meet new emissions standards.

The clean energy vehicle incentive program and a fuelling and charging infrastructure program were reintroduced to encourage greener transportation choices.

ALBERTA

On May 5, 2015, a New Democratic Party (NDP) government was elected in Alberta. As expected, the new government said that it would not proceed with tax initiatives proposed by the predecessor government in its March 2015 budget. Proposed changes were initially mentioned in Alberta's Throne Speech delivered on June 15, 2015. Bill 2, An Act To Restore Fairness to Public Revenues, received royal assent on June 29, 2015.[6] The first quarter fiscal update for 2015-16 was issued on August 31, 2015, and a revised budget was delivered on October 27, 2015. The following summarizes the combined changes from August and October 2015.

Tax Highlights

- Corporate income tax rate increased by 2 percentage points
- New personal income tax rates introduced
- Sin taxes and fuel tax increased

Tax Changes

1. Corporate Income Tax

In the Throne Speech delivered on June 15, 2015, the new government announced an increase in the general and manufacturing and processing (M & P) corporate tax rates to 12 percent from 10 percent, effective July 1, 2015. The prorated rate for 2015 is 11.01 percent. The small business rate of 3 percent was not affected.

6 SA 2015, c. 16.

TABLE 9 Projected and Forecasted Revenues and Expenditures, Alberta, Fiscal Year 2015-16

	March 2015 budget	August 2015 fiscal update	October 2015 budget
		millions of dollars	
Total revenues	43,397	44,338	43,788
Total expenditures	(48,388)	(50,222)	(49,906)
Surplus/(deficit)	(4,991)	(5,884)	(6,118)
Revenue sources			
Personal income tax	11,303	11,947	12,047
Corporate income tax	4,529	4,778	4,745
Sales tax	n/a	n/a	n/a
Other taxes	5,718	5,334	5,307
Total tax revenue	21,550	22,059	22,099
Federal transfers	6,922	6,945	6,984
Other revenues	14,925	15,334	14,705
Total revenues	43,397	44,338	43,788
Expenditures			
Education	7,488	7,267	7,578
Health	18,868	18,614	19,684
Debt servicing	891	843	778
Other expenditures	21,141	23,498	21,866
Total expenditures	48,388	50,222	49,906

Notes: A budget delivered on March 26, 2015 was never enacted because the election on May 5, 2015 resulted in a change of government. The newly elected New Democratic Party (NDP) government issued a fiscal update on August 31, 2015; a revised 2015-16 budget was delivered on October 27, 2015.

The figures showed only net operational revenues and expenditures, including net income of government business enterprises. Expenditure figures appeared to be organized by department. Debt-servicing costs related to general debt only. "Other revenues" included estimated non-renewable resource revenue of $2,869 million in the March 2015 budget, $3,579 million in the NDP fiscal update, and $2,768 million in the October 2015 budget. The October 2015 budget was presented on a fully consolidated basis, which included school boards, universities and colleges, health entities, and the Alberta Innovates corporations. The revenue and expense figures were thus higher than in previous budgets.

Sources: Alberta, Ministry of Treasury Board and Finance, 2015-16 Budget, March 26, 2015. Alberta, Ministry of Treasury Board and Finance, First Quarter Fiscal Update and Economic Statement, August 31, 2015. Alberta, Ministry of Treasury Board and Finance, 2015-16 Budget, October 27, 2015.

After 2015, the job creation incentive program provides a grant of up to $5,000 for each new job created by an employer, up to $500,000 maximum. Eligible employers include corporations, registered charities, and other non-profit entities.

2. Personal Income Tax

Personal income tax rate increases were first announced in the previous government's March 2015 budget but were never enacted. The new government's Throne Speech of June 15, 2015 increased the current flat tax of 10 percent as follows: by 2 percentage points (to 12 percent) for income over $125,000 and up to $150,000; by 3 percentage points (to 13 percent) for the next $50,000 up to $200,000; by 4 percentage points (to 14 percent) for the next $100,000 up to $300,000; and by 5 percentage points (to 15 percent) for income over $300,000. The rates applicable to each tax bracket are set out in table 5.[7] Some commentators suggested that the tax collection agreement between Alberta and the federal government did not appear to allow the latter's administration of the collection of the increased tax withholdings in 2015 because of the changes' timing, although a news release announced that "[c]hanges [would] begin to be implemented on October 1, 2015."[8] Indexing of brackets will commence in 2017. The tax on split income was calculated using the highest tax rate starting in 2015.

A new health-care contribution levy proposed in the March 2015 budget of the previous government was not implemented.

The dividend tax credit on eligible dividends was under review, and the results will be announced in the 2016 budget. The corporate tax increase meant that the provincial tax on eligible dividends was not integrated. Provincial changes were to be made for the dividend tax credit on non-eligible dividends to account for federal changes: "Without these amendments, small business shareholders would pay higher taxes on dividend income in 2016."[9]

The October 2015 budget implemented a slightly different new refundable Alberta child benefit than the March budget proposed. The benefit was set to begin in July 2016 to provide a family with net income of up to $25,500 with an annual benefit of $1,100 for one child and $550 for each additional child, up to a maximum of $2,750 per family. The benefit is reduced with rising family income and is fully phased out at net income of $41,220. A family that met the Alberta family employment tax credit (AFETC) income requirements and that already received those benefits was automatically enrolled. Payments were to be made in August, November, February, and May. An individual must file a provincial tax return to be eligible.

7 The new rates were enacted in accordance with An Act To Restore Fairness to Public Revenues, supra note 6.

8 Alberta, Ministry of Treasury Board and Finance, "Legislation Introduced To Restore Fairness to Alberta's Tax System," *News Release*, June 18, 2015.

9 Alberta, Ministry of Treasury Board and Finance, 2015-2016 Budget, Fiscal Plan, October 27, 2015, at 82.

The refundable AFETC will be enhanced starting July 1, 2016 to better support a working family with children. The phase-in rate will increase from 8 percent to 11 percent for working income over $2,760, and the phaseout threshold will rise from $36,778 to $41,250. The indexed benefit for 2015 was $754 for one child, $1,439 for two children, $1,850 for three children, and $1,987 for four or more children.

3. Sales Tax

No changes were announced.

4. Sin Taxes

The government confirmed that the increase in tobacco taxes previously announced in the March 2015 budget came into effect at 12:01 a.m., March 27, 2015. The tax increased by $5 to $45 on a 200-cigarette carton, and by 3.75 cents to 33.75 cents per gram on loose tobacco (tobacco products other than cigarettes, tobacco sticks, and cigars). The tax rate on a cigar's taxable price increased to 116 percent from 103 percent. The minimum and maximum tax per cigar increased to 22.5 cents from 20 cents and to $7.05 from $6.27, respectively. Effective at 12:01 a.m., October 28, 2015, the tobacco tax again rose, to $50 per 200-cigarette carton (25 cents per cigarette or tobacco stick) and by 3.75 cents to 37.50 cents per gram on loose tobacco. The tax on cigars was increased to 129 percent of the taxable price, with a minimum tax of 25 cents and a maximum of $7.83.

The NDP government confirmed a liquor markup increase that took effect on March 27, 2015 following the March 26, 2015 budget of the previous government. The markup increase was 22 cents per litre (with an exemption for small brewers and certain cottage wineries) and 11 cents per litre for mid-sized breweries. Liquor markups again increased effective October 28, 2015: 24 cents per litre on spirits, wine, and refreshment beverages; and a 5 cent per litre increase for beer receiving the standard markup. A small-distiller markup policy was introduced for a distiller producing under 10,000 hectolitres per year. Information was to become available as the new policy was implemented.

5. Resource-Related Matters

The government confirmed fuel tax increases previously announced in the March 2015 budget: for gasoline and diesel, an increase of 4 cents, to 13 cents per litre; for propane, an increase of 2.9 cents, to 9.4 cents per litre. The changes were effective at 12:01 a.m., March 27, 2015. The fuel tax exemptions for marked fuel used for qualifying purposes—the tax-exempt fuel user benefit and the Alberta farm fuel benefit—did not increase to absorb the 4 cent per litre increase in this fuel tax.

The October 2015 budget confirmed that the fuel tax on locomotive fuel would also increase by 4 cents, to 5.5 cents per litre, on November 1, 2015. The fuel tax rate on aviation fuel remained at 1.5 cents per litre.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

Fines for Albertans who disobey traffic laws were increased by an average of up to 35 percent on May 1, 2015. With these increases, for example, the fine for speeding was between $78 and $474; for failure to safely pass emergency vehicles or safely pass through construction zones, between $156 and $949; for failure to obey a red light, $388; for failure to stop at a signal or crosswalk, $233; and for an unsafe advance into an intersection controlled by a flashing red light, $233.

As confirmed by the October 2015 budget and proposed in the March 2015 budget, the insurance premiums tax will increase by 1 percentage point to 3 percent on premiums for life, accident, and sickness insurance and to 4 percent for other insurance, effective April 1, 2016.

