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Finances of the Nation

Vivien Morgan*

SURVEY OF PROVINCIAL AND TERRITORIAL BUDGETS, 2017-18

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 annual surveys of provincial and territorial budgets and topical articles on taxation and public expenditures in Canada. This article surveys the 2017-18 provincial and territorial budgets.*

The underlying data for the Finances of the Nation *monographs and for the articles in this journal will be published online in the near future.*

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

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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 2017-18 budget revenues and expenditures for the various provinces and territories, as well as tables that show for each jurisdiction the corporate income tax rates, personal brackets and rates for each jurisdiction, and other matters. Second, the article summarizes the projected budget revenues and expenditures in tabular form and also summarizes the tax changes in narrative form, for each province and territory.

SUMMARY INFORMATION

Most of the provinces and territories brought down their 2017-18 fiscal-year budgets between February and June 2017. In British Columbia, on September 11, 2017 a new government issued an update (the Budget 2017 Update) to the February 2017 budget. Nova Scotia issued its spring budget on April 27, 2017 and a revised budget on September 26, 2017. Across Canada, the precipitous drop in the price of oil in calendar 2014 continued to significantly affect revenues from related taxes and royalties, and caused interprovincial migration and consequent shifts in provincial and territorial revenues and expenses. The price of oil has been volatile since that time, and many North American companies say that no wells are profitable to drill. Alberta said in its 2017 budget that it was "just now beginning to recover from the steepest and most prolonged slide in oil prices in recent history."[1]

In addition to the drop in the price of oil, Alberta faced yet another trial. In the spring of 2016, a massive forest fire invaded Fort McMurray, Alberta, home to the Alberta tar sands; the fire caused devastation, evacuation of the town's populace, and also much environmental damage. Recovery from the fire's damage is expected to take some time. Newfoundland and Labrador was also hit hard by the drop in oil commodity prices. New Brunswick also experienced an extended downturn in its budgetary position and set about stemming deficits in 2015 and 2016. Fewer than half of the provinces and territories projected a budget deficit (with expenditures exceeding revenue) in this cycle, and 8 of the 13 jurisdictions forecasted a surplus (or a flat budget) in the 2017-18 fiscal year based on projected increased economic growth and continued moderate spending restraint. Newfoundland and Labrador made significant tax changes in 2016 across the board to increase revenues, but in 2017 the government concluded that it still faced a serious financial situation. Alberta chose to continue spending on the province's residents and forecasted major deficits over the next two years; it did not project a return to balance. Most jurisdictions that issued projections for future years expected to return to a balanced budget or surplus in two to four years. Manitoba expects to return to a surplus before the end of the government's second term in 2024; Newfoundland and Labrador sees a return to surplus in 2022-23. In the Northwest Territories, because most of the budget was funded through federal transfers, the government concluded that it had only a limited capacity to increase taxes or other own-source revenues in order to ensure operating surpluses. The Yukon government faced similar pressures and reported that the 2016 surplus projected by the former government had not materialized; accordingly, Yukon was forced to make a special borrowing to meet its 2016 financial needs. In 2017, in recognition of its precarious revenues owing to a dependence on resources, Yukon forecasted its first deficit in 2018-19 if no action was taken, and it enlisted advice from its populace concerning expenditure pressures.

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. There were fewer tax changes than usual and more cost-cutting measures in some jurisdictions. In British Columbia, surpluses were said to reflect a willingness to spend more on social programs, as in Quebec. In most cases, however, except as outlined above, the subdued economic environment was matched by a

1 Alberta, Ministry of Treasury Board and Finance, 2017-18 Budget, Fiscal Plan, March 16, 2017, at 3.

subdued response to both revenue increases and expenditures, but most provinces reduced spending where possible, if they took any action at all. Several jurisdictions had an eye on reducing expenditures. Alberta forecasted a deficit comparable to that in the 2016 budget and did not see a return to a surplus position in its forecast for the following two years. Newfoundland and Labrador faced similar issues owing to the drop in crude oil prices. Manitoba appeared to put the burden of its deficit on a lack of previous fiscal responsibility. Efforts were 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 the 2016-17 level or increased (in most cases) modestly. The projected road to a surplus position was in many cases prolonged: although British Columbia, Quebec, Nova Scotia, and two of the three territories reported surpluses, the remaining provinces reported long periods in deficit. Ontario held to a balanced budget. Measures recommended following New Brunswick's strategic program review continued, in order to balance the budget in that province in 2020-21.

Saskatchewan's 2017-18 revenue measures showed a greater reliance on consumption taxes: there was a shift was away from income taxes and the "more volatile non-renewable resource revenues."[2] As noted above, the Northwest Territories recognized that most of its budget was funded through federal transfers—and thus beyond the territory's direct influence—and all the territories were similarly limited in their ability to produce operating surpluses by increasing taxes or other own-source revenues.

Risk to the Canadian economy also resides in the high national level of household debt to income—upward of 165 percent since 2012[3] but perhaps stabilizing around that level—which has been spurred on by residential real estate investment, particularly in Vancouver and Toronto. A 2016 property transfer tax increase in Vancouver cooled that city's residential real estate market, although perhaps only temporarily. Federal changes may yet slow the market in Ontario, particularly Toronto. The Ontario government renewed its interest in an increase in the land transfer tax rate for residential real estate purchased by foreign persons, an increase that it rejected in 2016. On April 20, 2017, after consulting with the federal minister of finance and the mayor of the city of Toronto, Ontario announced a suite of options intended to cool the housing market in southern Ontario. It will take some time to gauge whether the decline in real estate prices subsequently seen in 2017 was permanent or temporary, and whether that decline was caused by government measures or by a more natural stabilizing of the market.

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2 Saskatchewan, Ministry of Finance, Budget 2017-18, Revenue/Tax Backgrounder, March 23, 2017, at 3.

3 Tamsin McMahon, "First-Time Homeowners Driving Higher Household Debt: Study," *Globe and Mail*, December 8, 2015.

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.[4] 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 that is presented in the second part of this article.

Figure 1 presents similar information, and includes surpluses and deficits at the right of the figure. 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, and health-care expenditures per capita.

Table 1 summarizes the budget projections forecasted by each province and territory in its 2017-18 budget.

The provinces and territories have powers and responsibility for 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 2017-18 fiscal year, Ontario's projected health-care and long-term-care expenditures were $53,763 million, or 38.12 percent of total expenditures of $141,050 million. In contrast, for the territories, projected spending on health care in 2017-18 accounted for 18.03 percent of total expenditures for Nunavut, 25 percent for the Northwest Territories, and 35.18 percent for Yukon. However, on a per capita basis, the results appeared to reverse. These trends are reflected in table 3,[5] which sets out the health-care expenditures from the budgets for fiscal years 2013-14 through 2017-18 in Ontario and the territories.

Table 4 sets out the health-care expenditures for all the provinces and territories as a percentage of total expenditures and also as per capita total expenditures.

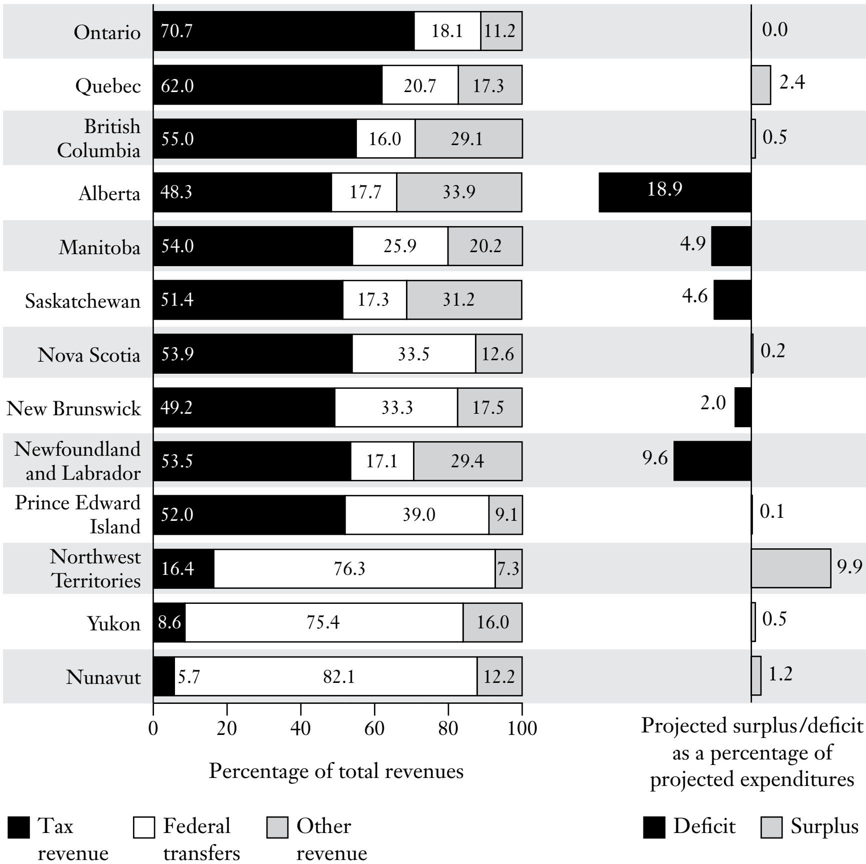
Table 5 sets out the provincial and territorial surpluses and deficits since the (revised) budget projections for 2014-15.[6] It also shows various figures set out in the 2017-18 budgets for any planned or targeted surpluses or deficits for up to five

4 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).

5 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 Statistics Canada, as of the first quarter of 2016. Because the budgets were estimated for 2016-17 and the populations were taken at slightly different dates, the per capita figures were rounded.

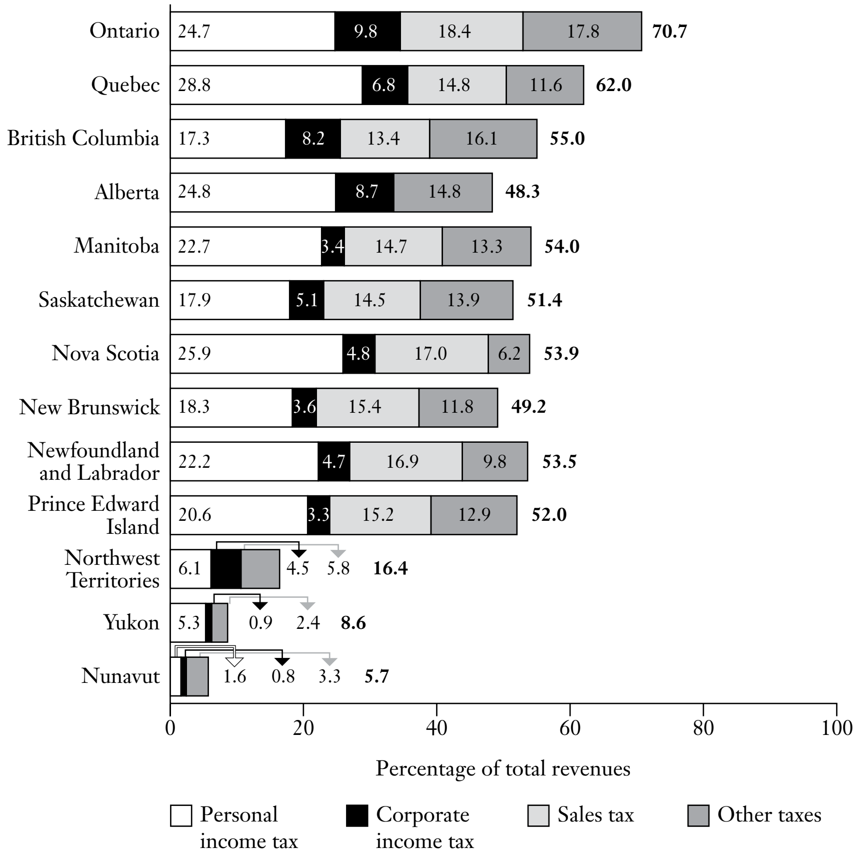
6 See "Survey of Provincial and Territorial Budgets, 2014-15," supra note 5, at table 1.

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 2017-18



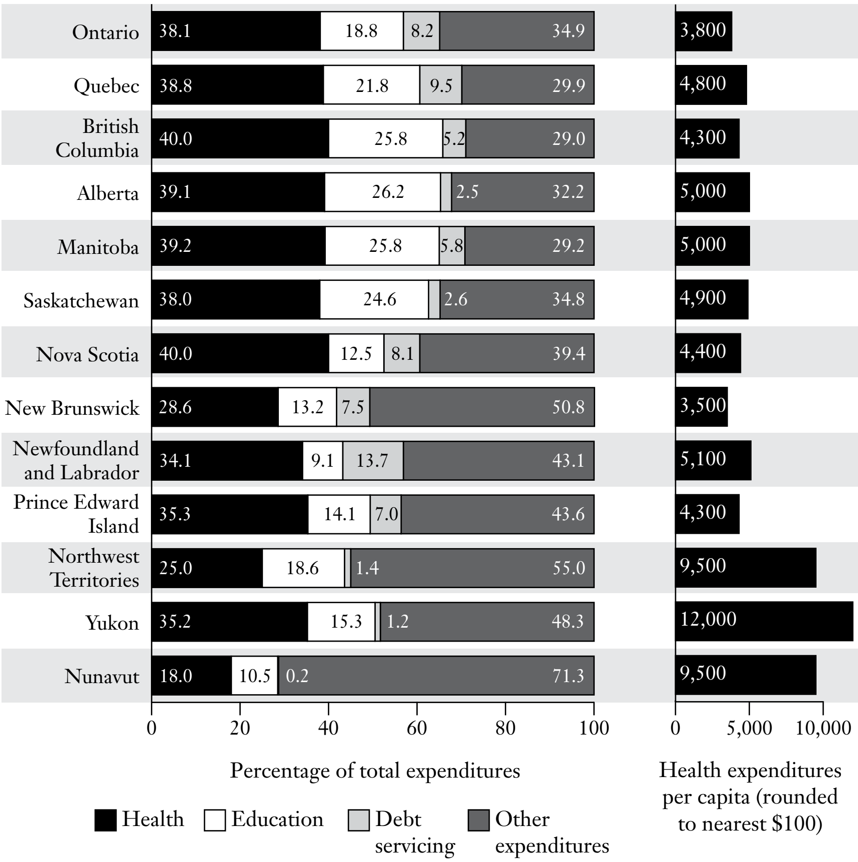
Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29, and the data summary in table 1.

FIGURE 2 Projected Provincial and Territorial Tax Revenues by Source as a Percentage of Total Revenues, Fiscal Year 2017-18



Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29.

FIGURE 3 Projected Provincial and Territorial Expenditures by Spending Category as a Percentage of Total Expenditures, Fiscal Year 2017-18



Source: Based on provincial and territorial budget documents cited in the source notes for tables 4, 12-13, 15-18, 21-24, and 27-29.

TABLE 1 Provincial and Territorial Revenues and Expenditures, Budget Projections, Fiscal Year 2017-18

Province/territory	Tax revenue	Federal transfers	Other sources of revenue[a]	Total revenues	Total expenditures	Adjustments[b]	Surplus/ (deficit)
				millions of dollars			
Ontario	100,097	25,681	15,872	141,650	(141,050)	(600)	nil
Quebec	65,877	22,029	18,402	106,308	(103,720)	(100)	2,488
British Columbia	26,804	8,317	15,717	50,838	(50,193)	(350)	295
Budget 2017 Update	28,810	8,372	15,225	52,407	(51,861)	(300)	246
Alberta	21,762	7,988	15,265	45,015	(54,859)	(500)	(10,344)
Manitoba[c]	8,691	4,163	3,247	16,101	(17,056)	115	(840)
Saskatchewan	7,287	2,454	4,424	14,165	(14,800)	(50)	(685)
Nova Scotia	5,709	3,545	1,333	10,587	(10,516)	(44)	26
Budget update	5,694	3,546	1,334	10,574	(10,512)	(30)	21
New Brunswick	4,519	3,062	1,608	9,189	(9,381)		(192)
Newfoundland and Labrador	3,925[d]	1,256	2,158	7,339	(8,116)		(778)
Prince Edward Island	942	706	164	1,812	(1,812)		1
Northwest Territories	305	1,419	135	1,859	(1,692)		167
Yukon	111	971	206	1,289	(1,282)		7
Nunavut	113	1,626	242	1,981	(1,958)		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 Manitoba's budget speech reported a deficit of $779 million for the core government.
d Newfoundland and Labrador's tax revenue included mining tax revenue and royalties of $37 million.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29. See below for further details. Differences are due to rounding.

TABLE 2 Provincial and Territorial Health-Care Expenditures, Budget Projections, Fiscal Years 2014-15 to 2017-18

	Health-care expenditures				Percentage of total expenditures			
Province/territory	2014-15	2015-16	2016-17	2017-18	2014-15	2015-16	2016-17	2017-18
	millions of dollars							
Ontario	50,055	50,771	51,785	53,763	38.39	38.49	38.68	38.12
Quebec	37,264	37,688[a]	38,372	40,223	38.24	38.23	38.32	38.78
British Columbia	18,683	19,061	19,638	20,747[b]	42.06	41.59	41.38	40.01[b]
Alberta	18,294	19,684	20,414	21,449	45.24	39.44	39.95	39.10
Manitoba	5,791	6,088	6,497	6,681	38.26	39.19	39.88	39.17
Saskatchewan	5,356	5,507[c]	5,588	5,627	38.25	38.86	38.65	38.02
Nova Scotia	4,105	4,138	4,132	4,214[d]	41.31	41.28	40.73	40.09[d]
New Brunswick	2,613	2,617	2,602	2,679	31.01	30.31	29.02	28.56
Newfoundland and Labrador	2,399	2,683[e]	2,676	2,768	30.64	37.36	31.55	34.10
Prince Edward Island	581	587	617	640	35.06	35.17	35.87	35.32
Northwest Territories	392	407	414	423	24.30	24.70	24.91	25.00
Yukon	338	372	461	451	29.60	30.32	36.97	35.18
Nunavut	311	335	338	353	20.29	20.07	19.48	18.03

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 figures for British Columbia are from the update to the February 2017 budget issued in September 2017.

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.

d The figures for Nova Scotia are from the update to the April 2017 budget issued in September 2017.

e The figure shown in the Newfoundland and Labrador provincial estimates included an amount for debt servicing. The health-care amount was reduced pro rata from $3,157 million.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29. See those tables for further details.

TABLE 3 Health-Care Expenditures in Ontario and the Territories as a Percentage of Total Expenditures and per Capita, 2013-14 to 2017-18

Fiscal year	Health-care expenditures as a percentage of total expenditures				Health-care expenditures per capita	
	Ontario	Nunavut	Northwest Territories	Yukon	Ontario	Territorial (Nunavut, Northwest Territories, Yukon) range
	percent				*dollars*	
2017-18	38.12	18.03	25.00	35.18	3,800	9,500-12,100
2016-17	38.67	19.48	24.70	37.97	3,700	9,100-12,300
2015-16	38.49	20.07	24.70	30.32	3,700	9,100-10,200
2014-15	38.39	20.29	24.30	29.60	3,700	8,600-9,200
2013-14	38.29	20.64	24.81	32.13	3,600	8,400-9,500

TABLE 4 Health-Care Expenditures as a Percentage of Total Expenditures and per Capita, Budget Projections, 2017-18

Province/territory	Health-care expenditures	Population	Health-care expenditures as a percentage of total expenditures	Health-care expenditures per capita
	millions of dollars	*’000s*	*%*	*dollars*
British Columbia[a]	20,747	4,751.6	40.01	4,400
Alberta	21,449	4,252.9	39.10	5,000
Saskatchewan	5,627	1,150.6	38.02	4,900
Manitoba	6,681	1,318.1	39.17	5,000
Ontario	53,763	13,983.0	38.12	3,800
Quebec	40,223	8,326.1	38.78	4,800
New Brunswick	2,679	756.8	28.56	3,500
Nova Scotia[b]	4,214	949.5	40.09	4,400
Prince Edward Island	640	148.6	35.32	4,300
Newfoundland and Labrador	2,768	530.1	34.11	5,200
Northwest Territories	423	44.5	25.00	9,500
Yukon	451	37.5	35.18	12,000
Nunavut	353	37.1	18.03	9,500

a The figures for British Columbia are from the update to the February 2017 budget issued in September 2017.

b The figures for Nova Scotia are from the update to the April 2017 budget issued in September 2017.

Sources: Table 2; and population data from Statistics Canada, CANSIM table 051-0001, “Population by Year, by Province and Territory.”

ensuing fiscal years. Most jurisdictions that projected beyond the 2017-18 fiscal year planned for a surplus within the following two to four years. Ontario forecasted a flat budget in 2017-18, which materialized, and projected the same result for 2018-19 and 2019-20. Alberta forecasted a deficit in 2017-18 and also in the following two years, its only projections. Manitoba expected to balance its budget by 2024. Newfoundland and Labrador reported that it had met its fiscal targets early and forecasted that, primarily as a result of lowering government spending, it would return to surplus in 2022-23.

On the basis of budget projections for each province and territory, projected total income tax revenue in the 2017 budgets of all provinces and territories aggregated $99.3 billion from personal income tax and $31.0 billion from corporate income tax, for total revenue of $130.3 billion from income tax. Projected sales tax revenue aggregated $57.7 billion. Thus, just as in the year before, 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 2017-18 federal budget projected $152.1 billion of revenue from personal income tax, $43.6 billion from corporate income tax (plus $6.9 billion from non-resident income tax) for a total of $202.6 billion, and $35.1 billion from sales tax.[7] Thus, as has been the case since 2013, the federal government projected that in fiscal 2017-18, it would raise almost twice as much revenue from personal income tax as it would from corporate income tax, non-resident income tax, and goods and services tax (GST) combined. See tables 6 and 6A for a more tabular and detailed presentation. Table 6A also shows the detailed summaries of provincial and territorial tax revenues from the table of each jurisdiction and the per capita tax amounts raised in each jurisdiction. Alberta has the lowest tax burden per capita among the 10 provinces; Quebec has the highest.

Table 7 shows the corporate income tax rates in the provinces and territories for 2017.

From a personal income tax perspective, in prior years three provinces increased their income brackets for high income earners: British Columbia (for 2014, 2015, and 2018), Ontario (from 2012), and Quebec (from 2013). Nova Scotia continued its higher rate (from 2010) for taxpayers in its top bracket. In their 2015-16 budgets, Alberta, New Brunswick, Newfoundland and Labrador, and Yukon ushered in new personal income tax rates for high income earners. In 2016, Newfoundland and Labrador increased the rates on its income tax brackets for 2016 and 2017; in most cases, the province increased those rates more than existing proportions. Newfoundland and Labrador also imposed a temporary deficit reduction levy that increased with higher tax brackets.

A minority of jurisdictions do not specifically impose a higher tax rate on high income earners. In 2017, in an effort to provide at least minor relief from tax fatigue

7 Canada, Department of Finance, 2017 Budget, Budget Plan, March 22, 2017, at 252, table A1.6.

TABLE 5 Revised, Projected, and Planned Provincial and Territorial Surpluses and Deficits, 2014-15 and Onward

Province/territory	2014-15 budget (revised)	2015-16 budget (revised)	2016-17 budget (revised)	2017-18 plan (budget)	2018-19 plan	2019-20 plan	2020-21 plan	2021-22 plan	2022-23 plan
					millions of dollars				
British Columbia	1,692	730	1,458	295	244	223			
Budget 2017 Update[a]				246	228	257			
Alberta[b]	1,115	(6,393)	(10,421)	(10,344)	(9,709)	(7,227)			
Saskatchewan	71	107	(434)	(685)	(304)	15	183		
Manitoba[c]	(357)	(422)	(911)	(840)	(698)	(549)			
Ontario	(12,505)	(8,512)	(4,306)	nil	nil	nil			
Quebec[d]	(2,350)	1,586	2,028	2,488	2,834	3,216	3,627		
New Brunswick	(391)	(477)	(231)	(192)	(117)	(24)	21		
Nova Scotia	(279)	(98)	17	26	36	47	61		
Budget update				21	28	46	61		
Prince Edward Island[e]	(40)	(28)	(35)	1	5	13			
Newfoundland and Labrador	(538)	(1,093)	(1,830)	(778)	(644)	(342)	(324)	(72)	24
Northwest Territories	200	147	119	167	119	111	132		
Yukon[f]	72	23	9	7	(49)	(58)	(42)		
Nunavut[g]	36	23	(11)	23					

(Table 5 is concluded on the next page.)

TABLE 5 Concluded

a Following a change of government in 2017, the BC budget tabled in February was revised in an update issued in September 2017.
b The newly elected New Democratic Party government (May 5, 2015) issued an update for the 2015-16 fiscal year. Projections for future years were included in a revised 2015-16 budget in October 2015.
c Manitoba's projections in 2015 do not include other government entities. The budget figures for 2016-17 and onward as shown are for the government reporting entity; no forecast is included, but a balanced budget was anticipated "before the end of [the] . . . second term" in 2024.
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 Prince Edward Island's accounting for the 2016-17 fiscal year was changed; reclassifications for the preceding year appear in appendix III of the estimates.
f Yukon forecasted major deficits for 2018-19 through 2020-21 because of the prior accounting for long-term spending.
g The three-year Nunavut forecast in the 2016-17 budget does not include revolving fund revenues and expenditures, and showed a surplus of $28.873 million in 2017-18; $94.809 million in 2018-19; and $179.149 million in 2019-20.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29.

in difficult economic times, Alberta increased its credit amounts and bracket thresholds; Saskatchewan reduced its personal income tax rates by a 0.5 percentage point on July 1, 2017 and on July 1, 2019 (in 2018, annual indexation of the personal income tax begins); Manitoba began indexation in 2017 of its personal tax brackets; Quebec increased its basic personal tax; Nova Scotia increased certain personal income tax credits for a taxpayer earning less than $75,000; and Prince Edward Island increased certain personal tax credits. However, Prince Edward Island imposes a surtax on high income earners, and Nunavut and the Northwest Territories have higher brackets, perhaps reflecting the higher cost of living in those territories. Saskatchewan already has a tax bracket that could be said to impose a higher rate on high income earners, as does British Columbia, and several provinces impose a high rate at a low level of taxable income. (The BC Budget 2017 Update imposed an even higher rate on taxable income over $150,000 starting in 2018.) A higher rate planned for high income earners did not materialize in Manitoba when the former government was not re-elected in 2016. Surtaxes may be applied in addition to regular provincial or territorial personal income tax. All federal, provincial, and territorial marginal personal income tax rates on ordinary income and interest are shown in graphic form in figure 4 as a function of taxable income. Table 8 sets out the provincial and territorial personal income tax rates for 2017 in tabular form.