SASKATCHEWAN

Tax Highlights

- No tax increases
- New incentives for businesses including M & P exporters and steel producers
- Potash production tax deduction deferrals

Tax Changes

1. Corporate Income Tax

A new M & P exporter tax incentive was introduced; the non-refundable tax credit applied to an eligible exporting corporation that hired additional M & P-related full-time employees in excess of the number employed by it in 2014. An eligible corporation is one that carried out manufacturing or processing (as defined in the federal Income Tax Act)[10] of goods for sale and exported out of Saskatchewan at least 25 percent of its manufactured goods annually. The credit also extended to a corporation that was principally involved in the commercial development of "new economy" products for export, including interactive digital media products and creative industry products. The credit equalled a maximum of $3,000 per incremental full-time employee in each of the 2015-2019 taxation years.

A non-refundable tax credit was also available to an eligible corporation that expanded the number of full-time employees who primarily conducted head office

10 RSC 1985, c. 1 (5th Supp.), as amended.

TABLE 10 Projected Revenues and Expenditures, Saskatchewan, Fiscal Year 2015-16

	millions of dollars
Total revenues	14,280
Total expenditures	(14,173)
Surplus/(deficit)	107
Revenue sources	
Personal income tax	2,625
Corporate income tax	918
Sales tax	1,421
Other taxes	1,844
Total tax revenue	6,808
Federal transfers	2,223
Other revenues	5,249
Total revenues	14,280
Expenditures	
Education	3,661
Health	5,507
Debt servicing	305
Other expenditures	4,700
Total expenditures	14,173

Notes: Saskatchewan's summary budget presentation included government core operations, government service organizations (such as ministries, boards of education, and health regions), and government business enterprises (such as Crown corporations). "Other revenues" included non-renewable resources revenue of $2,453 million for 2015. Debt servicing was for general debt. The debt servicing from government business enterprises was netted against the net income from government business enterprises, which was included in the revenue figure above and not set out separately as it was in the 2014-15 provincial budget.

Source: Saskatchewan, Ministry of Finance, Budget 2015-2016, March 18, 2015.

functions; that credit equalled $10,000 for each employee for each of the 2015-2019 taxation years. An eligible corporation for the head office credit must have had an existing Saskatchewan office where at least 10 employees whose current payroll was at least $1 million performed at least five of the following functions: strategic planning, corporate communications, taxation, legal, marketing, finance, human resources, information technology, and procurement. Incremental staffing must have equalled the greater of 10 new employees and a 20 percent increase over the 2014 base level employment. A new head office qualified if it had a minimum of 10 employees who performed the above functions and whose payroll was greater than $1 million.

The Ministry of the Economy would issue certificates that confirmed eligibility for the M & P credit for businesses in the creative industry. Similarly, for businesses wishing to claim the head office tax credit, the ministry would issue certificates that confirmed eligibility and verified the number of incremental head office employees annually. Unused credits could be carried forward for up to five years. Saskatchewan intended to seek federal administration of the credits.

A new growth tax incentive was designed to encourage new investment in primary steel production by an eligible producer that made a minimum capital investment of $100 million in new or expanded productive capacity. An eligible primary steel producer was a corporation that smelted and refined metals to produce steel in ingot or molten form, and then rolled, drew, or cast that steel into sheet, strip, or other form at a production facility in Saskatchewan. The tax rebate period was 5 years, and the rebate was based on the incremental Saskatchewan corporation income tax payable as a result of the new investment; the calculation of incremental tax was based on the proportionate increase in the facility's productive capacity resulting from the capital investment. The rebate over each of the 5 years was, respectively, 100 percent, 100 percent, 75 percent, 50 percent, and 25 percent of incremental tax. The tax rebate was to be claimed directly by application to Saskatchewan Finance after the corporation had filed its tax return and remitted tax payable to the Canada Revenue Agency (CRA). The corporation had 10 years after making a qualifying capital investment to use the incentive.

The research and development (R & D) tax credit, available to a corporation with a Saskatchewan permanent establishment that invested in qualifying R & D activities (as defined in the federal Income Tax Act) in Saskatchewan, was reduced to 10 percent from 15 percent effective after March 2015. The credit was non-refundable (pre-budget: refundable for a Canadian-controlled private corporation [CCPC] with annual R & D expenditures up to $3 million) and could be credited against Saskatchewan corporate income tax payable for the year or carried forward for 10 or back for 3 taxation years.

2. Personal Income Tax

The active family benefit was a refundable personal income tax credit to assist in registering a child under age 18 for cultural, recreational, and sports activity. The credit was a maximum of $150 per child per year in eligible registration fees. Starting in 2015, the benefit was only available to a family whose combined net income was below $60,000.

The graduate retention program provided a personal income tax credit to rebate tuition fees for post-secondary graduates ($3,000 for a certificate, $6,400 for a diploma, $15,000 for a 3-year degree, and $20,000 for a 4-year degree). The rebate was paid out over 7 years: 10 percent for each of the first 4 years and 20 percent a year thereafter. Starting in 2015, the credit was not refundable and was applied only against Saskatchewan income tax. Unused credits could be carried forward for 10 years.

Effective October 1, 2015, a low-income family could receive employment supplement benefits if the family had children aged 12 and under, to assist with the transition from social assistance into the labour force. Pre-budget, the children could be up to age 18; current recipients were grandfathered.

3. Sales Tax

No changes were announced.

4. Sin Taxes

No changes were announced.

5. Resource-Related Matters

Effective after 2014, for the purposes of the potash production tax, deductions for capital spending were deferred. All capital expenditures became deductible in arriving at the potash production tax at a 120 percent superdeduction rate, but were only deductible at a 20 percent declining balance rate for mine operation and maintenance expenditures and at a 60 percent declining balance rate for mine expansion or new mine development expenditures.

A broader review of the potash taxation regime will ensue and continue to engage stakeholders with a view to simplifying the tax and royalty system and balancing the industry's significance for the provincial economy with the need for a fair return to the resource's owners.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

The income threshold for the seniors' drug plan was lowered to $65,515, effective July 1, 2015. Eligible seniors aged at least 65 years paid a maximum of $20 per prescription for listed drugs.

MANITOBA

Tax Highlights

- Small business income limit increased for 2016
- Capital tax on financial institutions increased
- Some business tax credits enhanced

Tax Changes

1. Corporate Income Tax

The small business income limit eligible for the small business deduction was increased to $450,000 from $425,000 effective in 2016.

The co-op education and apprenticeship tax credit was significantly enhanced. Eligibility was expanded to include an employer who hired a student in a wide range of registered high school vocational programs that were not connected with the apprenticeship system, such as programs in the fields of health care, child care, business, and hospitality. An employer of eligible high school co-op students and

TABLE 11 Projected Revenues and Expenditures, Manitoba, Fiscal Year 2015-16

	millions of dollars
Total revenues	14,963
Total expenditures	(15,535)
In-year adjustments/lapse	150
Surplus/(deficit)	(421)
Revenue sources	
Personal income tax	3,262
Corporate income tax	590
Sales tax	2,292
Other taxes	1,829
Total tax revenue	7,973
Federal transfers	3,882
Other revenues	3,108
Total revenues	14,963
Expenditures	
Education	3,789
Health	6,088
Debt servicing	842
Other expenditures	4,816
Total expenditures	15,535

Notes: The summary budget's government reporting entity included core government, Crown corporations, government business entities, and public sector organizations. In-year adjustments/lapse may have represented an increase in revenue and/or a decrease in expenditures. (Column may not add because of rounding.) Expenditures for health and education were shown by department.

Source: Manitoba, Department of Finance, Budget 2015, April 30, 2015.

apprentices was eligible for a tax credit of 25 percent of eligible wages and salaries earned after September 1, 2015 up to a lifetime maximum of $5,000 per student. An employer with a taxation year ending after 2015 would be eligible for support for a post-secondary co-op student that increased to 15 percent from 10 percent of wages and salaries, to a maximum of $5,000 per student. The credit rate for a co-op graduate was enhanced to 15 percent (up from 5 percent) of salary and wages to a maximum of $2,500 per graduate in the first two years of employment and the rate for a high school apprentice was enhanced to 25 percent (from 15 percent) of salary and wages to a maximum of $5,000 per apprentice per level. Application was no longer required for a Manitoba tax credit certificate to preapprove the claim for a credit.

Effective for an employer's tax year ending after 2014, a common 15 percent credit on wages and salaries to a maximum of $5,000 per apprentice per year per level was available for hiring an apprentice at any level and for hiring a journeyman for the first two years. The rural and northern bonus for hiring an early level (level 1 or 2) apprentice continued at a credit of 20 percent of salary and wages, but the cap was increased to $5,000 per apprentice per level.

The above hiring incentive tax credits for co-op students and apprentices were refundable and available to unincorporated employers.

The eligible investment period for the community enterprise development tax credit was extended for 60 days past the end of the relevant year, starting in 2015 with respect to 2014. Thus, if a shareholder made an eligible investment through a registered retirement savings plan (RRSP), he or she could retroactively claim the tax credit in the same taxation year as the claim for the deduction for the plan contribution.

The non-refundable small business venture capital tax credit for a Manitoba-resident individual or corporation was enhanced, effective for eligible shares issued after April 30, 2015. The maximum number of employees was increased to 100 from 50, and the list of eligible businesses was extended to non-traditional farming ventures and brew pubs.