Table 9 shows the sales tax rates in each jurisdiction for 2017. British Columbia, Saskatchewan, and Manitoba imposed a provincial sales tax (PST). Ontario and the four Atlantic provinces (Newfoundland and Labrador, Nova Scotia, New Brunswick, and Prince Edward Island) are harmonized sales tax (HST) participating provinces

TABLE 6 Comparison of Projected Revenues from Personal and Corporate Income Tax, Sales Tax, and Non-Resident Tax, Federal, Provincial, and Territorial Jurisdictions, 2013-14 to 2017-18

	Federal						Provincial and territorial				
Fiscal year	PIT (1)	CIT (2)	Non-resident tax (3)	Sales tax (4)	Income tax (1 + 2 + 3)	Non-PIT (2 + 3 + 4)	PIT (5)	CIT (6)	Sales tax (7)	Income tax (5 + 6)	Non-PIT (6 + 7)
	millions of dollars										
2013-14	131.5	34.6	5.4	29.9	171.5	69.9	75.9	25.6	52.6	101.5	78.2
2014-15	137.8	37.0	5.7	31.3	180.5	74.0	26.5	26.5	53.3	113.0	79.8
2015-16	143.4	36.9	6.2	32.7	186.5	75.8	28.0	28.0	55.5	118.4	83.5
2016-17	151.8	39.5	6.5	34.6	197.8	80.6	28.3	28.3	53.4	122.2	81.7
2017-18	152.1	43.6	6.9	35.1	202.6	85.6	31.0	31.0	57.7	130.3	88.7

CIT = corporate income tax; PIT = personal income tax.

Sources: 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; Vivien Morgan, "Survey of Provincial and Territorial Budgets, 2014-15," Finances of the Nation feature (2015) 63:1 *Canadian Tax Journal* 157-215, at 163-64; Vivien Morgan, "Survey of Provincial and Territorial Budgets, 2015-16," Finances of the Nation feature (2016) 64:1 *Canadian Tax Journal* 147-206, at 155; Vivien Morgan, "Survey of Provincial and Territorial Budgets, 2016-17," Finances of the Nation feature (2017) 65:1 *Canadian Tax Journal* 87-145, at 96; and this article.

TABLE 6A Taxes Raised in Provinces and Territories, per Capita, 2017-18

Province/territory	PIT	CIT	Sales tax	Other	Total	Per capita
			millions of dollars			*dollars*
British Columbia	9,170	3,413	6,785	7,436	26,804	5,600
Alberta	11,217	3,918	na	6,667	21,762	5,100
Saskatchewan	2,541	729	2,050	1,967	7,287	6,300
Manitoba	4,194	543	2,360	1,594	8,691	6,600
Ontario	35,032	13,817	26,011	25,237	100,097	7,200
Quebec	30,569	7,227	15,757	12,324	65,877	7,900
New Brunswick	2,738	506	1,804	661	5,709	6,000
Nova Scotia	1,681	334	1,419	1,085	4,519	6,000
Prince Edward Island	373	60	275	234	942	6,300
Newfoundland and Labrador	1,626	342	1,238	719	3,925	7,400
Yukon	68	12	na	31	111	3,000
Northwest Territories	113	84	na	108	305	6,900
Nunavut	32	15	na	66	113	3,000
All jurisdictions	99,314	31,000	57,699	58,129	246,142	6,800

CIT = corporate income tax; PIT = personal income tax.

Note: Figures for British Columbia and Nova Scotia are from the February and April budgets, respectively.

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 9 summarizes the sales tax rates across the provinces and territories in 2017. In 2016, each of New Brunswick, Prince Edward Island, and Newfoundland and Labrador increased the provincial portion of its HST so that the combined HST rate in each province was 15 percent, the same rate as in the other Atlantic province, Nova Scotia. In 2016, New Brunswick and Newfoundland and Labrador each increased its HST rate by 2 percentage points and Prince Edward Island increased its HST rate by 1 percentage point. In 2017, among the 13 jurisdictions, there was only one sales tax rate increase, in Saskatchewan.

PROVINCIAL AND TERRITORIAL BUDGETS BY JURISDICTION

Table 10 summarizes the various dates for the original 2017-18 budgets in each province and territory, the name and title of the person who announced the budget, and the announced estimated surplus or deficit.

Table 11 sets out the research and development (R & D) tax credits in each province and territory, as updated for the 2017-18 budgets. The table details rates and whether the credit is refundable or otherwise eligible for carryforward, and the carryforward period. In some cases, the credit is also available to an individual.

Set out below for each provincial and territorial jurisdiction are selected fiscal figures, highlights of tax changes, and a narrative summary of tax changes with

TABLE 7 Provincial and Territorial Corporate Income Tax Rates, 2017

Province/territory	General rate	M & P rate	Small business rate	Small business limit[a]
		percent		*dollars*
British Columbia	11.0	11.0	2.12[b]	500,000
Alberta	11.75[c]	12.0	2.0	500,000
Saskatchewan	11.75[d]	9.75	2.0	500,000
Manitoba	12.0	12.0	0.0	450,000
Ontario	11.5	10.0[e]	4.5	500,000
Quebec	11.8[f]	11.8	8.0 or 4.0	500,000
New Brunswick	14.0	14.0	3.12[g]	500,000
Nova Scotia	16.0	16.0	3.0	500,000[h]
Prince Edward Island	16.0	16.0	4.5	500,000
Newfoundland and Labrador	15.0[i]	15.0	3.0	500,000
Northwest Territories	11.0	11.0	4.0	500,000
Yukon	13.49[j]	2.5	2.5 or 1.5[k]	500,000
Nunavut	12.0	12.0	4.0	500,000

M & P = manufacturing and processing.

a The threshold is reduced straightline 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 The British Columbia small business rate was reduced by 0.5 percent to 2.0 percent from 2.5 percent on April 1, 2017. The general rate increases from 11 percent to 12 percent in 2018 and following years.

c Effective April 1, 2017, Alberta lowered its small business rate from 3 percent to 2 percent.

d Saskatchewan lowered its rate by a 0.5 percentage point on July 1, 2017. The rate is again lowered by a 0.5 percentage point on July 1, 2019.

e 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.

f In Quebec, the general and M & P rate decreased from 11.9 percent to 11.8 percent effective January 1, 2017.

g The New Brunswick small business rate applies to a small business whose taxable capital does not exceed $15 million. Effective April 1, 2017, the small business rate was lowered from 3.5 percent to 3.0 percent. The government committed to lowering that rate to 2.5 percent over the course of its mandate.

h The small business limit in Nova Scotia was increased retroactive to January 1, 2017.

i The general rate was increased and the M & P rate was eliminated starting in the 2016 calendar year.

j In Yukon, the 1.5 percent rate applies to M & P income of a CCPC up to the small business limit.

k Yukon decreased its general corporate rate from 15 percent to 12 percent effective July 2017 and its small business rate from 3 percent to 2 percent on the same date.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29.

TABLE 8 Provincial and Territorial Personal Income Tax Brackets and Rates, 2017

Province/territory	Tax bracket	Rate	Surtax (percentage of regular tax) and top combined rate[a]
	dollars	*percent*	
British Columbia	0 to 38,898	5.06	
	over 38,898 to 77,797	7.70	
	over 77,797 to 89,320	10.50	
	over 89,320 to 108,460	12.29	
	over 108,460	14.70	Top combined rate of 47.70%
Alberta	0 to 126,625	10.00	
	126,625.01 to 151,950	12.00	
	150,950.01 to 202,600	13.00	
	202,600.01 to 303,900	14.00	
	over 303,900	15.00	Top combined rate of 48.00%
Saskatchewan	0 to 45,225	10.75	
	over 45,225 to 129,214	12.75	
	over 129,214	14.75	Top combined rate of 47.75%
Manitoba	0 to 31,465[b]	10.80	
	over 31,465 to 68,005[b]	12.75	
	over 68,005[b]	17.40	Top combined rate of 50.40%
Ontario.	0 to 42,201	5.05	
	over 42,201 to 84,404	9.15	Surtax equal to 20% of basic personal tax greater than $4,556
	over 84,404 to 150,000[b]	11.16	Additional surtax equal to 36% of basic personal tax greater than $5,831
	over 150,000 to 220,000[b]	12.16	
	over 220,000[b]	13.16	Top combined rate of 53.53%
Quebec.	0 to 42,705	16.00	
	over 42,705 to 85,405	20.00	
	over 85,405 to 103,915	24.00	
	over 103,915	25.75	Top combined rate of 53.31%
New Brunswick	0 to 41,059	9.68	
	over 41,059 to 82,119	14.82	
	over 82,119 to 133,507	16.52	
	over 133,507 to 152,100	17.84	
	over 152,100	20.30	Top combined rate of 53.30%

(Table 8 is concluded on the next page.)

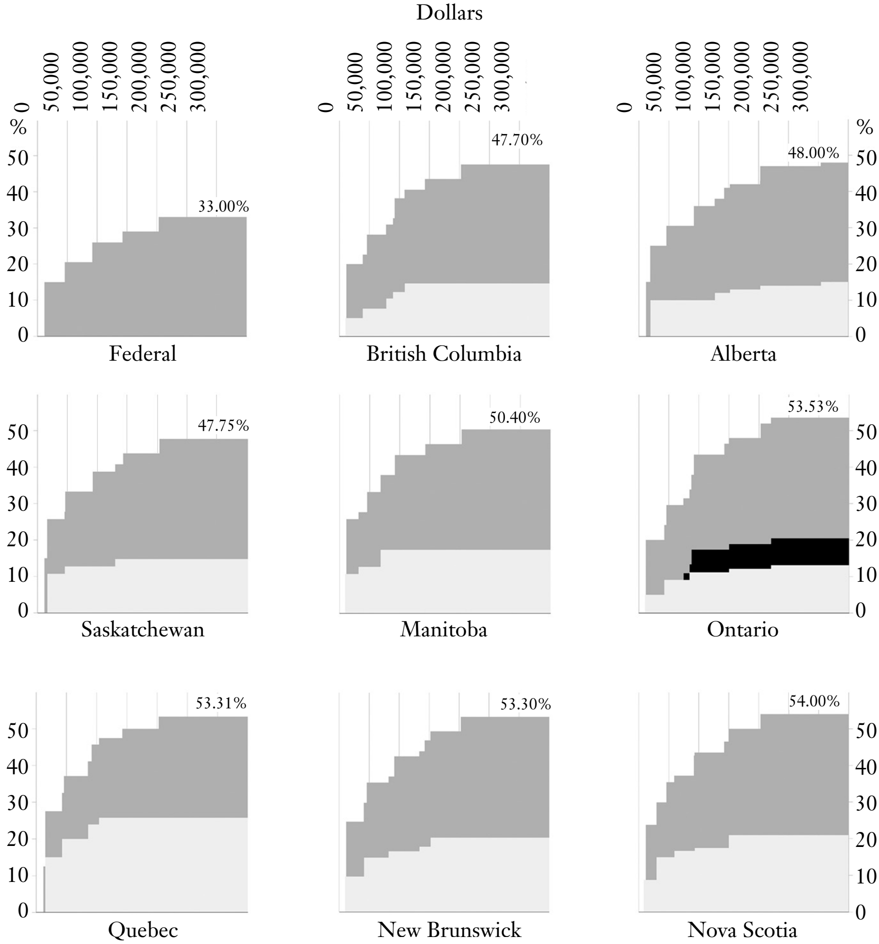
TABLE 8 Concluded

Province/territory	Tax bracket	Rate	Surtax (percentage of regular tax) and top combined rate[a]
	dollars	*percent*	
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 54.00%
Prince Edward Island	0 to 31,984[b]	9.80	Surtax equal to 10% of basic provincial tax in excess of $12,500
	31,985 to 63,969[b]	13.80	
	over 63,969[b]	16.70	Top combined rate of 51.37%
Newfoundland and Labrador[c]	0 to 35,851	8.7	
	over 35,851 to 71,701	14.5	
	over 71,701 to 128,010	15.8	
	over 128,010 to 179,214	17.3	
	over 179,214	18.3	Top combined rate of 51.3%
Northwest Territories	0 to 41,585	5.90	
	over 41,585 to 83,172	8.60	
	over 83,172 to 135,219	12.20	
	over 135,219	14.05	Top combined rate of 47.05%
Yukon	0 to 45,916	6.40	
	45,917 to 91,831	9.00	
	91,832 to 142,353	10.90	
	142,354 to 500,000	12.80	
	Over 500,000	15.00	Top combined rate of 48.00%
Nunavut	0 to 43,780	4.00	
	over 43,780 to 87,560	7.00	
	over 87,560 to 142,353	9.00	
	over 142,353	11.50	Top combined rate of 44.50%

a The top federal rate, used to arrive at the top combined rate, is 33 percent.
b Not indexed for inflation. Manitoba's tax brackets were indexed starting in 2017.
c A deficit reduction levy will be phased out over three years starting in 2018. Effective July 1, 2016.

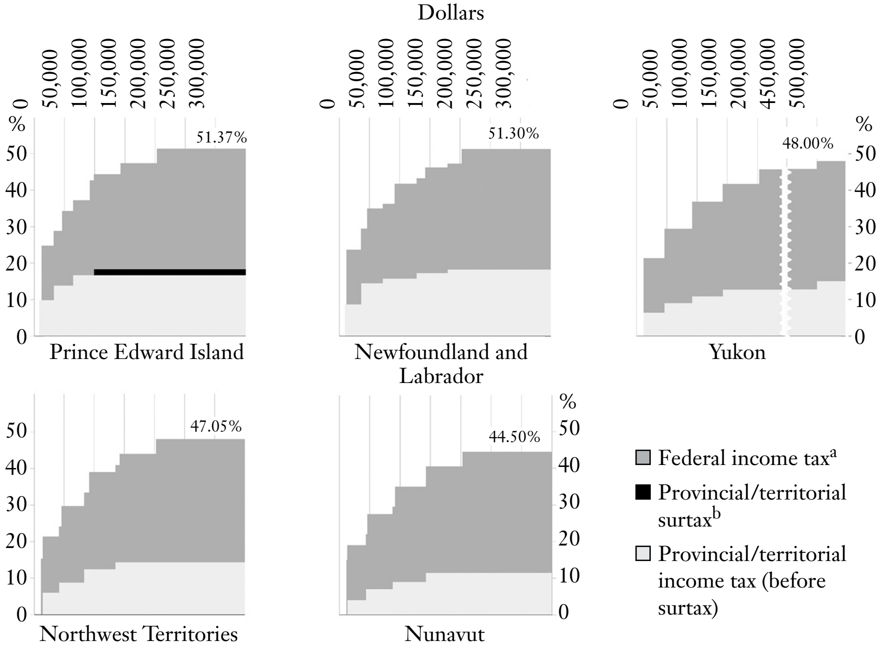
Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29.

FIGURE 4 Personal Income Tax Marginal Rates Applicable to Taxable Income



(Figure 4 is concluded on the next page.)

FIGURE 4 Concluded



a For Quebec, federal income tax has been reduced by the 16.5% provincial abatement.
b Surtax calculations assume that the only credit claimed reflects applicable basic personal amounts.

Source: PricewaterhouseCoopers LLP, Tax Facts and Figures: Canada 2017 (Toronto: PwC, 2017), at 4.

TABLE 9 Provincial and Territorial Sales Tax Rates, Percent, 2017

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[b]	5		5.778	10.778
Manitoba	5		8	13
Ontario	5	8		13
Quebec	5		9.975	14.975
New Brunswick	5	10		15
Nova Scotia	5	10		15
Prince Edward Island	5	10		15
Newfoundland and Labrador	5	10		15
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 do not yield comparable tax burdens for all jurisdictions. For example, GST and HST allow input tax credits for underlying taxes, eliminate sales tax on exports, and also cover a wider range of goods and services than PST.

b Saskatchewan increased its sales tax rate from 5 percent to 6 percent and also eliminated some exemptions. See the discussion under Saskatchewan sales tax changes for details.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29.

accompanying tables. 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 "tax highlights" section that precedes the narrative for each jurisdiction sets out some of the more important tax changes and, whenever possible, lists them in order of precedence. Each narrative summary of tax changes is categorized under eight headings, as follows:

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, GST, PST, QST
4. ***Sin taxes:*** alcohol and tobacco taxes

TABLE 10 Provincial and Territorial Surplus/(Deficit) Projections, Fiscal Year 2017-18

Province/territory	Budget date	Finance minister	Projected surplus/ (deficit)
			millions of dollars
British Columbia	February 21, 2017	Michael de Jong	295
Budget 2017 Update	September 11, 2017	Carole James[a]	246
Alberta	March 16, 2017	Joe Ceci[b]	(10,344)
Saskatchewan	March 23, 2017	Kevin Doherty	(685)
Manitoba	April 11, 2017	Cameron Friesen	(840)[c]
Ontario	April 27, 2017	Charles Sousa	nil
Quebec	March 28, 2017	Carlos Leitão	2,488
New Brunswick	January 31, 2017	Cathy Rogers	(192)
Nova Scotia	April 27, 2017	Randy Delorey[d]	26
Budget update	September 26, 2017	Karen Casey[d]	21
Prince Edward Island	April 7, 2017	Allen F. Roach[e]	1
Newfoundland and Labrador	April 6, 2017	Cathy Bennett[f]	(778)
Northwest Territories	February 1, 2017	Robert C. McLeod	167
Yukon	April 27, 2017	Sandy Silver[g]	7
Nunavut	February 22, 2017	Keith Peterson	23

a Respectively, minister of finance and minister of finance and deputy premier. The minority government lost a vote of no-confidence on June 29, 2017.
b President of the Treasury Board and minister of finance.
c The Manitoba budget speech announced a deficit of $779 million for the core government only.
d Minister of finance and Treasury Board.
e Minister of finance and chair of the Treasury Board.
f President of the Treasury Board and minister of finance.
g Premier and minister of finance.

Source: Based on provincial and territorial budget documents cited in the source notes for tables 12-13, 15-18, 21-24, and 27-29.

5. ***Resource-related matters:*** resource deductions, credits, royalties, and other items
6. ***Real estate taxes:*** land transfer taxes and property taxes
7. ***Pensions:*** includes 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 and for ease of reference only. Some categories may overlap (for example, categories 1, 2, and 5).

TABLE 11 Provincial and Territorial Research and Development (R & D) Tax Credits, 2017[a]

Province/territory	R & D tax credit rate (%)	Is credit refundable?	Unused credits: Carryback (taxation years)	Unused credits: Carryforward (taxation years)	Who can claim the credit?
Alberta[b]	10	✓	na	na	Corporation[c]
British Columbia[d]					
Qualifying CCPC[e]	10	✓	na	na	Corporation[f]
Other corporation	10	✗	3	10	Corporation[f]
Manitoba	15[g]	✓[h]/✗	3	20	Corporation[f]
New Brunswick	15	✓	na	na	Corporation[f]
Newfoundland and Labrador	15	✓	na	na	Corporation and individual[f]
Northwest Territories	No territorial R & D tax incentives				
Nova Scotia	15	✓	na	na	Corporation[f]
Nunavut	No territorial R & D tax incentives				
Ontario					
Innovation tax credit[i]	8	✓	na	na	Corporation[c]
Business research institute tax credit[j]	20	✓	na	na	Corporation[f]
R & D tax credit	3.5	✗	3	20	Corporation[c]
Prince Edward Island	No provincial R & D tax incentives				
Quebec[k]					
R & D wage tax credit[l]	14 to 30	✓	na	na	Corporation and individual[f]
University R & D tax credit[m]	14 to 30	✓	na	na	Corporation and individual[f]
Private partnership pre-competitive tax credit[n]	14 to 30	✓	na	na	Corporation and individual[f]
Tax credit on fees paid to a research consortium	14 to 30	✓	na	na	Corporation and individual[f]

(Table 11 is continued on the next page.)

TABLE 11 Continued

Province/territory	R & D tax credit rate (%)	Is credit refundable?	Unused credits: Carryback (taxation years)	Unused credits: Carryforward (taxation years)	Who can claim the credit?
Saskatchewan[o]					
Qualifying CCPC[p]	10	✓	na	na	Corporation[f]
Other corporation	10	✗	3	10	Corporation[f]
Yukon	15[q]	✓	na	na	Corporation and individual[f]

a Provincial and territorial tax credits are government assistance for federal tax purposes and thus reduce expenditures eligible for the federal R & D deduction and federal tax credit.

b Alberta's R & D credit is equal to 10 percent of the lesser of (1) eligible Alberta R & D expenditures and (2) the maximum expenditure level of $4 million (maximum annual credit is $400,000).

c The R & D credit cannot be claimed when R & D is carried on by a partnership.

d The 2017 BC budget extended the province's R & D credit by five years to August 31, 2022.

e For a qualifying Canadian-controlled private corporation (CCPC), British Columbia's refundable R & D tax credit is equal to 10 percent of the lesser of (1) eligible BC R & D expenditures and (2) the federal R & D expenditure limit (maximum annual credit is $300,000).

f When R & D is carried on by a partnership, the R & D credit can be claimed by members of the partnership (a corporate partner and, in Newfoundland and Labrador, Quebec, and Yukon, a partner who is an individual).

g For eligible expenditures incurred before April 12, 2017, Manitoba's credit rate was 20 percent. The 2017 Manitoba budget decreased the credit rate to 15 percent for eligible R & D expenditures made after April 11, 2017, reducing the refundable portion to either 15 percent or 7.5 percent (see note h).

h Manitoba's credit is (1) fully refundable for eligible R & D expenditures incurred in Manitoba by a corporation with a permanent establishment in Manitoba under a contract with a qualifying research institute and (2) 50 percent refundable for in-house R & D expenditures.

i The Ontario innovation tax credit is available on up to $3 million of expenditures for corporations that have taxable income under $500,000 and taxable capital under $25 million (maximum annual credit is $240,000). A corporation is eligible for a partial credit if its taxable income is between $500,000 and $800,000 or its taxable capital is between $25 million and $50 million. All current expenditures are eligible. Taxable income and taxable capital thresholds are those applicable to the previous year on a worldwide associated basis.

j The Ontario business research institute tax credit applies to 20 percent of qualifying payments (up to $20 million annually on an associated basis) to an Ontario eligible research institute (maximum annual credit is $4 million).

k For all Quebec R & D tax credits, the following rates and conditions apply:

1. Quebec Canadian-controlled corporations that have fewer than $50 million in assets can claim the 30 percent rate on up to $3 million of R & D wages and/or eligible R & D expenditures for each credit; if assets held are between $50 million and $75 million, the

(Table 11 footnotes are concluded on the next page.)

TABLE 11 Concluded

rate is gradually reduced to 14 percent, which is the rate for all other taxpayers. The rates are higher in certain cases. Asset thresholds are those applicable in the previous year on a worldwide associated basis (consolidated).

2. The tax credit rate is 14 percent for Quebec corporations controlled by non-residents. Asset thresholds do not apply.
3. An exclusion threshold is allocated among the Quebec R & D tax credits proportionally to the amount of eligible expenditures of each R & D tax credit. For each R & D tax credit, the eligible R & D expenditures are reduced by the allocated exclusion, which varies depending on the company's assets: the exclusion is
   a. \$50,000 for a corporation whose assets are \$50 million or less,
   b. an amount that increases linearly between \$50,000 and \$225,000 for a corporation whose assets are between \$50 million and \$75 million, and
   c. \$225,000 for a corporation whose assets are \$75 million or more.

Asset thresholds are applicable to the previous year and are not on an associated basis.

l A payment may be eligible for the Quebec R & D wage tax credit if the payment was made to (1) an arm's-length subcontractor (up to 50 percent of the payment) or (2) a non-arm's-length subcontractor (100 percent for wages paid and 50 percent of a payment to an arm's-length subcontractor if the payment was made under the non-arm's-length contract).

m Quebec's university R & D tax credit may be available on 80 percent of a payment to an eligible entity such as a university, a public research centre, or a research consortium.

n For the Quebec private partnership pre-competitive tax credit, a qualified expenditure may include (1) wages paid relating to R & D, (2) 80 percent of a payment to an arm's-length subcontractor (generally excluding a university, a public research centre, and a research consortium contract), (3) payment for some materials, or (4) payment for an overhead (or proxy) amount.

o The 2017 Saskatchewan budget introduced the following rates and conditions:
1. a refundable 10 percent R & D tax credit for CCPCs on the first \$1 million in annual qualifying expenditures incurred in Saskatchewan after March 31, 2017 (see note p); and
2. effective April 1, 2017, a \$1 million cap per taxation year on Saskatchewan's total refundable and non-refundable tax credits; the cap will generally not be prorated for the first taxation year that includes April 1, 2017 and applies only to R & D tax credits in respect of eligible R & D expenditures incurred in Saskatchewan after March 31, 2017 (that is, non-refundable tax credits earned before April 1, 2017 but claimed after March 31, 2017 will not be subject to this cap).

p For eligible expenditures incurred in Saskatchewan after March 31, 2017, Saskatchewan's refundable R & D tax credit is equal to 10 percent of the lesser of (1) eligible Saskatchewan R & D expenditures and (2) \$1 million in qualifying expenditures (maximum annual credit is \$100,000); but see note o, point 2.

q Yukon's rate is 20 percent for R & D expenditures made to Yukon College.

Source: Table data prepared by Kent B. Smith of PricewaterhouseCoopers LLP, Ottawa, and Geneviève Ferland of PricewaterhouseCoopers LLP, Montreal.

British Columbia (Table 12)

Tax Highlights

- Corporate income tax rate increases in 2018 to 12 percent
- Small business income tax rate decreased to 2 percent
- Top personal rate added for high income earners in 2018
- No personal income tax rate or bracket increases

Tax Changes

1. Corporate Income Tax

The general corporate income tax rate increases from 11 percent to 12 percent after 2017.