The refundable data-processing tax credits were extended three years to the end of 2018. The data-processing centre investment tax credit was expanded to include a new data-processing centre that was built in Manitoba by any business, not just a corporation, and leased to an unaffiliated Manitoba company.

A refundable R & D tax credit enjoyed a carryforward of 20 years, increased from 10 years, for an investment after 2005.

An increased 15 percent refundable green energy equipment tax credit was also expanded to include biomass fuel energy equipment installed in Manitoba and used in a business.

The following refundable tax credits were also extended for three years: the refundable film and video production tax credit (claimable against corporate income tax), to the end of 2019; a refundable rental housing construction tax credit, to the end of 2019; a refundable cultural industries printing tax credit, to the end of 2018; a refundable interactive digital media tax credit, to the end of 2019 (the ordering of credits for eligible expenses that were also eligible for the R & D tax credit was also clarified); and a refundable nutrient management tax credit, to the end of 2018 (the purchaser must have been a farmer or a corporation).

2. Personal Income Tax

A non-refundable tax credit for volunteer firefighters and search and rescue volunteers was introduced starting in 2015 for a Manitoba-resident individual who performed at least 200 hours of such services in a year. The credit was 10.8 percent on a maximum $3,000, for an annual maximum benefit of $324.

The primary caregiver tax credit was increased by 10 percent to $1,400 from $1,275 starting in 2015. A volunteer caregiver could claim up to three care recipients at one time, for a maximum annual credit of $4,200.

3. Sales Tax

Effective after May 2015, the exemption for flood prevention and control supplies was expanded to include sandbag-filling machines; the exemption for a commercial fishing boat was expanded to include related repair parts; the exemption for goods designed solely for use by a disabled person was clarified to apply to both physical and mental disabilities; and the exemption for film and audio productions for public broadcast was expanded to include online video or audio content.

4. Sin Taxes

The tobacco tax rate increased to 29.5 cents from 29.0 cents per cigarette, to 28.5 cents from 28.0 cents per gram of fine-cut tobacco, and to 27.0 cents from 26.5 cents per gram of raw leaf tobacco, effective at midnight, April 30, 2015.

5. Resource-Related Matters

Effective July 1, 2015, a qualifying commercial passenger flight became eligible for a fuel tax rebate on a fuel purchase in Manitoba. The flight must have been regularly scheduled and have flown non-stop to a destination outside North America after leaving Manitoba.

6. Real Estate Taxes

The maximum school tax rebate for seniors increased to $470 from $235 for the 2015 property tax year and was to be fully implemented in 2016, when the annual limit was increased to $2,300. Eligibility criteria were broadened to include a senior who occupied—but did not own—his or her principal residence and was liable to pay school tax. A legal representative could apply for the rebate on behalf of a senior homeowner, and a senior or his or her legal representative could apply to have the rebate deposited directly in his or her bank account by electronic funds transfer. Application for the rebate could be made after the senior received his or her property tax statement and could be submitted online or by facsimile, mail, or courier.

7. Pensions

No changes were announced.

8. Other

The corporation capital tax on a bank, a trust corporation, or a loan corporation increased to 6 percent from 5 percent, effective for taxation years ending after April 2015.

The government committed to enhanced enforcement and collection measures under the Tax Administration and Miscellaneous Taxes Act.

Ontario

Tax Highlights

- No changes in corporate or personal tax rates
- Some business tax credits reduced

TABLE 12 Projected Revenues and Expenditures, Ontario, Fiscal Year 2015-16

	millions of dollars
Total revenues	124,390
Total expenditures	(131,902)
Reserve	(1,000)
Surplus/(deficit)	(8,512)
Revenue sources	
Personal income tax	30,377
Corporate income tax	11,342
Sales tax	22,982
Other taxes	22,696
Total tax revenue	87,397
Federal transfers	22,890
Other revenues	14,103
Total revenues	124,390
Expenditures	
Education	25,231
Health	50,771
Debt servicing	11,410
Other expenditures	44,490
Total expenditures	131,902

Notes: The figures included those for government business enterprises. Expenditures were shown by ministry.

Source: Ontario, Ministry of Finance, 2015 Budget, April 23, 2015.

Tax Changes

1. Corporate Income Tax

The refundable apprenticeship training tax credit, which was available to any business that hired and trained an apprentice, was enhanced in 2009 but resulted in modest growth in apprenticeship registrations. Consequently, the government reduced the amount of the credit to former levels: the general rate was reduced to 25 percent from 35 percent; the small business rate if annual salaries and wages were less than $400,000, to 30 percent from 45 percent; and the annual maximum per apprentice, to $5,000 from $10,000. In addition, the eligibility period was reduced to the first 36 months of an apprenticeship program, from the first 48 months. The changes were effective for eligible expenditures related to an apprentice who commenced an apprenticeship program after April 23, 2015.

The refundable Ontario interactive digital media tax credit was available to a qualifying corporation for expenditures related to the creation, marketing, and distribution of eligible interactive digital media products. Ontario proposed to limit the credit to entertainment products and to educational products for children under the age of 12. Exclusions were to be added for a search engine, real estate database, and news and public affairs, and the rule that excluded promotional products was to be strengthened. The changes applied to expenditures incurred after April 23, 2015; products started before April 24, 2015 are grandfathered for expenditures incurred by that time. The certification process was also amended to replace a 90 percent rule requiring development in Ontario with a rule based on the labour costs of the developing corporation: 80 percent of labour costs must have been attributable to qualifying wages or remuneration paid to individuals or corporations that carried on a personal services business, and 25 percent of labour costs must have been attributable to qualifying wages of the developing corporation's employees. Products certified before April 24, 2015 were not affected.

Film and television tax credits were reduced for foreign productions, which had previously increased as a result of a reduced Canada-US dollar exchange rate. The refundable Ontario production services tax credit (OPSTC) was reduced to 21.5 percent from 25 percent for qualifying production expenditures incurred after April 23, 2015. For a taxation year beginning after April 23, 2015, a qualifying corporation's Ontario labour expenditure must have been at least 25 percent of total expenditures, and an amount under a contract with a non-arm's-length party was eligible only if the amount would have been eligible if incurred by the corporation directly. Effective for expenditures incurred after June 30, 2009, only expenditures incurred after the completion of the final script stage up to the end of the post-production stage were eligible for the credit.

The refundable Ontario computer animation and special effects (OCASE) tax credit was reduced to 18 percent from 20 percent for Ontario labour on eligible computer animation and special effects activities. The change applied for expenditures incurred after April 23, 2015 by a qualifying corporation; a production started after that date must also receive the OPSTC or the Ontario film and television tax credit (OFTTC).

Paralleling a federal change, eligible expenditures for the OFTTC were reduced by the amount of assistance received. However, the government committed to the promulgation of a regulation effective after calendar 2008 to continue the administrative exclusion of government equity investment from the meaning of assistance for this purpose.

The Ontario sound recording tax credit (OSRTC) was eliminated for an expenditure incurred before April 23, 2015 if the eligible sound recording was commenced before that date, the expenditure was incurred before May 2016, and an Ontario music fund grant was not received in respect of the expenditure.

2. *Personal Income Tax*

No changes were announced.

3. *Sales Tax*

No changes were announced.

4. *Sin Taxes*

No changes were announced.

5. Resource-Related Matters

Paralleling the 2007 federal elimination of its resource allowance—and the elimination by other provinces of resource allowances—and replacement with a deduction for royalties and mining taxes, Ontario proposed to provide such a deduction and eliminate the Ontario resource tax credit and the additional tax on Crown royalties, effective April 23, 2015. Accrued and unused credits could be carried forward and claimed against Ontario income tax for five taxation years beginning after April 23, 2015.

The province proposed to impose fuel tax on certain previously unregistered road-building machines that use public roads and highways. The province was reviewing potential registration and licensing requirements for some of these vehicles. Consultations were held in March 2015.

6. Real Estate Taxes

The provincial land tax was the property tax in unincorporated areas of northern Ontario outside municipal boundaries. Findings from extensive consultations were summarized in a paper released in December 2014. The province paid for providing services such as policing, land ambulance, and public health in unincorporated areas, the cost of which was significantly greater than provincial land tax revenue. The first stage of reform will include an increase in the provincial land tax rate for residential taxpayers (an increase of $10 and then $40 more per $100,000 of assessed value in 2015 and 2016 respectively) and a proportionate contribution by unincorporated area businesses. A minimum provincial land tax of $50 per annum will apply in 2016. Relief will be available for low-income seniors and disabled residents. A new series of consultations with northern Ontarians will initiate the next stage.

Consultations explored a special payment program to phase down funding designed to mitigate the property tax exemption for hydroelectric generating stations (power dams). After the 2014 budget, consultations were expanded to consider reintroducing property taxation for power dams. The 2014 Ontario Economic Outlook and Fiscal Review announced that the planned 2015 phase-down to the program was to be deferred; Ontario said that it would communicate the outcome of ongoing consultations before the 2016 taxation year.

The province is working with the Municipality Property Assessment Corporation (MPAC), municipalities, and stakeholders to improve property assessment in time for the next province-wide reassessment in 2016. The key focus was the implementation of special-purpose business property recommendations before the return of the assessment roll, including detailed assessment methodologies, strengthened protection for commercial proprietary information that was disclosed by a taxpayer to MPAC, and support for MPAC's ability to obtain information concerning a property were proposed.

7. Pensions

No changes were announced.

8. Other

Beginning in 2016 and paralleling a federal change, the top Ontario marginal personal income tax rate (20.53 percent) will apply to a trust or estate. Graduated rates will continue to apply for an estate's first 36 months (a graduated rate estate) and to a trust created as a consequence of an individual's death if any of its beneficiaries is eligible for the federal disability tax credit (a qualified disability trust). The Ontario tax credit rate for charitable donations exceeding $200 will be increased to 17.41 percent for a trust taxed at the top rate.

For calendar years 2016 through 2018, Ontario proposed relief for transfers of electricity assets by a municipal electrical utility (MEU), including transfers to the private sector. The transfer tax rate would be reduced to 22 percent from 33 percent, an MEU with fewer than 30,000 customers would be transfer-tax-exempt, and an MEU's capital gains arising under the payment-in-lieu-of-taxes (PILs) deemed disposition rules would also be exempt. Paralleling 2012 federal changes to prevent the conversion of recapture and other income gains on partnership assets into capital gains, Ontario proposed to adopt the federal measures, effective April 23, 2015. The amendments could prevent the avoidance of PILs through the disposition of a partnership interest directly, or indirectly as part of a series of transactions, to a person who was (or a partnership all of whose members were) not subject to PILs.

To improve administrative effectiveness and enforcement, maintain the integrity and equity of Ontario's tax and revenue collection system, and enhance legislative clarity and regulatory flexibility to preserve policy intent, the government announced that technical amendments would be proposed to various statutes, including the Assessment Act; the Corporations Tax Act; the Employer Health Tax Act; the Fuel Tax Act; the Gasoline Tax Act; the Income Tax Act; the Land Transfer Tax Act; the Provincial Land Tax Act, 2006; the Retail Sales Tax Act; the Taxation Act, 2007; and the Tobacco Tax Act.

Ontario's user fees per capita were among the lowest in Canada, and Ontario did not regularly review user fees or index them to inflation. Following recommendations from the Commission on the Reform of Ontario's Public Services and from the auditor general, Ontario continued to implement incremental increases to its user fees. In 2015, a comprehensive review of all user fees commenced. Approximately 24 percent of Ontario's non-tax revenue was derived from user fees; 7 percent of Ontario revenue was derived from other non-tax revenue—that is, not from government of Canada transfers or income from government business enterprises.

QUEBEC

Tax Highlights

- General corporate rate decreased over four years (2017-2020)
- Manufacturing small business deduction extended to primary sector
- Restoration of some tax credit rates reduced in budget 2014

TABLE 13 Projected Revenues and Expenditures, Quebec, Fiscal Year 2015-16

	millions of dollars
Total revenues	100,160
Total expenditures	(98,574)
Surplus/(deficit)	1,586
Revenue sources	
Personal income tax	28,218
Corporate income tax	6,447
Sales tax	18,601
Other taxes	8,601
Total tax revenue	61,867
Federal transfers	19,444
Other revenues	18,849
Total revenues	100,160
Expenditures	
Education	21,074
Health	37,688
Debt servicing	10,483
Other expenditures	29,329
Total expenditures	98,574

Notes: The figures were presented on a consolidated basis, showing general fund plus consolidated entities; this accounting represented a change from the 2013 budget's solely general fund figures. The figures shown for expenditures were by department, except for debt servicing. The departmental figure for education expenditure was a combined amount that included program spending allocated to the Department of Education, Recreation, and Sports as well as the Department of Higher Education, Research, Science, and Technology.

Source: Quebec, Department of Finance, Budget 2015-2016, March 26, 2015.

Tax Changes

1. Corporate Income Tax

The government announced that starting in calendar 2017, the general corporate income tax rate would be reduced by 0.1 percentage point per year until 2020; thus, the current rate of 11.9 percent (in 2015) would drop to 11.8 percent in 2017, 11.7 percent in 2018, 11.6 percent in 2019, and 11.5 percent in 2020. The change would be prorated for straddle years. The Quebec small business deduction (SBD) rate (currently 3.9 percent) would also be reduced by 0.1 percentage point per year from 3.8 percent in 2017 to 3.5 percent in 2020, so that the tax rate applicable to income eligible for the deduction would remain at 8 percent. To be eligible after 2016 for the SBD, in addition to meeting the existing eligibility criteria, a corporation must have at least 25 percent of its activities in the primary or manufacturing sector, or employ more than three full-time employees throughout the year (or would meet the employee requirement but for an associated corporation that provided financial, administrative, maintenance, managerial, or similar services to the corporation). The Quebec SBD is prorated for a corporation whose primary or manufacturing activities are between 25 percent and 50 percent of all activities (unless the corporation has more than three full-time employees).

An additional deduction available pre-budget for a manufacturing small or medium-sized business (SMB) reached a maximum of 4 percent on April 1, 2015 and was prorated to reflect the business's proportion of manufacturing activities if those activities were between 25 percent and 50 percent of all activities. Thus, the current corporate income tax rate for an SMB with more than 50 percent of its activities in the manufacturing sector was unchanged at a minimum of 4 percent. As announced in the budget, this additional deduction would be extended to SMBs in the primary and manufacturing sectors for taxation years beginning after 2016. The proportion of activities in the primary or manufacturing sector would be calculated using labour costs only. The primary sector includes agriculture, forestry, hunting and fishing, and certain mining, quarry, and oil and gas extraction.

Table 14, adapted from a table in the 2015 Quebec budget, sets out the provincial corporate income tax rates for 2017.

Effective for expenses incurred after 2016, the refundable tax credit for expenses in excess of $12,500 (up to $75 million in aggregate) to acquire M & P equipment is decreased by 8 percentage points. Pre-budget the base rate was 4 percent, which increased to 32 percent for property to be used mainly in a remote zone, 24 percent for property to be used mainly in the eastern part of the Bas-Saint-Laurent administrative region, 16 percent for property to be used mainly in an intermediate zone, and 8 percent otherwise. The newly reduced rates were 24 percent (that is, the 4 percent base rate plus 20 percentage points), 16 percent, 8 percent, and 0 percent, respectively. The higher rate was for a corporation whose paid-up capital (PUC) was not more than $250 million; the rate was reduced straightline as the PUC increased to $500 million. The credit is extended for five years to cover the acquisition of property before 2023.

Effective for an eligible training period beginning after budget day, the refundable tax credit for on-the-job training was increased if a student served a qualified training period with a business carried on in Quebec by a taxpayer or by a partnership of which the taxpayer was a member. The base rate was 24 percent for a corporate employer and 12 percent for an individual employer (32 percent and 16 percent, respectively, if the eligible trainee was disabled or an immigrant), rates that were reduced by 20 percent in the 2014 budget. For an eligible training period beginning after budget day, the base rates increased to 40 percent and 20 percent for a corporate or individual employer, respectively (50 percent and 25 percent, respectively, if the eligible trainee was disabled or an immigrant). In order to benefit from these higher rates, the eligible trainee must be a student, the relevant taxation year must be at least the third consecutive taxation year for which the employer is entitled to the credit for a student trainee (or the third consecutive fiscal period of a partnership in which it incurred a qualified expenditure), and the qualified expenditure in each of those three consecutive years must be at least $2,500.

After budget day, expenditures on the supply of a qualified information technology integration contract incurred by a manufacturing SMB again could result in the

TABLE 14 Corporate Tax Rates in Quebec in 2017 Reflecting the 2015 Budget (Percent)

	SMB						Other
	More than 3 employees			3 employees or fewer			
	Primary and manufacturing		Other	Primary and manufacturing		Other	
	100%[a]	40%		100%[a]	40%[b]		
General tax rate	11.80	11.80	11.80	11.80	11.80	11.80	11.80
SMB deduction	−3.80	−3.80	−3.80	−3.80	−2.28[b]		
SMB tax rate	8.00	8.00	8.00	8.00	9.52		
Additional SMB deduction	−4.00	−2.40[b]		−4.00	−2.40[b]		
Tax rate for SMB in the primary or manufacturing sector	4.00	5.60		4.00	7.12		

SMB = small or medium-sized business.

[a] A corporation may claim the full additional SMB deduction if its activities in these sectors are 50 percent or more.

[b] A partial deduction is available for a corporation whose activities are between 25 and 50 percent in the primary or manufacturing sector. Deduction = maximum × (% relevant activities − 25% / 25%).

Source: Quebec, Department of Finance, Budget 2015-2016, March 26, 2015, at A.44, table A.7.

issuance of a certificate by Investissement Québec. The new rules apply to an application submitted after budget day in relation to a contract whose negotiation begins after budget day and before 2020. Moreover, the program was extended to expenditures incurred before 2020 if Investissement Québec issued a certificate and the application was made before June 4, 2014. The rate of the refundable tax credit was reduced to 20 percent (for a maximum credit of $50,000) from 25 percent, and the tax credit was extended to include a corporation with more than 50 percent of its activities in the primary or manufacturing sector. To access the 20 percent credit rate, the corporation's PUC cannot exceed $15 million. The percentage of activities was determined by reference to salary and wages. If more than 90 percent of an employee's work time was spent on duties connected with the primary sector, then all of the employee's time for the year would be deemed to have been spent on qualifying activities for the purpose of apportioning the corporation's activities. The credit rate is reduced straightline to zero when PUC reaches $20 million.