As announced on January 24, 2017, the five-year phaseout of preferential tax treatment for credit unions was paused pending completion of the review of the Financial Institutions Act and the Credit Union Incorporation Act. For the 2017 tax year, a credit union continued to receive 80 percent of the full preferential tax treatment, instead of the 60 percent previously scheduled. (A credit union received a lower rate of corporate income tax on its income.) The Budget 2017 Update cancelled the phaseout and restored the full provincial preferential income tax treatment for credit unions, effective after 2016.

The small business income tax rate was reduced to 2 percent from 2.5 percent, effective April 1, 2017. This reduction was confirmed in the Budget 2017 Update.

The budget for the small business venture capital tax credit was increased to $38.5 million from $35 million to encourage investment in the small business sector in the province.

The BC mining flowthrough share tax credit was extended to the end of 2017, as announced on January 23, 2017. The extension was confirmed in the Budget 2017 Update.

Also announced on January 23, 2017, the BC mining exploration tax credit was expanded to include the costs of environmental studies and community consultations incurred after February 28, 2015. The credit was available to an individual or a corporation that undertook mining exploration in the province. The credit was 20 percent of eligible BC mining exploration expenditures (30 percent if the exploration was in an area affected by the mountain pine beetle). The expansion of this credit was confirmed by the Budget 2017 Update.

The scientific research and experimental development tax credit was extended for five years until August 22, 2022. This extension was confirmed by the Budget 2017 Update.

Effective February 22, 2017, qualifying BC labour employed in the development of augmented reality and virtual reality products—both defined—was eligible for the interactive digital media tax credit. The credit was 17.5 percent of qualifying BC labour expenses. This expansion was not mentioned in the Budget 2017 Update.

TABLE 12 Projected Revenues and Expenditures, British Columbia, Fiscal Year 2017-18

	Budget 2017-18	Budget 2017 Update
	millions of dollars	
Total revenues	50,838	52,407
Total expenditures	(50,193)	(51,861)
Reserve	(350)	(300)
Surplus/(deficit)	295	246
Revenue sources		
Personal income tax	9,170	9,053
Corporate income tax	3,413	4,303
Sales tax	6,785	7,042
Other taxes	7,436	8,412
Total tax revenue	26,804	28,810
Federal transfers	8,317	8,372
Other revenues	15,717	15,225
Total revenues	50,838	52,407
Expenditures		
Education	13,124	13,376
Health	20,629	20,747
Debt servicing	2,666	2,675
Other expenditures	13,774	15,063
Total expenditures	50,193	51,861

Notes: Expenditure figures were estimated by function. Revenue included commercial Crown corporation net income. The minority government lost a no-confidence vote on June 29, 2017. At the end of July 2017, the leader of the former governing party resigned and a new leader was proclaimed. On September 11, 2017, the Budget 2017 Update was released,

Sources: British Columbia, Ministry of Finance, Budget 2017-18, February 21, 2017 and Budget 2017 Update, September 11, 2017.

Effective for tax years that ended on or after February 22, 2017, a corporation that had annual qualifying BC labour expenses greater than $2 million did not need to have a principal business that was the development of interactive digital media products. The removal of this requirement was confirmed in the Budget 2017 Update.

According to the February 2017 budget, effective for tax years that ended on or after February 22, 2017, an interactive digital media corporation that participated in the small business venture capital program was also eligible for the interactive digital media tax credit. The Budget 2017 Update confirmed this eligibility.

For a production with principal photography that began on or after January 25, 2017, the boundary for regional film tax credits was adjusted by moving the southern part of the eastern boundary of the designated Vancouver area from 200th Street in Langley to the border between Langley and Surrey. This change applied to both the film incentive BC tax credit and the production services tax credit. These changes were confirmed in the Budget 2017 Update.

The February 2017 budget extended the BC training tax credits for three years to the end of 2020. The Budget 2017 Update said that the credits were extended for one year only, to the end of 2018.

The book publishing tax credit was extended for two years, to March 31, 2019, as announced on February 15, 2017. The Budget 2017 Update extended the credit for one year only, to March 31, 2018.

The Budget 2017 Update said that effective September 12, 2017, international business activities no longer qualified for personal or corporate income tax refunds.

2. Personal Income Tax

The Budget 2017 Update increased the personal income tax rate for high income earners—individuals whose taxable income was over $150,000—from 14.7 percent to 16.8 percent effective after 2017.

There were no changes to personal income tax rates or brackets for 2017.

Announced on February 11, 2017, a new non-refundable volunteer firefighter and search-and-rescue volunteer tax credit was introduced. The credit was available to a BC individual who provided at least 200 hours of volunteer service to a volunteer fire department, an eligible search-and-rescue organization, or a combination of both. The credit amount was $3,000, for a tax benefit of up to $151.80, for the 2017 and following taxation years. The credit was confirmed in the Budget 2017 Update.

A non-refundable back-to-school tax credit was announced on September 1, 2016 for introduction in 2016 and continuation to 2018, when the credit would be reviewed. The credit was available for an individual with a child aged 5 to 17. The tax credit covered up to $250 in expenses per child, for a tax benefit of up to $12.65 per child. According to the Budget 2017 Update, the credit was available only for the 2016 tax year.

The education tax credit is eliminated for 2018 and subsequent years. Unused education credits carried forward from earlier years remain available to be claimed in 2018 and subsequent tax years. Savings to the BC government realized by the credit's elimination will offset the cost of improvements to student financial assistance. The credit was not mentioned in the Budget 2017 Update.

The children's fitness credit, the children's fitness equipment tax credit, and the children's arts tax credit were all eliminated for 2018 and subsequent tax years by the Budget 2017 Update.

The dividend tax credit was decreased for ineligible dividends for 2017 and subsequent tax years to 15 percent from 17 percent. This decrease was due to a reduction in the small business corporate income tax rate to 2 percent from 2.5 percent. This reduction was confirmed in the Budget 2017 Update.

As a result of the increased general corporate income tax rate, the dividend tax credit on eligible dividends is increased from 36 6/19 percent to 43 11/19 percent, effective for 2019 and subsequent tax years, according to the Budget 2017 Update.

Medical services plan (MSP) premiums were not increased by the proposed 4 percent announced on September 15, 2016. Confirmed in the Budget 2017 Update, effective for 2018, MSP premiums are reduced by 50 percent, but the decrease is no longer tied to annual net income of up to $120,000 as in the February 2017 budget: the decrease applies to all British Columbians. The previous budget said that a household must register for this reduction unless the individual and family already receive premium assistance, in which case they are automatically registered; the Budget 2017 Update did not mention this requirement. The income threshold at which a household is fully exempt from MSP premiums is increased by $2,000. This increase was confirmed in the Budget 2017 Update. With this change, single individuals and single parents save up to $450 per year and couples save up to $900 per year.

The Budget 2017 Update increased all social assistance rates by $100 per month, in addition to the $50 per month increase for disability assistance announced in the February 2017 budget.

Effective April 1, 2017, the maximum annual low-income climate action tax credit was increased from $115.50 per adult to $135.00 and from $34.50 per child to $40.00. Single-parent families continue to receive the adult amount for the first child in the family. These amounts were confirmed by the Budget 2017 Update.

3. *Sales Tax*

The February 2017 budget reduced the PST on taxable electricity by half, from 7 percent to 3.5 percent of the purchase price, effective October 1, 2017. Effective April 1, 2019, electricity is fully PST-exempt. These reductions were confirmed in the Budget 2017 Update. The government promised in the update that the effective date would be specified in a regulation; when the legislation was enacted, the government would give at least one month's notice before the change took effect.

4. *Sin Taxes*

Tobacco tax on a carton of 200 cigarettes was increased to $49.40 from $47.80 effective October 1, 2017, and from that same date the tax rate on fine-cut tobacco was increased to 24.7 cents from 23.9 cents. The Budget 2017 Update announced that these changes will come into effect on a date specified by regulation. When the legislation came into effect, the update promised that the government would give at least one month's notice before the change took effect.

5. *Resource-Related Matters*

Effective October 1, 2017, natural gas for use in an internal combustion engine (for any rolling stock or vehicle when run on rails) was exempt from the 3 cents per litre tax on locomotive fuel. This exemption was consistent with the exemption for natural gas used in a motor vehicle or a ship. The new exemption was confirmed in the Budget 2017 Update. The effective date was to be specified by regulation; after the legislation's enactment, the government promised to give at least one month's notice before the change took effect.

The Revenue Neutral Carbon Tax Report for 2015-16 and 2016-17, and the Revenue Neutral Carbon Tax Plan for 2017-18 and 2019-20, were reproduced in the February 2017 budget papers. After the Budget 2017 Update, the requirement to prepare a carbon tax report and plan will not apply. The Carbon Tax Act will not be required to offset carbon tax expenses by revenues, allowing the government to spend revenues on measures that reduce emissions.

Effective April 1, 2018, the Budget 2017 Update increased the carbon tax rates by $5 per tonne of carbon dioxide equivalent emissions annually until the rates equal $50 per tonne thereon on April 1, 2021.

6. Real Estate Taxes

Effective for a registration on or after February 22, 2017, the fair market value threshold for eligible residential property under the first-time buyers' program of the property transfer tax increased to $500,000 from $475,000. A partial exemption continued to apply to homes valued between $500,000 and $525,000. An eligible first-time buyer could save up to $8,000 in property transfer tax on the purchase of his or her home. This change was confirmed in the Budget 2017 Update.

The threshold for the phaseout of the homeowner grant increased to $1.6 million from $1.2 million for the 2017 tax year, as announced on January 10, 2017. The grant was reduced by $5 for each $1,000 of assessed value over the threshold. This measure was confirmed by the Budget 2017 Update.

Changes were made to improve administration and enforcement of both the provincial Income Tax Act and the Home Owner Grant Act. The amendments allow for information sharing between the two acts. The Income Tax Act amendments also provided provincial income tax administrators with access to assessment data. These changes were confirmed by the Budget 2017 Update.

The longstanding policy for average residential school property tax rates continued at the previous year's provincial inflation rate, and the rate was set when revised assessment roll data became available in the spring. The Budget 2017 Update confirmed this policy continuation.

According to longstanding policy, non-residential school property tax rates were each increased by inflation plus tax on new construction. Rates were set when revised assessment roll data became available in the spring. However, both the major and light industry class school property tax rates were set to match the business class tax rate, consistent with the policy in the 2008 budget. The Budget 2017 Update confirmed this policy's continuation.

The single rural area residential property tax rate was increased for 2017 by the previous year's inflation rate, consistent with longstanding policy. Also consistent with longstanding policy, non-residential rural area property tax rates were increased by inflation plus the tax on new construction. Rates were set when revised assessment data became available in the spring. These policy continuations were confirmed by the Budget 2017 Update.

7. Pensions

No changes were announced.

8. Other

The Commission on Tax Competitiveness was established in accordance with an announcement in the 2016 budget. The report by the commission to the minister of finance on November 15, 2016 stated that the PST and its negative effect on business investment remained the primary business tax concern in the province. Corporate income tax and property tax were of lesser concern, but property tax was a concern in some municipalities with large industrial property owners. Recommendations included four key items:

1. Provide an exemption from PST for business capital expenditures, including machinery and equipment.
2. Provide an exemption from PST for the business use of electricity and other energy inputs, software, and telecommunications services.
3. Engage the public over the long term in considering and designing a made-in-British Columbia value-added tax.
4. Introduce a framework for the negotiation of long-term property tax arrangements by major investors and municipalities to increase certainty.

The government committed to considering future steps to mitigate the PST impact on competing funding priorities in the context of the province's fiscal situation. The government also endorsed the recommendation for broad public consultation with British Columbians before considering substantive changes to the PST. The report was not mentioned in the Budget 2017 Update.

The government began a consultation, asking British Columbians to share their thoughts on spending initiatives. The government released a consultation paper on the 2017-18 budget that set out the province's concerns. Province-wide consultations were scheduled in the fall of 2016. The paper was not mentioned in the Budget 2017 Update.

On July 30, 2017, then Premier Christy Clark stepped down as leader of the government, and a New Democratic Party (NDP) minority assumed governance of the province. John Horgan became the premier, and on September 11, 2017, the Budget 2017 Update was released.

Alberta (Table 13)

Tax Highlights

- No new tax increases
- Indexation of personal income tax system

Tax Changes

1. Corporate Income Tax

As promised in the 2016-17 budget, Alberta's budget for 2017-18 reduced the small business rate to 2 percent from 3 percent effective in 2017, to provide additional support for small and medium-sized enterprises.

The capital investment tax credit (CITC), announced in the 2016-17 budget, benefited a corporation that invested in eligible capital assets beginning in 2017 by providing a 10 percent non-refundable credit. The CITC is part of the Alberta Jobs Plan. The two-year credit was available for spending on property or other capital in eligible industries such as value-added agriculture, manufacturing and processing, tourism infrastructure, and culture. Details were promised later in 2016 and materialized in the 2017 budget. The CITC has three competitive application intake periods in each of the two years of the program, and each application would be reviewed against established criteria. The total budget for the program is $70 million.