After 2015, the refundable tax credit for the Gaspé Peninsula and certain Quebec maritime regions for a corporation carrying on specified activities in the marine or wind-power resources sector or the manufacturing sector will be extended five years to the end of 2020. The purpose of the tax credit is to result in the creation of at least three full-time jobs within a reasonable time at the corporation's establishment in an eligible region. For 2015, recognized activities were expanded to include activities in the recreation and tourism sector carried on by a corporation in urban Île-de-la-Madeleine. After 2015, the tax credit will be calculated on related aggregate salary and wages paid by the corporation in the calendar year up to a limit of $83,333 per employee (prorated for the time the person was an eligible employee). After 2015, the rate will be reduced to 15 percent from 16 percent for the Gaspé Peninsula and certain maritime regions of Quebec for activities in sectors related to wind power, manufacturing, peat or slate processing, and marine products processing, and to 30 percent from 32 percent in sectors related to marine biotechnology, mariculture, and recreation and tourism.

To harmonize with the federal capital cost allowance (CCA) system, the Quebec CCA regulation rates for property acquired after February 19, 2015 and before 2025 to be used as part of an eligible liquefaction facility were raised to 10 percent (from 4 percent) for eligible liquefaction buildings and to 30 percent (from 8 percent) for such equipment. The additional deductible CCA was limited to the taxpayer's income from a taxpayer's eligible liquefaction facilities. The changes will be made when the federal regulations are promulgated and will apply from the same time as the federal regulations.

The refundable tax credits for a new financial services corporation will be amended to ensure that the corporation can demonstrate that no activity carried on by it for the purposes of the tax credit is a continuation of activities carried on by another person or partnership. An exception is made if all or substantially all of the corporation's activities stem from activities other than continued activities. The changes are effective as of a date to be declared.

The 24 percent refundable tax credit for international financial centres was made non-refundable except as it applied to back-office activities that were qualified international financial transactions and that required at least six eligible employees for all or part of a taxation year, each of whom devoted at least 75 percent of his or her work time to carrying out those activities. The change applied to a qualified corporation's taxation year beginning after budget day.

To encourage the donation of food products by agricultural producers to a registered charity (Food Banks of Quebec or a Moisson member), after budget day the donation amount was raised by 50 percent. This increase applied to the calculation of the deduction of gifts (in the case of a corporation) or the non-refundable tax credit (in the case of an individual). A processed product was not eligible unless it was processed no more than necessary for it to be legally sold, distributed, or offered for sale at a place other than where it was produced, for human consumption.

The threshold for mandatory participation in workforce skills development was increased to require that only an employer whose total annual payroll exceeded $2 million must allot 1 percent of its payroll to eligible training expenditures, effective from 2015.

Table 15 sets out the details of tax credit rates that were restored after being reduced in the 2014-15 Quebec budget. The ordering follows the 2014-15 budget table that showed the credits' reductions.

TABLE 15 Details of the Restoration of Refundable Tax Credits for Business Activities as Provided in the 2015-16 Quebec Budget

	Rate (%)		
Category/type of credit	Old	New	Effective date/comments
1. Technology			
E-business development	24	30	Additional 6% credit applied to qualified wages incurred by a qualified corporation after budget day, to a maximum non-refundable credit of $5,000 ($83,333 maximum qualified wages) for a total tax credit of $25,000. Extended indefinitely into 2026 and beyond if conditions were met. The additional 6% credit was not refundable; it may have been carried back 3 or forward 20 taxation years but the carrryover was not retroactive to a taxation year that ended before budget day.
2. Cultural			
a. Quebec film and television production eligible for credit and not developed from a foreign concept or format	36 (52)	40 (56)	The new rates applied to a film or TV production (French-language or giant screen productions) for which an application for an advance ruling or a certificate was submitted after budget day. A corporation was prohibited from claiming the credit if it was associated with a broadcaster licensed by the Canadian Radio and Television Commission for the target year or the preceding 24 months, unless the Sociéte de développement des entreprises culturelles (SODEC) certified that more than 50% of its production expenses in the last three years were incurred for films not broadcast by an associated broadcaster. Remuneration paid to an associated broadcaster was not a qualified labour expenditure unless the recipient was a subcontractor associated with a broadcaster for services at the post-production stage only. The changes applied to expenses incurred in a tax year beginning after budget day. Bracketed number showed the maximum credit for computer animation and special effects; a regional increase; and an increase for no public financial assistance. Old rates applied to a production developed from a foreign concept or format.
	28 (52)	32 (56)	Applicable to other eligible films. Bracketed numbers as above. Old rates applied to a production developed from a foreign format.

(Table 15 is continued on the next page.)

TABLE 15 Continued

	Rate (%)		
Category/type of credit	Old	New	Effective date/comments
b. Dubbing of a film	28	35	Refundable tax credit was effective for an eligible film or television production whose dubbing was completed after budget day.
c. Sound recording production	28	35	Refundable tax credit was effective for an eligible property for which an application for an advance ruling or a certificate (from SODEC) was submitted after budget day. Applicable to a sound recording, a digital audiovisual recording, and a clip.
d. Production of performances	28	35	Refundable tax credit rate was restored to the pre-2014 budget rate, but a lower cap applied to a comedy show; the percentage applied to qualified labour expenditures. The maximum credit was increased to $1.25 million for a musical comedy (but decreased to $350,000 for a comedy show) and increased to $750,000 otherwise. The rate increases applied to an eligibility period beginning after budget day in which an application for an advance ruling or a certificate was submitted to SODEC. The cap increase for non-comedy shows applied to an eligible performance if one of its eligibility periods was not completed on budget day. The cap decrease for a comedy show applied to an eligible performance for which an application for an advance ruling or for a certificate was submitted to SODEC after budget day (if SODEC considered that production was not sufficiently advanced on budget day) and after June 2015 otherwise.
e. Multimedia environments or events production staged outside Quebec	28	35	Refundable tax credit was effective for an eligible production for which an application for an advance ruling or a certificate was submitted to SODEC after budget day. The environments or events had to offer an educational or cultural experience for entertainment purposes; the maximum tax credit was restored to $350,000 (formerly $280,000). The end date for the credit was eliminated (formerly after 2015).

(Table 15 is concluded on the next page.)

TABLE 15 Concluded

Category/type of credit	Rate (%) Old	Rate (%) New	Effective date/comments
f. Book publishing	28 21.6	35 27.0	Refundable tax credit was effective for an eligible book (or part of an eligible group) for which an application for an advance ruling or certificate was submitted to SODEC after budget day. The higher rate applied to digital book publishing, the lower rate to paper. Maximum tax credit for part of an eligible group of books increased to $437,500.
g. Multimedia titles production	24 (plus 6% premium for French)	30 (plus 7.5% premium for French)	Higher percentage for a title intended for commercialization that was not a vocational training title; lower rate was for other titles. The new rates applied for labour expenditures incurred after budget day or under a contract entered into after that day.
	21	26.25	The qualified labour expenditure could not exceed $100,000 annually for each employee, representing a maximum credit of $37,500, $30,000, and $26,250, respectively. The $100,000 limit did not apply for a corporation's tax year for up to 20% of the total eligible employees with the highest qualified labour expenditures.

Source: Quebec, Department of Finance, Budget 2015-16, Additional Information, March 26, 2015, at 77-100.

2. Personal Income Tax

In 2016 to 2018, the tax credit for experienced workers will be enhanced to eliminate income tax on the first $10,000 of eligible work income that exceeds the first $5,000 of such income for a worker aged 65 or over at the end of the taxation year. The credit will be adjusted in accordance with the table below and reduced annually by a specified rate (6 percent in 2015). The credit will be reduced if the worker's income exceeds $33,145 (indexed).

	Maximum eligible work income in excess of $5,000			
Age	2015	2016	2017	2018 and after
		dollars		
65 plus	4,000	6,000	8,000	10,000
64		4,000	6,000	8,000
63			4,000	6,000

The health contribution will be eliminated by 2019, depending on the Quebec-resident individual's income. The contribution is eliminated in 2017 for a low-income taxpayer whose income is not greater than $40,820 (subject to indexing). If the taxpayer's income is between $132,650 and $40,820 (indexed), the health contribution is the lesser of $125 and 5 percent of the excess over the lower threshold. If the taxpayer's income is more than the higher threshold (indexed), his or her health contribution is the lesser of $800 and $125 plus 4 percent of the excess over that threshold. In 2018, the health contribution is the lesser of $80 and 5 percent of the excess over the lower indexed threshold, or the lesser of $600 and $80 plus 4 percent of the excess over the higher indexed threshold.

A so-called tax shield refundable tax credit encourages a taxpayer to increase his or her family income even though that increase might otherwise lead to a reduction in or loss of tax benefits. The tax credit was introduced, effective in 2016, and must be applied for in the tax return for the year.

Eligibility for the non-refundable age tax credit for low- and middle-income individuals is changed by increasing the eligibility age by one year annually over the next five years (2016-2020); that is, the age threshold rises from 66 years in 2016 to 70 years in 2020.