In addition to the CITC and as part of the Alberta Jobs Plan, the government implemented the Alberta investor tax credit (AITC) to support jobs and economic diversification. The 2016-17 budget promised that details would be announced later in 2016; the 2017-18 budget provided more AITC details. The three-year AITC is a 30 percent credit for an equity investment in an eligible Alberta business that undertook research, development, or commercialization of new technology, new products, or new processes. The AITC also applied to a business engaged in interactive digital media development, video post-production, digital animation, or tourism. The AITC program had a total budget of $90 million. The tax credit was available via certificate to an eligible individual or corporation that was approved after application. An individual must file the certificate with his or her personal income tax return and can claim a refundable AITC of up to $60,000. A corporation can claim a non-refundable AITC on its tax return without any maximum limit on the amount of the credit. Funding is provided on a first-come, first-served basis. Investments made as of April 14, 2016 may have been retroactively eligible for the AITC in 2017. For additional CITC and AITC program information, the 2017-18 budget invited readers to visit www.alberta.ca/alberta-investor-tax-credit.aspx.

2. Personal Income Tax

As promised in the 2016-17 budget, income tax brackets began to be indexed in 2017; 2016 was the first year of the province's new graduated rate structure. Credit

TABLE 13 Projected Revenues and Expenditures, Alberta, Fiscal Year 2017-18

	millions of dollars
Total revenues	45,015
Total expenditures	(54,859)
Risk adjustment	(500)
Surplus/(deficit)	(10,344)
Revenue sources	
Personal income tax	11,177
Corporate income tax	3,918
Sales tax	na
Other taxes	6,667
Total tax revenue	21,762
Federal transfers	7,988
Other revenues	15,265
Total revenues	45,015
Expenditures	
Education	14,353
Health	21,449
Debt servicing	1,398
Other expenditures	17,659
Total expenditures	54,859

Notes: The figures showed only net operational revenues and expenditures, including net income of government business enterprises. Debt-servicing costs related to general debt only. "Other revenues" included non-renewable resource revenue of $3,754 million, 58 percent lower than In 2014-15. The budget was presented on a fully consolidated basis, which includes school boards, universities and colleges, and health entities and the Alberta Innovates corporations. The risk adjustment in the fiscal plan was included to recognize the potential impact of world oil markets on the province's resource revenue.

Sources: Alberta, Ministry of Treasury Board and Finance, 2017-18 Budget, March 16, 2017.

amounts and bracket thresholds increased by 1.3 percent in 2017. For example, the basic personal and spousal amounts rose from $18,451 to $18,690. Alberta's 2017 indexed personal income tax brackets are set out with the brackets of the other jurisdictions in table 8.

As promised in the 2016-17 budget, the 2017-18 budget confirmed that, effective January 1, 2017, the dividend tax credit rate for non-eligible dividends decreased (to 2.19 percent from 3.08 percent in 2016) as a result of the decreased small business rate; thus, income earned in a small business and paid to a shareholder was taxed at a minimum of 10 percent, the lowest provincial personal income tax rate.

In connection with changes to the Fair Elections Financing Act of 2016, the existing political contributions tax credit was extended to contributions to party leadership elections and candidate nomination races that met the criteria under the Election Finances and Contributions Disclosure Act, effective January 1, 2017.

3. Sales Tax

No changes were announced. Alberta does not impose a sales tax.

4. Sin Taxes

No changes were announced.

5. Resource-Related Matters

A carbon fee (carbon price) was imposed for large final emitters. As promised in the 2016-17 budget, and confirmed by the 2017-18 budget, fuel such as natural gas, transportation fuel, and heating fuel (natural gas and propane) consumed for combustion purposes was subject to a carbon levy, effective January 1, 2017. The levy reflected a price of $20 per tonne of carbon dioxide equivalent emissions in 2017 (rising to $30 per tonne on January 1, 2018) and applied to fossil fuels that produced greenhouse gas (GHG) emissions when the fuel was combusted. For more information, the 2017-18 budget invited readers to refer to page 59 of the Climate Leadership Plan chapter of the budget or to visit www.alberta.ca/climate-leadership-plan.aspx. In 2017, the rate is thus 4.49 cents per litre for gasoline, 5.35 cents per litre for diesel fuel, and $1.011 per gigajoule for natural gas.

Table 14 sets out the rates on major fuels; a full list was contained in the 2016-17 budget. Some exemptions apply: for example, natural gas produced and consumed on site (until January 1, 2023); marked gasoline and diesel used by farmers; biofuels; fuels used in interjurisdictional flights; heating fuel used at specified gas emitters regulation (SGER)/performance standard sites; fuel purchased on-reserve for indigenous use; and exported fuel and fuel used in some industrial processes that did not release GHG emissions. Consumer purchases of electricity were not affected.

As announced in the 2016-17 budget, effective January 2017, the effective date of the carbon levy, the climate leadership adjustment rebate protected lower- and middle-income Albertans (60 percent of households) from the carbon levy's higher fuel costs. The rebate was $200 for an adult, $100 for a spouse (or an additional rebate for a single parent), and $30 for each child under 18 in the household to a maximum of four. In 2018, to reflect the increase in the carbon levy when the carbon price rises to $30 per tonne, the rebate will increase by 50 percent.

As set out in the 2016-17 budget, carbon emissions of large industrial emitters were still subject to the SGER framework until the end of 2017. At that time, the province will transition to product- and sector-based performance standards. Large industrial emitters paid a carbon price of $20 per tonne of GHG emissions over their target as of January 1, 2016; that price rose to $30 per tonne on January 1, 2017.

6. Real Estate Taxes

In 2017-18, the education property tax rates were frozen, as were the residential/farmland and non-residential rates. Revenue was predicted to rise owing to growth in the assessment base.

TABLE 14 Carbon Levy Rates, Major Fuels, 2017 and 2018

Type of fuel	January 1, 2017 rate ($20/tonne)	January 1, 2018 rate ($30/tonne)
Diesel	5.35 ¢/L	8.03 ¢/L
Gasoline	4.49 ¢/L	6.73 ¢/L
Natural gas	1.011 $/GJ	1.517 $/GJ
Propane	3.08 ¢/L	4.62 ¢/L

L = litre; GJ = gigajoule.

Source: Alberta, Ministry of Treasury Board and Finance, 2016-2017 Budget, Fiscal Plan, April 14, 2016, at 5.

7. Pensions

No changes were announced.

8. Other

The Alberta government sought public input into the preparation of its 2017-18 budget. Scheduled input was received from November 2016 until early February 2017.

Saskatchewan (Table 15)

Tax Highlights

- General corporate and manufacturing and processing (M & P) income tax rates reduced in 2017 and 2019
- Personal income rates decreased in 2017 and 2019
- Sales tax rate increased 1 percentage point
- Sin taxes increased

Tax Changes

1. Corporate Income Tax

The general corporate income tax rate was reduced by a 0.5 percentage point on July 1, 2017 and is reduced again by that amount on July 1, 2019, in total a reduction from 12 percent to 11 percent. The rate reduction was prorated for straddle corporate taxation years. The M & P income tax rate was thus reduced from 10 percent to 9 percent.

A new Saskatchewan commercial innovation incentive (SCII) (a patent box) was open to a broad range of intellectual property (IP) including patents, plant breeder rights, trade secrets, and copyrights, such as for computer programs and algorithms. The SCII reduced the corporate income tax rate to 6 percent on taxable income from the commercialization of qualifying IP in the province for a period of 10 years. The benefit period may be extended to 15 years if the qualifying IP was substantially

TABLE 15 Projected Revenues and Expenditures, Saskatchewan, Fiscal Year 2017-18

	millions of dollars
Total revenues	14,165
Total expenditures	(14,800)
Human resources compensation measures	250
Contingency	(300)
Surplus/(deficit)	(685)
Revenue sources	
Personal income tax	2,541
Corporate income tax	729
Sales tax	2,050
Other taxes	1,967
Total tax revenue	7,287
Federal transfers	2,454
Other revenues	4,424
Total revenues	14,165
Expenditures	
Education	3,643
Health	5,627
Debt servicing	381
Other expenditures	5,149
Total expenditures	14,800

Notes: Saskatchewan's summary budget presentation includes 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 $1,406 million for 2017. Debt servicing is for general debt. The debt servicing from government business enterprises has been netted against the net income from government business enterprises, which is included in the revenue figure above and has not been set out separately as it was in the 2014-15 provincial budget.

Source: Saskatchewan, Ministry of Finance, Budget 2017-18, March 23, 2017.

developed in Saskatchewan. Applicants must also successfully complete a scientific eligibility test and an economic eligibility test. The incentive was not available for incremental innovations to existing products.

A non-refundable 10 percent R & D credit was already available to a corporation that had a Saskatchewan permanent establishment and invested in qualifying R & D activities in the province. The 2017-18 budget added a refundable 10 percent R & D tax credit for the first $1 million in annual qualifying expenditures incurred in Saskatchewan by a Canadian-controlled private corporation (CCPC). Excess expenditures remained eligible for the non-refundable R & D tax credit to a total of $1 million in credits per year.

In conjunction with the PST rate increase (discussed below), the M & P investment tax credit (ITC) increased from 5 percent to 6 percent for eligible capital expenditures made on or after March 23, 2017.

2. Personal Income Tax

The 2017-18 budget reduced the province's three personal income tax rates, one corresponding to each marginal tax bracket. Each rate (11, 13, and 15 percent) was reduced by a 0.5 percentage point on July 1, 2017 and again on July 1, 2019, to new rates on the latter date of 10, 12, and 14 percent, respectively. The brackets and rates are set out in table 8. In addition, the annual indexation of the personal income tax system is temporarily suspended starting in the 2018 taxation year; indexation will be restored when the province's finances improve.

The labour-sponsored venture capital tax credit rate is reduced from 20 percent to 15 percent, effective for the 2018 taxation year. The maximum annual credit declines from $1,000 to $750.

The employee's tools tax credit was eliminated starting with the 2017 taxation year.

The graduate retention program was maintained, providing personal tax credits that rebate up to $20,000 of tuition fees for graduates of post-secondary institutions. However, the 2017-18 budget eliminated the education and tuition tax credit, effective July 1, 2017. No new credits can be earned after June 2017, but credits earned and unused in previous taxation years can be carried forward and claimed in subsequent years.

To offset the impact of the PST changes, the Saskatchewan low-income tax credit was enhanced, effective July 1, 2017. The maximum basic adult component and the spousal or spousal equivalent component increased from $246 to $346. The child component increased from $96 to $136 ($40 per child), to a maximum of $272 per family. The benefit clawback rate increased from 2 percent to 2.75 percent. The maximum benefit of $346 or $964 was received, respectively, by an individual or a family of four (two children and two spouses or spousal equivalents) with annual income or annual family income of up to $32,643; an individual or a family of four with income between $32,643 and $45,225 or $67,697, respectively, received partial benefits based on the income or family-income level.

The dividend tax credit rate for eligible dividends was reduced in quarter-point increments for each of the 2017 through 2020 taxation years to reflect the reduction in the general corporate income tax rate. The dividend tax credit rate for eligible dividends is reduced from 11 percent to 10 percent in 2020.

3. Sales Tax

The PST rate was increased from 5 percent to 6 percent, effective March 23, 2017. The government gave no prior notification of this change, leaving vendors to implement the increase immediately via their accounting systems. The rate may be lowered when the province's finances improve.

Effective April 1, 2017, the budget eliminated sales tax exemptions for children's clothing and for restaurant meals and snack foods. Also effective April 1, 2017, the exemption for used cars was continued, but the value of a trade-in vehicle was no longer deductible from the purchase price of a vehicle that was new or had not been taxed in Saskatchewan.

The budget also repealed PST remission for permanently mounted equipment used in the oil and gas and potash industries. The remission was said to no longer provide an incentive for exploration.

The 2017-18 budget also reformed the application of PST on contracts for the repair, renovation, or improvement of real property. Effective for a new contract entered into on or after April 1, 2017, the total price to the purchaser was subject to PST. A contractor could purchase PST-free building materials for use in fulfilling such a contract. The change was intended to simplify the taxation for both contractor and purchaser and to improve the contractor's cash flow and competitiveness inside and outside Saskatchewan.

The 2017-18 budget expanded the application of PST to insurance premiums with payment-due dates on or after July 1, 2017. The tax applied to any resident of Saskatchewan and property located in the province insured by life, accident, or health insurance; property, vehicle, liability, or casualty insurance; or agricultural insurance.

A number of PST exemptions were eliminated, some of which were for goods and services commonly taxable in other jurisdictions. The PST changes reflected an increased reliance on commodity taxation—versus income tax—as a source of government revenue and generally to assist the economy.

4. *Sin Taxes*

Effective March 23, 2017, the tobacco tax rates increased from 25 cents to 27 cents per cigarette, tobacco stick, or gram of cut tobacco. This increase was introduced without prior notification to retailers, who had to implement the increase immediately via their accounting systems.

Alcohol taxes increased. As of April 1, 2017, wholesale liquor markup rates increased to 6.8 percent for most beer products, 6 percent for most coolers, 5.3 percent for most wines, and 4 percent for most spirits. The wholesale markup rates differ from the liquor consumption tax on retail sales.

5. *Resource-Related Matters*

Effective April 1, 2017, the budget eliminated the partial exemption for bulk purchases of gasoline and reduced the exemption for bulk purchases of diesel fuel to 80 percent of purchases. These changes recognized the changing nature of fuels used in farming and primary production activities and the on-road and personal use of some of this fuel.