The solidarity tax credit sought to offset costs relating to the Quebec sales tax and housing for individuals living in northern villages. The credit will be determined annually rather than monthly, and amounts will be paid to a taxpayer monthly, quarterly, or annually, rather than monthly. Only an individual eligible at the end of 2015 is entitled to the credit in 2016.

To support seniors faced with substantially above-average increases in property values and hence property tax, a family-income-tested (not more than $50,000) grant will be available beginning in 2016. The grant must be applied for in the tax return for the immediately preceding year. The tax account sent out by the municipality will show the amount of the potential grant. The senior must have owned the principal place of residence for at least 15 years.

Tax rules applicable to the transfer of a family business are amended to facilitate the sale of shares of a business to a family member. Over 50 percent of the assets' fair market value must be used in the primary or manufacturing sector; the rules may apply to a qualified family business, a family farm corporation, a family fishing corporation, or a qualified small business corporation. Non-investment assets are deemed to qualify if at least 50 percent of corporate activities are in the primary or manufacturing sector for the two taxation years immediately before the share disposition. The Quebec Department of Finance will announce the qualification criteria within one year. The amended rules apply to a share disposition after 2016.

3. *Sales Tax*

Under an agreement between Quebec and Canada, certain restrictions on the granting to a large business of an input tax refund for QST are to be phased out over three years beginning no later than 2018. An input tax refund may then be claimed for the acquisition of certain property and services: a road vehicle of less than 3,000 kg that must be registered under the Highway Safety Code to be driven on public highways; gasoline used to power the engine of such a vehicle; electricity, gas, combustibles, and steam used other than to produce movable property intended for sale; telephone and other telecommunication services (excluding 1-800-type services and Internet services); and food, beverages, and entertainment subject to limited deductions for purposes of the Quebec Taxation Act. A QST refund may be claimed at rates of 25 percent, 50 percent, 75 percent, and 100 percent for purchases of property and services in calendar years 2018 to 2021, respectively.

4. *Sin Taxes*

No changes were announced.

5. *Resource-Related Matters*

A federal announcement of March 1, 2015 aimed at supporting Canadian mining confirmed that costs associated with environmental studies and community consultations were not to be denied Canadian exploration expense treatment solely because those costs were required to obtain an exploration permit or licence. Quebec amended its Taxation Act to harmonize with the federal change for costs incurred after February 2015 when the federal measures were enacted, "taking into account the technical changes that may be made to them before assent."[11] The government committed to make corresponding changes to the Quebec Mining Tax Act when the federal changes are made, applicable at the same time.

The general rate of the specific tax on gasoline was reduced from 19.2 cents per litre in certain Quebec regions that border another province or US state. The current reduction was based on a maximum 20 km from another jurisdiction: 1 cent to

11 Quebec, Department of Finance, Budget 2015-2016, Additional Information, March 26, 2015, at A.74.

4 cents per litre in the case of New Brunswick and Ontario, and 2 cents to 8 cents per litre in regions bordering the United States. The increased reduction applied from April 1, 2015: 2, 4, 6, and 8 cents per litre for Quebec regions that were 15 to less than 20 kilometres, 10 to less than 15 kilometres, 5 to less than 10 kilometres, and less than 5 kilometres, respectively, from the other province, and 3, 6, 9, and 12 cents per litre for similar distances to a state border, respectively. An additional reduction—increased from 1 cent to 2 cents per litre—was also granted in a designated non-border region of Quebec adjoining Ontario, from the same date. Inventory for the purpose of claiming a refund must have been made on a prescribed form that was received before July 1, 2015. Undelivered gasoline acquired before April 1, 2015 was part of the acquiror's stock.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

Effective beginning in 2017, the health services fund contribution rate for an SMB in the service and construction sectors will decrease. Pre-budget, the rate was 4.26 percent of wages paid to employees unless the employer was a specified employer for the year and its total payroll was less than $5 million. Up to $1 million of wages, the employer's contribution rate was 2.7 percent, and it rose straightline as wages increased to $5 million. It is proposed that the lowest rate will decrease to 2.25 percent in 2019 (to 2.55 percent in 2017 and 2.4 percent in 2018) if payroll is $1 million or less and will increase linearly to 4.26 percent when payroll reaches $5 million.

The Quebec legislation underlying the tax-advantaged funds Fonds de solidarité FTQ, Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi (Fondaction), and Capital régional et coopératif Desjardins will be amended. The FTQ was set to participate in establishing logistics hubs; up to $100 million invested in a related fund was to be considered an eligible investment for the FTQ's investment requirement, and investments in those hubs could be augmented by 25 percent for the purpose of fulfilling the fund's investment requirement. (A logistics hub is a zone designed to ensure safe and speedy handling of heavy cargo traffic.) The investment required will increase straightline to 65 percent from 60 percent of its average net assets in the preceding fiscal year, from June 1, 2015 to May 31, 2020. Penalties for not meeting that investment requirement will also be phased in: for example, the fund will be prohibited from issuing class A shares for more than 75 percent (50 percent and 25 percent, respectively) of the total paid for such shares issued in the preceding fiscal year if eligible investments were up to at least 10 percent (20 percent and 30 percent, respectively) less than the investment requirement for that year. No class A shares can be issued in the subsequent fiscal year if the lowest threshold for eligible investments is not met. Class A shares paid for by payroll deduction by the fund's employees continue to be excluded from this penalty.

Fondaction invests in companies involved in a participative management process, cooperatives, and non-profit organizations, and businesses sensitive to the environment and more sustainable development. The tax credit for an eligible class A or B share issued by Fondaction and acquired from June 1, 2015 to May 31, 2016 inclusive is decreased from 25 percent to 20 percent. Consequential amendments will also be made regarding the special tax on the acquisition of replacement shares related to participation in the home buyers' plan or lifelong learning plan, and regarding the penalty if the fund acquires its own class A shares for a cost that exceeds 2 percent of its PUC of shares that are permanent capital. Similar to the FTQ, Fondaction's eligible investments increase by 1 percentage point per year to 65 percent from 60 percent straightline from its fiscal year ending May 31, 2016 to its fiscal period ending May 31, 2020; the penalty related to the prohibition on the issuance of class A or B shares is amended accordingly.

The fund Capital régional et coopératif Desjardins marshalled venture capital for the province's resource regions and cooperatives. The fund's eligible investment requirement also increases by 1 percentage point per year to 65 percent from 60 percent straightline from June 1, 2015 to the fiscal period ending May 31, 2020. At least 21 percent of the fund's investment must be made in eligible cooperatives or in entities located in Quebec's resource regions: that regional requirement will increase straightline to 22.75 percent over the period. The special tax for failure to meet the fund's investment requirement is replaced by a penalty limiting its share issue capacity to 87.5 percent of the total authorized subscription amount (75 percent, 62.5 percent, and 50 percent, respectively) if the fund's average eligible investment (1) in respect of its general requirement, is up to at least 10 percent (20 percent, 30 percent and more, respectively) less than the investment requirement for that year, or (2) in respect of its regional requirement, is up to at least 3.5 percent (7.0 percent, 10.5 percent, and more, respectively) less than the investment requirement for that year.

A trust or partnership interposed into a structure in order to take advantage of preferential tax measures—generally refundable (and sometimes non-refundable) tax credits—may abuse the spirit and purpose of a rule, even if the letter of the law is satisfied. A new integrity rule deems the said trust's or partnership's attributes to be those of a corporation for the purpose of other integrity rules that include the notion of control of a corporation, persons not dealing at arm's length, an associated corporation, and a corporation exempt from tax. Affected tax measures are refundable tax credits in chapter III.1, title III of book IX, part I of the Taxation Act and the 2015 budget's new non-refundable tax credits for the development of e-business and for international financial centres. This change applies to an individual's or a corporation's taxation year ending after budget day. Moreover, because the interposition of a partnership and not a corporation may affect the level of tax assistance from refundable tax credits, a partnership may now qualify for a refundable tax credit only if as a corporation it would so qualify.

The several refundable tax credits that depended upon wages paid to employees referred to the expression "salary or wages" (chapters I and II, title II of book III, part I of the Taxation Act). Effective for a taxpayer's taxation year beginning after budget day, the definition was amended for these purposes to include a taxable benefit only if the employer paid its value as a monetary amount.

The general rule that required a taxpayer to apply for a refundable tax credit within 12 months after the filing-due date for a taxation year was extended for three months after a sectoral body (other than Revenu Québec) issued a document required to apply for a refundable tax credit. A taxpayer may have applied by right to the sectoral body within nine months of the filing-due date for the relevant taxation year; the sectoral body had discretion to accept any application filed in the three months following that deadline. These changes apply to a taxpayer's taxation year beginning after budget day.

To combat aggressive tax planning, compulsory disclosure was implemented in 2009 if the transaction adviser required the client's confidentiality or if the adviser's remuneration was conditional on certain events such as the obtaining of or failure to obtain a tax benefit or the expiry of a prescription period. A new obligation to disclose was imposed if contractual coverage ensured—via an indemnity, compensation, or guarantee—protection of a taxpayer from the failure to produce a tax benefit, pay or refund any amount incurred in a related dispute with a tax authority, or help or represent a taxpayer in such a dispute. The budget extended the obligation to disclose to a transaction involving contractual coverage—for transactions carried out as of budget day, except for any transaction series that began before budget day and was completed before July 1, 2015—if the taxpayer's protection from contractual coverage resulted in a tax benefit of at least $25,000 or an impact on the taxpayer's income of at least $100,000. The budget also extended disclosure to any transaction involving conditional remuneration that was aimed at obtaining a refundable tax credit and resulted in a tax benefit of at least $25,000 for the taxpayer.

New Brunswick

Tax Highlights

- Small business corporate income tax rate reduced
- Two new personal income tax brackets for high-income earners
- Gasoline and motive fuel tax increased

Tax Changes

1. *Corporate Income Tax*

As announced on October 8, 2014 and effective after 2014, the small business corporate income tax rate decreased to 4 percent from 4.5 percent. The government announced an overall plan to reduce the small business corporate income tax rate to 2.5 percent by 2018. A small business was able to benefit from the 4 percent rate on the first $500,000 of income if its taxable capital did not exceed $15 million.

TABLE 16 Projected Revenues and Expenditures, New Brunswick, Fiscal Year 2015-16

	millions of dollars
Total revenues	8,308
Total expenditures	(8,635)
Reserve	(150)
Surplus/(deficit)	(477)
Revenue sources	
Personal income tax	1,587
Corporate income tax	258
Sales tax	1,184
Other taxes	998
Total tax revenue	4,027
Federal transfers	2,881
Other revenues	1,400
Total revenues	8,308
Expenditures	
Education	1,145
Health	2,617
Debt servicing	685
Other expenditures	4,188
Total expenditures	8,635

Notes: Figures were shown on a main estimates basis. Over $219 million of revenue was provided in the form of conditional federal grants. Expenditure figures were shown by department. "Other revenues" included $107 million in forest and mining royalties.

Source: New Brunswick, Department of Finance, 2015-2016 Budget, March 31, 2015.

2. Personal Income Tax

Effective in 2015, two new tax brackets were created for (1) taxable income from over $150,000 to $250,000, and (2) taxable income over $250,000. Higher rates of 21.00 percent and 25.75 percent applied, respectively.

The dividend tax credit for ineligible dividends received after 2014 decreased from 5.3 percent to 4 percent to reflect the reduced small business corporate income tax rate.

The small business investor tax credit rate for an individual increased to 50 percent from 30 percent, effective for investment in a small business in the province made after March 2015. The maximum tax credit that could be claimed in a year thus increased to $125,000 from $75,000, reflecting a maximum investment of $250,000. No tax credit enhancements were made for corporations and trusts.

Effective for the 2015 and following taxation years, a New Brunswick seniors' home renovation tax credit applied: annually a New Brunswick resident who was at least age 65 (or a family member living with that senior person) could claim a refundable 10 percent personal income tax credit for up to $10,000 of eligible home improvements made to his or her principal residence. The claim was for work billed for in the calendar year and receipts must have been retained to verify expenses.

A tuition rebate of 50 percent ($4,000 per annum, $20,000 maximum lifetime) for post-secondary graduates was eliminated. Applications were not accepted after 2015.

3. Sales Tax

No changes were announced.

4. Sin Taxes

No changes were announced.

5. Resource-Related Matters

Effective at midnight March 31, 2015, the fuel tax increased on gasoline by 1.9 cents per litre and on diesel fuel by 2.3 cents per litre. Each retailer of an affected fuel product must have taken an inventory count of its gasoline and motive fuel products as of midnight March 31, 2015 and remitted the difference in tax on its inventory and the remittance form—even if no tax was owing—by April 30, 2015.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

In January 2015, New Brunswick signalled the start of a strategic program review to find measures to eliminate the province's deficit. The review was mentioned several times in the budget address: the budget began the process of deficit reduction through reductions in spending.

The premium for the seniors prescription drug program was set to increase. Prescription drugs for low-income seniors continued to be subsidized.

The maximum daily cap on the amount that a senior pays for nursing home care (pre-budget $113) was removed. Liquid financial assets were included in calculating the ability to pay. The policy change was set to be made in the fall of 2015.

Nova Scotia

Tax Highlights

- No corporate income tax rate increase
- No personal income tax rate increase
- Dividend tax credit on ineligible dividends reduced
- Financial institutions capital tax capped at $12 million annually

TABLE 17 Projected Revenues and Expenditures, Nova Scotia, Fiscal Year 2015-16

	millions of dollars
Total revenues	9,920
Total expenditures	(10,024)
Reserve and consolidating adjustments	7
Surplus/(deficit)	(98)
Revenue sources	
Personal income tax	2,525
Corporate income tax	493
Sales tax	1,761
Other taxes	639
Total tax revenue	5,418
Federal transfers	3,086
Other revenues	1,416
Total revenues	9,920
Expenditures	
Education	1,245
Health	4,138
Debt servicing	873
Other expenditures	3,768
Total expenditures	10,024

Notes: Revenue source figures were for general revenue fund only with adjustments for consolidation. Expenditure figures were shown by department, general revenue fund. Figures may not add because of rounding.

Source: Nova Scotia, Department of Finance and Treasury Board, Budget 2015-2016, April 9, 2015.

Tax Changes

1. Corporate Income Tax

Effective for productions that commenced principal photography after June 2015, the refundable film industry tax credit became 75 percent non-refundable and 25 percent refundable. The credit was calculated as a percentage of labour expenditures.

Effective in calendar 2015, the capital investment tax credit yielded a 15 percent refundable corporate income tax credit for capital equipment acquired for use in Nova Scotia, as part of a capital project whose total cost exceeded $15 million. The credit was available to a corporation engaged primarily in the M & P, farming, fishing, and logging sectors, for equipment acquired before 2025.

2. Personal Income Tax

Effective after 2014, the non-eligible dividend tax credit was reduced to 3.5 percent from 5.87 percent.

Effective after 2014, the healthy living non-refundable tax credit was eliminated. The credit of up to $500 applied for each child under 18 who was enrolled in a registered sport or recreational activity.

3. Sales Tax

No changes were announced.

4. Sin Taxes

Effective at 12:01 a.m., April 10, 2015, the tobacco tax rate increased by 2 cents per cigarette, per gram of fine-cut tobacco, and per pre-portioned tobacco stick.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

The tax and regulatory review report,[12] received by the government in November 2014, suggested changes to the tax system. The government announced that it would establish a tax working group to consider the implementation of the report's recommendations, to consider whether existing tax credits and exemptions ensure best value, and to consult with Nova Scotians concerning the report's key recommendations.

A maximum cap of $12 million was placed on the corporate capital tax applicable to a financial institution, effective calendar 2015.

The government announced that it would consult with industry in the design of a new program fund to support the creative economy, beginning in 2016.

Prince Edward Island

Tax Highlights

- No corporation or personal income tax increases
- Tobacco tax increase

Tax Changes

1. Corporate Income Tax

No changes were announced.

12 Laurel C. Broten, *Charting a Path for Growth: Nova Scotia Tax and Regulatory Review* (Halifax: Government of Nova Scotia, November 2014).

TABLE 18 Projected Revenues and Expenditures, Prince Edward Island, Fiscal Year 2015-16

	millions of dollars
Total revenues	1,649
Total expenditures	(1,669)
Reserve and consolidating adjustments	nil
Surplus/(deficit)	(20)
Revenue sources	
Personal income tax	345
Corporate income tax	52
Sales tax	255
Other taxes	222
Total tax revenue	874
Federal transfers	633
Other revenues	142
Total revenues	1,649
Expenditures	
Education	236
Health	587
Debt servicing	127
Other expenditures	719
Total expenditures	1,669

Notes: Revenue and expenditure figures were consolidated. Expenditure figures were shown by department. Additional expenditures by the Department of Health and Wellness increased the gross expenditure on health to $599 million; that figure was shown as for Health PEI in the Expenditure Summary by Department in the Estimates.

Source: Prince Edward Island, Department of Finance, Budget 2015-2016, June 19, 2015.

2. *Personal Income Tax*

Shortly before the release of the budget, the government announced that the low-income tax reduction was enhanced starting in 2015 by increasing the income threshold for phasing out the credit to $17,000 from $15,000, increasing the basic credit and the spouse or spousal equivalent credit to $300 from $250, and increasing the amount for each dependant to $250 from $200. An additional new $250 credit applied for an individual who was at least 65 years of age by year-end.

3. *Sales Tax*

No changes were announced.

4. *Sin Taxes*

The tobacco tax increased by 2.5 cents per cigarette and 4.0 cents per gram on other tobacco, effective 12:01 a.m., June 20, 2015.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

No changes were announced.

Newfoundland and Labrador

Tax Highlights

- Top personal income tax rates increased
- Planned HST increase of 2 percentage points reversed
- Financial corporations capital tax rate increased by 1 percentage point
- Tobacco tax rebate reinstated

Tax Changes

1. Corporate Income Tax

Effective for fiscal years that began after calendar 2014, a 40 percent refundable tax credit applied for eligible wages and remuneration paid by an interactive digital media company in the province.