Effective April 1, 2017, the budget eliminated the fuel tax rebate in respect of aviation fuel for international flights, to reflect the lack of impact of the rebate on the availability of those flights.

6. *Real Estate Taxes*

Education property tax mill rates increased to provide—along with the 2016 reassessment—40 percent of funding for kindergarten to grade 12 education.

7. Pensions

No changes were announced.

8. Other

Commencing in 2017, the budget phased out over four years the special reduction that allowed a credit union to pay a lower rate of tax on some of its income. Credit unions continued to be exempt from provincial capital tax.

The budget increased the corporation capital tax rate on large financial institutions from 3.25 percent to 4.0 percent.

Effective April 1, 2017, the budget discontinued commissions paid to businesses for the collection and remittance of taxes, bringing Saskatchewan in line with most other jurisdictions in Canada.

There was no discussion in the budget of a Saskatchewan carbon-pricing regime. If no such pricing system was introduced before 2018, the province must rely on a federal pricing and collection mechanism.

To curb increases in health-care costs, certain programs were phased out, including the hearing aid plan, podiatry services, and chiropractic services. Long-term-care fees increased effective July 1, 2017. While about 50 percent of residents continued to pay the minimum monthly fee of $1,086, the income cap for those who paid more rose from 50 percent to 57 percent.

MANITOBA (TABLE 16)

Tax Highlights

- No new taxes or tax increases
- Some tax credits extended and others limited
- Corporate capital tax deduction eliminated for tax years ending after April 2017

Tax Changes

1. Corporate Income Tax

The manufacturing tax credit, set to expire on December 31, 2017, is extended to December 31, 2020. The credit supported businesses that purchased qualified plant, machinery, and equipment for use in manufacturing or processing in Manitoba.

The book publishing tax credit, scheduled to expire December 31, 2017, is extended to December 31, 2018. The refundable credit supported the development of the province's book publishing industry and is equal to 40 percent of eligible Manitoba labour costs.

The mineral exploration tax credit, scheduled to expire December 31, 2017, is extended for three years to the end of calendar 2020. The 30 percent credit supported provincial investors in flowthrough shares of qualifying mineral exploration companies.

TABLE 16 Projected Revenues and Expenditures, Manitoba, Fiscal Year 2017-18

	millions of dollars
Total revenues	16,101
Total expenditures	(17,056)
In-year adjustments/lapse	115
Surplus/(deficit)	(840)
Revenue sources	
Personal income tax	3,651
Corporate income tax	543
Sales tax	2,360
Other taxes	2,137
Total tax revenue	8,691
Federal transfers	4,163
Other revenues	3,247
Total revenues	16,101
Expenditures	
Education	4,400
Health	6,681
Debt servicing	991
Other expenditures	4,984
Total expenditures	17,056

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 represent 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. The budget speech reported the deficit for the core government

Source: Manitoba, Department of Finance, Budget 2017, April 11, 2017.

The interactive digital media tax credit, scheduled to expire on December 31, 2019, is extended to December 31, 2022. The credit supported and attracted companies that developed and produced eligible interactive digital media products in Manitoba.

The refundable R & D tax credit was reduced from 20 percent to 15 percent for eligible expenditures made after April 11, 2017. The credit was fully refundable if the R & D was performed under contract with a prescribed Manitoba institution (which included post-secondary institutions); otherwise, the credit was 50 percent refundable.

Crown corporations and other provincial government entities were no longer eligible for the paid work experience tax credit, effective for the 2017 tax year and following.

The non-refundable portion of the manufacturing ITC (including Manitoba PST) for qualifying property acquired after budget day was reduced from 2 percent to 1 percent. The 8 percent refundable portion of the ITC was not affected.

The cooperative development tax credit was eliminated for contributions made after budget day. Unused credits on eligible contributions made on or before budget day by a cooperative or a credit union toward cooperative development in Manitoba were available for carryforward.

The odour control tax credit was eliminated for expenditures made after budget day. Unused credits were available for carryforward for a business's expenditures made on or before budget day for investment in capital property to control nuisance odours from the use or production of organic waste.

The nutrient management tax credit was eliminated for expenditures made after budget day. The carryforward of unused credits for expenditures made on or before budget day was not affected.

The riparian tax credit was eliminated, effective as of the delivery of the budget. The eligibility of unused credits was not affected to the extent that they involved five-year commitments made on or before budget day by a farm operator and a livestock producer to protect a strip along a waterway on agricultural land.

The Neighbourhoods Alive! tax credit was eliminated upon the delivery of the budget. There were no claimants of the credit since its introduction in 2011.

The data processing ITC was eliminated effective on the budget's delivery. Unused credit carryforwards for a corporation or partnership were not affected for qualified property purchased or leased on or before budget day.

2. Personal Income Tax

Pursuant to the 2016-17 budget, the personal income tax brackets and base personal amount were first indexed to inflation starting in 2017. The indexing factor of 1.5 percent was set in November 2016. Indexation continues in subsequent years.

The tuition fee income tax rebate was phased out starting in 2017, when the maximum rebate that could be claimed by an individual graduate was the least of Manitoba income tax payable, 10 percent of eligible tuition fees, and $500 (reduced from $2,500). The rebate is fully eliminated in 2018; any unclaimed rebate credits lapse. The government is revising the Manitoba bursary program to better serve student needs while the student is in school. This rebate program benefited post-secondary graduates who worked and paid taxes in Manitoba, by rebating up to 60 percent of eligible tuition fees.

The tuition fee income tax rebate advance was effectively eliminated for tuition and ancillary fees paid for a school term that began after April 2017. This was a 5 percent refundable tax credit on tuition and ancillary fees paid after August 31, 2010 and was an advance of the rebate. The non-refundable tax credit for education was not eliminated, in contrast to federal policy and the practice in many provinces. (The textbook credit was only available federally and in Yukon and Nunavut.) Thus, a tax credit for tuition and ancillary fees may still be claimed for Manitoba provincial personal tax purposes.

The primary caregiver tax credit was capped at $1,400 for 2017 onward, although the limit of three care recipients was removed. Credit eligibility was changed to begin in the year in which the application was submitted to the assessing authority (a regional health authority or the Department of Families). Retroactive claims for years before 2017 were no longer permitted, but if an application was submitted in 2017 for a credit not claimed until 2019, the caregiver could still claim a credit for 2017 and 2018.

The political contributions tax credit was enhanced by increasing the maximum eligible contribution from $1,275 to $2,325. The credit increased accordingly to a maximum of $1,000 from $650.

3. Sales Taxes

The government said that it is still on track in its plan to reduce PST by the end of its current term in 2020.

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

In 2016, the government committed to replace the Balanced Budget, Fiscal Management and Taxpayer Accountability Act—which was repealed in the 2016 budget—with legislation that, inter alia, restored the right to Manitoba taxpayers to vote on major tax increases, except for a carbon tax. The proposed legislation was expected to be included in the 2017-18 budget. In that budget, Bill 21, The Fiscal Responsibility and Taxpayer Protection Act, was said to require the government's deficit to continue to decrease annually.

In the fall of 2016, the Manitoba government held community consultation meetings on the 2017-18 budget, in which Manitobans shared their input and ideas regarding the province's finances and services. In April 2017, the province released a report of a panel established to make budget recommendations that reflected Manitobans' advice. The government committed to further prebudget consultations annually.

The corporation capital tax deduction was eliminated effective for a fiscal year ending after April 2017. A corporation that had less than $5,000 tax payable in a fiscal year was no longer required to pay annual instalments for corporation capital tax. As a result, any tax owing was remittable when the annual return is filed.

Tax expenditure accounting was amended. The provincial government department responsible for a policy area was also to be assigned the relevant tax expenditures in their appropriation including the education property tax credit; the school tax credit for homeowners; the tuition fee income tax rebate advance (education and training); the interactive digital media tax credit (growth, enterprise, and trade); and the film and video production tax credit, the cultural industries printing tax credit, and the book publishing tax credit (sport, culture, and heritage).

Technical updates were to be made, including certain items phased out in the 2016-17 federal budget: Manitoba maintained the children's arts and cultural activity tax credit, the fitness tax credit, and the Manitoba education amount.

Legislation was to be amended to ensure that Manitoba residents were the only targets of the senior's school tax rebate and the volunteer firefighter and search-and-rescue tax credits.

It was promised that enforcement and administration measures would be enhanced under the Tax Administration and Miscellaneous Taxes Act and the Retail Sales Tax Act.

Administration of the Insurance Corporations Tax Act was to be transferred to the taxation division after 2017. Taxpayers need only pay taxes when filing annual returns and will be able to do so by using the taxation division's online tax-filing system. The government committed to providing further information later in 2017.

Manitoba Financial Administration Act amendments were to be made to account for federal changes to the calculation methodology of the foreign exchange rates of the Bank of Canada.

Reviews began on how to best encourage more private sector investment that would strengthen the provincial economy. The government committed to a continued review of the provincial tax system.

The Affordable Utility Rate Accountability Act was repealed for fiscal years after 2016-17.

Ontario (Table 17)

Tax Highlights

- No changes in corporate or personal tax rates
- Tobacco tax rates increased

Tax Changes

1. Corporate Income Tax

Ontario promised to amend the Taxation Act, 2007 to parallel federal changes to the small business deduction (SBD): a company's Ontario business limit is reduced by the same amount as its federal business limit was reduced, if certain assignments thereof were made to another company.

Ontario also promised amendments to the Taxation Act, 2007 to legislatively list excluded productions for the Ontario computer animation and special effects tax

TABLE 17 Projected Revenues and Expenditures, Ontario, Fiscal Year 2017-18

	millions of dollars
Total revenues	141,650
Total expenditures	(141,050)
Reserve	(600)
Surplus/(deficit)	nil
Revenue sources	
Personal income tax	35,032
Corporate income tax	13,817
Sales tax	26,011
Other taxes	25,237
Total tax revenue	100,097
Federal transfers	25,681
Other revenues	15,872
Total revenues	141,650
Expenditures	
Education	26,518
Health	53,763
Debt servicing	11,581
Other expenditures	49,188
Total expenditures	141,050

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

Source: Ontario, Ministry of Finance, 2017-2018 Budget, April 27, 2017.

credit, to maintain the province's longstanding treatment of talk shows as ineligible, as announced on January 11, 2017.

2. Personal Income Tax

The 2017-18 budget clarified matters set out in the federal budget regarding the federal medical expense tax credit, confirming that an individual who required medical intervention to conceive a child could claim the same expenses in Ontario as are generally available federally to the individual on account of medical infertility, for 2017 and subsequent taxation years. When the 2017 federal budget changes are approved by the federal government, Ontario will adopt them. Previously, the costs of such fertility services were not directly covered by the province.

Ontario promised to simplify and enhance access to tax relief for caregivers by replacing the provincial caregiver and infirm dependant tax credits with a new Ontario caregiver tax credit (OCTC). Starting in the 2017 taxation year, the non-refundable OCTC was available for relatives who were infirm dependants, including adult children of the claimant, or of the claimant's spouse or common-law partner. The OCTC was not available for non-infirm senior parents or grandparents who reside with their adult children or grandchildren. The OCTC rate was 5.05 percent, and the maximum amount of taxable income for which the credit was available was $4,794 for 2017. The OCTC would begin phasing out when the dependant's net income exceeded $16,401. The dependant need not live with the claimant, and the maximum amount received for non-live-in dependants was increased to remain consistent with the claim for dependants under the caregiver tax credit. These changes parallel a new federal consolidated Canada caregiver credit from the federal 2017 budget.

As of July 1, 2017, Ontario instituted a new 15 percent Ontario seniors' public transit tax credit for Ontarians aged 65 or older, up to a maximum of $130.00 per annum (subject to proration). The budget promised that further details regarding eligibility would be available before implementation.

For taxation years ending after calendar 2016, the calculation of the provincial surtax and the Ontario tax reduction is amended. The new calculation depends on the percentage of income allocated to Ontario for Ontario residents who pay tax to another province and for non-residents of Ontario who pay tax to Ontario (multijurisdictional tax filers).

3. *Sales Tax*

No changes were announced.

4. *Sin Taxes*

To further reduce smoking rates in the province, Ontario increased tobacco tax rates by $10 per carton of 200 cigarettes over three years. The increases replaced the inflation-based tax increases announced in the 2016-17 budget, bringing Ontario rates closer to the national average. Effective at 12:01 a.m. on April 28, 2017, the tax increased by 1 cent from 15.475 to 16.475 cents per cigarette or gram of tobacco products, other than cigars. Increases of 2 cents were also set to occur in each of 2018 and 2019. Wholesalers that are not collectors must take an inventory of all tobacco products (except cigars) that they hold at the end of the day preceding implementation (April 27, 2016) and remit the additional tax to the minister of finance. The government also promised additional measures that would offset the undermining of tobacco control policies by unregulated tobacco sales.

An amendment to the Alcohol and Gaming Regulation and Public Protection Act, 1996, removed the provision in the microbrewer definition that prevents a microbrewer from making beer for a beer manufacturer. The amendment also clarified that such beer was subject to the beer manufacturer's tax rate.