2. Personal Income Tax

For 2015, the budget introduced increased tax rates applicable to two new tax brackets: the personal income tax increased from 13.3 percent to 13.8 percent for calendar 2015 (and to 14.3 percent thereafter) on taxable income exceeding $125,000 and up to $175,000, and to 14.3 percent for calendar 2015 (and to 15.3 percent thereafter) on taxable income exceeding $175,000. The change was effective July 1, 2015.

3. Sales Tax

The April 2015 budget announced that, effective after 2015, the HST rate would increase from 13 percent to 15 percent: the provincial portion of HST would increase from 8 percent to 10 percent. To mitigate the impact of this increase on low-income individuals and families, effective with the October 2016 payment the HST credit would increase from $40 for an eligible adult and spouse to $300 and $60, respectively; the $60 HST credit for each child under the age of 19 would remain unchanged.

TABLE 19 Projected Revenues and Expenditures, Newfoundland and Labrador, Fiscal Year 2015-16

	millions of dollars
Total revenues	6,976
Total expenditures	(8,070)
Surplus/(deficit)	(1,093)
Revenue sources	
Personal income tax	1,265
Corporate income tax	456
Sales tax	1,059
Other taxes	709
Total tax revenue	3,489
Federal transfers	1,149
Other revenues	2,338
Total revenues	6,976
Expenditures	
Education	886
Health	3,015
Debt servicing	888
Other expenditures	3,281
Total expenditures	8,070

Notes: Health expenditure includes consolidated net expense for health and community expenses. Expenditures were a combination of current and capital account expenditures by department in the government reporting entity. Offshore royalties were shown as $1,212 million and not included in "other" tax revenue; $145 million from mining tax and royalties was included in tax revenue. The total revenue figure is the sum of net income of government business enterprises of $409 million and fiscal revenue of $6,567 million. Figures may not add because of rounding.

Source: Newfoundland and Labrador, Department of Finance, Budget 2015-16, April 30, 2015.

The phaseout threshold for the HST credit would increase from $15,000 to $30,000, and the 5 percent rate phaseout would remain the same. A provincial election on November 30, 2015 brought in a new Liberal government; on December 2, 2015, the newly elected government announced that the HST rate would remain at 13 percent in 2016. The impact on related changes was not announced.

Effective after 2015, a municipality and a local service district will receive a partial rebate (25 percent) of the provincial portion of the HST; after 2016, the rebate will increase to 57.14 percent.

4. Sin Taxes

Effective 12:01 a.m., May 1, 2015, a tax rebate to retailers on tobacco sold in Labrador West was reinstated: 10.75 cents per cigarette, and 23.36 cents per gram of tobacco other than cigars and cigarettes. The effective tax on tobacco sold in Labrador West after April 2015 was 12.75 cents per cigarette and 14.64 cents per gram of tobacco other than cigars and cigarettes. The tax rate for cigars in Labrador West—125 percent of the manufacturer's suggested retail price, rounded to the nearest 1/100 of a cent—remained the same.

5. *Resource-Related Matters*

No changes were announced.

6. *Real Estate Taxes*

No changes were announced.

7. *Pensions*

No changes were announced.

8. *Other*

Effective April 1, 2015, the financial corporations capital tax increased from 4 percent to 5 percent for a bank, a loan company, or a trust company with a permanent establishment in Newfoundland and Labrador.

Several fees increased, such as vehicle registration fees, and some new fees were introduced, such as a fee related to an environmental clean-up remediation report.

The residential energy rebate was eliminated effective July 1, 2015. The rebate offset the provincial portion of HST (8 percent) on residential energy usage.

YUKON

Tax Highlights

- No new corporate taxes or corporate tax increases
- Lower personal tax rates, except on top brackets
- Personal surtax eliminated
- Child tax benefit, children's fitness tax credit, and political contribution tax credit enhanced

Tax Changes

1. *Corporate Income Tax*

No changes were announced.

2. *Personal Income Tax*

The government announced the following reductions in tax rates applied to taxable income in 2015 in four tax brackets: 0-\$44,700, to 6.4 percent from 7.04 percent; \$44,701-\$89,400, to 9.0 percent from 9.8 percent; \$89,401-\$138,585, to 10.9 percent from 12.01 percent; \$138,586-\$500,000, to 12.8 percent from 13.4 percent. Over \$500,000 (not indexed), the rate increased to 15.0 percent from 13.4 percent. The personal 5 percent surtax on Yukon tax over \$6,000 was eliminated.

TABLE 20 Projected Revenues and Expenditures, Yukon, Fiscal Year 2015-16

	millions of dollars
Total revenues	1,250
Total expenditures	(1,227)
Reserve	nil
Surplus/(deficit)	23
Revenue sources	
Personal income tax	69
Corporate income tax	27
Sales tax	na
Other taxes	31
Total tax revenue	127
Federal transfers	923
Other revenues	200
Total revenues	1,250
Expenditures	
Education	182
Health	372
Debt servicing	17
Other expenditures	656
Total expenditures	1,227

Notes: Expenditure figures for education and health were shown in the consolidated budget by function. Non-consolidated reporting was used to reflect the announced surplus figure; the consolidated surplus was reported as $38 million. The debt-servicing figure shown represented expenditures on loan programs. Figures may not add because of rounding.

The Yukon government signed a devolution agreement with the federal government in 2003 to assume land and resource management responsibilities. Amendments to the resource revenue-sharing arrangement in 2012 ensured that more resource revenue generated in the Yukon would be available for use in the territory.

Source: Yukon, Department of Finance, Budget 2015-2016, April 2, 2015.

The maximum annual Yukon child tax benefit increased to $820 from $690, effective for the July 2015 payment. The family income threshold increased to $35,000 from $30,000.

Effective for 2015, the children's fitness tax credit was made refundable.

The provincial political contribution tax credit was set to match and continue to match the federal political contribution tax credit.

3. Sales Tax

No changes were announced.

4. Sin Taxes

No changes were announced.

5. *Resource-Related Matters*
No changes were announced.

6. *Real Estate Taxes*
No changes were announced.

7. *Pensions*
No changes were announced.

8. *Other*
No changes were announced.

Northwest Territories

Tax Highlights

- No new taxes or income tax increases
- Property tax mill rates and some fees adjusted for inflation

Tax Changes

1. *Corporate Income Tax*
No changes were announced.

2. *Personal Income Tax*
No changes were announced.

3. *Sales Tax*
No changes were announced.

4. *Sin Taxes*
No changes were announced.

5. *Resource-Related Matters*
No changes were announced.

6. *Real Estate Taxes*
Effective April 1, 2015, the mill rate for property tax was adjusted for inflation.

7. *Pensions*
No changes were announced.

8. *Other*
Some fees were adjusted for inflation, effective April 1, 2015.

TABLE 21 Projected Revenues and Expenditures, Northwest Territories, Fiscal Year 2015-16

	millions of dollars
Total revenues	1,827
Total expenditures	(1,648)
Infrastructure contribution, deferred maintenance, fund profit/loss	(32)
Surplus/(deficit)	147
Revenue sources	
Personal income tax	108
Corporate income tax	41
Sales tax	na
Other taxes	111
Total tax revenue	260
Federal transfers	1,402
Other revenues	165
Total revenues	1,827
Expenditures	
Education	310
Health	407
Debt servicing	14
Other expenditures	917
Total expenditures	1,648

Notes: Figures showed health and education expenditure by department; the education figure was a composite for the Department of Education, Culture, and Employment, and the health figure included social services. The debt-servicing figure was provided informally by the territorial Department of Finance. The stated surplus was on a non-consolidated basis.

On April 1, 2014, the Northwest Territories took responsibility for the management of its land, water, and non-renewable resources. The Northwest Territories started to receive resource revenues under devolution in 2014-15; half was offset against federal territorial formula financing grants, up to 25 percent of the balance was shared with aboriginal governments, and 25 percent of the balance was saved in the Heritage Fund. The Northwest Territories and the federal government signed a devolution agreement on March 11, 2013.

Source: Northwest Territories, Department of Finance, Budget 2015-2016, February 5, 2015.

Nunavut

Tax Highlights

- No tax changes or new taxes

Tax Changes

1. Corporate Income Tax

No changes were announced.

2. Personal Income Tax

No changes were announced.

TABLE 22 Projected Revenues and Expenditures, Nunavut, Fiscal Year 2015-16

	millions of dollars
Total revenues	1,722
Total expenditures	(1,669)
Supplementary requirements, revolving funds, and contingencies	(30)
Surplus/(deficit)	23
Revenue sources	
Personal income tax	31
Corporate income tax	18
Sales tax	na
Other taxes	58
Total tax revenue	107
Federal transfers	1,535
Other revenues	80
Total revenues	1,722
Expenditures	
Education	240
Health	335
Debt servicing	3
Other expenditures	1,091
Total expenditures	1,669

Notes: Main estimates were prepared on a non-consolidated basis. Surplus was shown on a main estimates basis. Expenditure figures appeared to be shown by department. The debt-servicing expenditure was reported on a cash, non-consolidated basis.

Nunavut was in the process of negotiating a devolution agreement with the federal government. The territory was officially established in 1999, and was formerly part of the Northwest Territories.

Source: Nunavut, Department of Finance, Budget 2015-2016, February 25, 2015.

3. Sales Tax

No changes were announced.

4. Sin Taxes

No changes were announced.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

No changes were announced.