5. *Resource-Related Matters*

Ontario proposed changes allowing biodiesel, a renewable alternative to fossil fuel, to be more widely available as part of the province's tax-exempt coloured fuel program. Biodiesel may contribute to lower GHG emissions, provide occupational health and safety benefits owing to its lower flammability than diesel, and may have positive benefits for air quality relative to diesel. The then-current legislation granted registered dyer status to certain companies, giving them authorization to colour fuel that was purchased tax-exempt for use for certain purposes. Changes to the Fuel Tax Act created a new category of registered dyers to dye biodiesel that had not been blended, mixed, or combined with any other type or grade of fuel. This new category of registered dyers was intended to be exempt from fuel transportation requirements applicable to other registered dyers, allowing more companies to offer coloured biodiesel products.

6. Real Estate Taxes

Ontario continued to improve board governance for the Municipal Property Assessment Corporation (MPAC) by broadening eligibility for MPAC board members to include former municipal officials. Consistent with best practices in board governance, the MPAC board size would be reduced from 15 to 13 members. Ontario promised to continue to consult on ways to improve the board's governance.

On the basis of consultations regarding the property taxation of railway rights-of-way, Ontario acted on the indexation of rates, variation in rates, and implications for shortline railways. Beginning in 2017, to reflect the average annual percentage change in taxes on commercial properties, property tax rates on railway rights-of-way increased by about $6 per acre. The minimum (formerly about $35 per acre) was set at $80 per acre for 2017. Shortline railways' concerns were to be taken into account when setting rates. For 2018 and subsequent years, Ontario promised to continue rate adjustments to address these issues. Ontario remained open to further input regarding the modernization of the property taxation of railway rights-of-way.

Effective after April 20, 2017, to address speculation, Ontario enacted a new 15 percent so-called non-resident speculation tax on the price of residential real state in the Greater Golden Horseshoe by a purchaser who was not a citizen or a permanent resident of Canada, or that was a non-Canadian corporation. The new tax also applied to the Ontario land transfer tax and to Toronto's municipal land transfer tax.

To cool certain real estate markets, the province proposed a suite of changes, including additional land transfer taxes and changes to Toronto's municipal land transfer tax. In addition to land transfer tax rate increases (announced earlier), additional information must be filed for land transfer tax. For dispositions after February 2017, the municipal land transfer tax rates were the same as for the land transfer tax. The municipal land transfer tax first-time purchaser rebate increased from $3,725 to $4,475 and was available only for Canadian citizens and permanent residents. Toronto and possibly other municipalities were able to impose a tax on vacant residential units.

Municipalities were provided with legislative flexibility to reduce property tax rates for eligible small-scale agricultural processing (value-added) and commercial activities on farms. Those operations were previously taxed at industrial or commercial rates.

Legislative amendments were promised to support provincial land tax reform for northern Ontario; the intention was to enact a tax that was more equitable and that more equitably reflected how services were paid for in the province's northern region.

Ontario promised to maintain in 2017 the adjustment to education property tax rates from the 2016-17 budget to support the ongoing integrity of related revenues that help fund Ontario elementary and secondary schools. Ontario promised to continue monitoring and reviewing education property taxes.

Proposals to amend the Municipal Act, 2001, governing single-tier and lower-tier municipalities, allowed the levy of a tax on transient accommodation (hotel tax). Ontario also promised to amend the City of Toronto Act, 2006, for that purpose. Municipalities that adopted the hotel tax and that have an existing destination marketing fee (DMF) program must share the hotel tax revenue with the appropriate not-for-profit tourism organization in an amount that matches the total revenue of the DMF program. If no DMF program exists, the municipality must share at least 50 percent of the hotel tax revenue with the regional tourism organization or a not-for-profit tourism organization.

Amendments to the Electricity Act, 1998, were promised regarding the application of payments in lieu of federal and provincial tax against a taxpayer's transfer tax liability.

Amendments to the Land Transfer Tax Act were promised as follows:

1. to restrict a qualifying purchaser's ability to claim a spouse's interest for a first-time buyer's refund if the spouse was not a Canadian citizen or permanent resident;
2. to increase the fine offence under Ontario home ownership savings plan rules from $2,000 to $4,000 and transfer the offence to the Land Transfer Tax Act's first-time home buyers provision; and
3. to introduce the deeming of a wrongly obtained refund or rebate to be tax payable on the date of payment of the refund or rebate to the taxpayer.

On April 20, 2017, legislation was introduced to ensure that municipal property tax on multiple-unit residential apartment buildings, which was frozen in November 2016, in municipalities where these taxes were high relative to other residential properties such as condominiums, was charged at a rate similar to the rate applied to other residential buildings.

7. Pensions

On November 8, 2016, the Pooled Registered Pension Plans Act, 2015 was proclaimed in force, and on March 31, 2017, a federal-provincial multilateral agreement allowed pooled registered pension plans to be available in Ontario.

Ontario promised to improve the framework for the regulation of defined benefit plans and establish a framework for target benefit pension plans. The frameworks were promised to be announced in the spring of 2017, and draft regulations for public consultation were promised for the fall of 2017.

Ontario promised amendments to facilitate the implementation of variable benefits in defined contribution pension plans and also will improve disclosure to plan members. Ontario promised to hold discussions with sponsors, the financial services industry, and pension experts on potential changes to financial statements.

Ontario said that it will continue to expand the powers of the Superintendent of Financial Services, including the authority to direct a plan administrator to provide plan beneficiaries with information specified by the superintendent and to hold a meeting to discuss matters specified by him or her.

Ontario said that it will instruct the superintendent to develop a policy of providing direction to plan administrators on steps to locate beneficiaries. Ontario will consider changes to assist employers in dealing with missing beneficiaries and assist individuals in locating pension benefits.

8. *Other*

Ontario promised to undertake a policy, legislative, and administrative review of all taxes—including those shared with the federal government—in order to identify and eliminate loopholes, strengthen the administration of tax laws, and enhance partnerships with other government entities such as the Canada Revenue Agency. Ontario also promised to undertake a review of revenues from government business enterprises.

Ontario promised to work closely with the federal government in its review of tax planning involving private corporations that inappropriately reduce personal taxes of high income earners, for example through income splitting with family members, holding a passive investment portfolio inside a private corporation, and converting regular business income into capital gains. As part of its review to enhance revenue integrity, Ontario is devoting additional expert resources to identify and address tax loopholes and sophisticated tax-planning schemes. A federal consultative paper was released on July 18, 2017.

Amendments to the Ministry of Revenue Act were promised to provide consistency in administration, improve efficiency, and increase recovery of money owing to Ontario. Ontario contemplated that it could use enhanced collection tools such as garnishments, warrants, and liens against, inter alia, previously existing debts.

Ontario committed to parallel a federal 2016 budget measure that prevents SBD multiplication, by eliminating the employer health tax exemption for a designated-employer member of a partnership. Consultation would be preserved by making the change effective on a prescribed date no earlier than January 1, 2018. Ontario also promised to review other methods and structures designed to avoid paying the employer health tax, and thus ensure that relief from that tax was targeted to smaller employers. Ontario also promised to make public feedback available for any proposals arising from that review.

Amendments changed the calculation of the provincial surtax and also the calculation of the Ontario tax reduction (OTR) for Ontario residents who paid tax to another province and non-residents who paid tax to Ontario (multijurisdictional filers). Effective for taxation years after 2016, the surtax was changed so that it was calculated on the basis of the total Ontario tax on taxable income. The total tax including surtax was then prorated on the basis of the percentage of income allocated to Ontario (as was the OTR).

Technical amendments were proposed to various statutes administered by the minister of finance and to other legislation, including the Oil, Gas and Salt Resources Act; the City of Toronto Act, 2006; and the Financial Administration Act. Various other legislative initiatives were proposed.

In addition to prebudget consultation, Ontarians could make up to eight proposals that would form part of the 2017-18 budget; Ontario promised to provide $3 million in total to fund these proposals.

Quebec (Table 18)

Tax Highlights

- Some corporate tax credits amended
- Quebec continued to combat the tax gap
- Funding of the cost of health services considered

Tax Changes

1. *Corporate Income Tax*

In response to concerns about the complexity of existing rules for small corporations, qualification for the SBD was changed from the minimum number of hours worked to the minimum number of hours paid. The thresholds of 5,000 hours and 5,500 hours remained. (The employees must be paid for at least 5,500 hours in the year and the previous year. The applicable small business corporation rate was reduced linearly between 5,500 and 5,000 hours; it was zero at 5,000 hours.) If a shareholder owned most of the shares with full voting rights and was actively engaged in the business but was not paid therefor (although he or she may have received dividends or received remuneration that represented less than the value of his or her activities to the corporation's business), the shareholder's remuneration would be calculated on the basis of 1.1 hours for each hour of active participation in the corporation's activities for the year. The corporation must document those hours worked. The change was effective for taxation years beginning after calendar-year 2016.

The additional deduction for transportation costs of certain remote manufacturing small and medium-sized enterprises (SMEs) was increased effective for taxation years beginning after the day of the budget speech (March 28, 2017). A corporation whose manufacturing activity was in a special remote area (the area most distant from a major urban centre) benefited from an additional deduction from its gross income equal to 10 percent (up from 7 percent) of such costs. Special remote areas were the municipalities of L'Île d'Anticosti, the Communauté maritime des Îles-de-la-Madeleine, the Golfe-du-Saint-Laurent RCM (regional county municipality), and

TABLE 18 Projected Revenues and Expenditures, Quebec, Fiscal Year 2017-18

	millions of dollars
Total revenues	106,308
Total expenditures	(103,720)
Contingency reserve	(100)
Surplus/(deficit)	2,488
Revenue sources	
Personal income tax	30,569
Corporate income tax	7,227
Sales tax	15,757
Other taxes	12,324
Total tax revenue	65,877
Federal transfers	22,029
Other revenues	18,402
Total revenues	106,308
Expenditures	
Education	22,662
Health	40,223
Debt servicing	9,868
Other expenditures	30,967
Total expenditures	103,720

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.

Source: Quebec, Department of Finance and the Economy, Budget 2017-2018, March 28, 2017.

the Kativik Regional Government. An additional deduction was also introduced for the transportation costs of all eligible SMEs located in a special remote area. An eligible corporation was a CCPC whose paid-up capital (PUC) was less than $15 million; if a corporation's PUC exceeded $10 million, the additional deduction was reduced linearly for PUC up to just under $15 million. Labour or capital investments must have been primarily (over 50 percent of the cost) concentrated in the carrying on of a business located in the special remote area. This additional deduction may rise to 10 percent of gross income for the year. An SME cannot claim an additional deduction for its transportation costs as both an SME and a remote manufacturing SME. The measure applies for an eligible corporation's taxation year that begins after budget day.

Effective for the day following budget day, improvements were made to the tax holiday for large investment projects. A 15-year income tax holiday was proposed in 2013 for a corporation engaged in a large investment project in Quebec; the tax holiday could be claimed for income from eligible activities and for employer contributions to the health services fund in respect of related wages. The 2017-18 budget extended the application for an initial qualification certificate (from before November 21, 2017) from before the beginning of the project to, at the latest, the end of 2020. Also, modifications to a certificate can be made for two projects that must be implemented in phases because of their scale.

An additional capital cost allowance (CCA) of 35 percent was introduced for a business that acquired manufacturing or processing equipment and computer equipment before April 2019. The additional CCA was intended to motivate the manufacturing sector to ensure competitiveness in the manufacturing of innovative products and the computerization of business processes. Qualified property was new general-purpose electronic data processing equipment and systems software therefor (55 percent of the cost) and also new machinery and equipment for use in manufacturing and processing goods for sale or lease (50 percent of the cost). Qualified property must have been put to use within a reasonable time after its acquisition and used mainly in the course of carrying on business for 730 consecutive days thereafter in Quebec. Qualified property was property acquired after budget day and before April 2019. The additional 35 percent deduction applied in the first year in which the property was put to use and for the next taxation year. The saving to the taxpayer may be recouped by Quebec if the taxpayer fails to use the property for 730 days as required.

The refundable tax credit for the production of ethanol in Quebec was broadened to 12 years from the 10 years for a qualified corporation whose taxation year ended after budget day. Biodiesel fuel that is produced after March 2017 and before April 2018 has the meaning under the Fuel Tax Act and designates oxygenated ester- and ether-based fuel derived from vegetable oils or animal fats. The acquiror must take possession of the fuel before April 2018. First-in, first-out accounting is used to determine prior stock if new inventory is stocked with it. The monthly maximum corresponds to daily production of 345,205 litres per day, shared by associated corporations. Claims require the inclusion in the tax return of a prescribed form (by Revenu Québec), a report indicating monthly Quebec production, and the average monthly crude price used for the purpose of determining the tax credit. Property used in the operation of a biodiesel fuel production plant is not eligible for the tax credit for M & P equipment if the property is acquired as of April 1, 2017. The refundable tax credit amount is not reduced by the deemed payment by the minister of revenue for a taxation year. Government or non-government assistance, which generally reduces this credit claimable, does not include a payment by the minister of this refundable tax credit; financial assistance to a labour training program; and federal assistance to the industry for market expansion, process improvement, energy efficiency, and changing raw materials.

The refundable tax credit for a Quebec film or television production was increased to stimulate the development of more productions integrating special effects and computer animation, to encourage more original Quebec creations, and to foster co-production agreements with foreign producers. See table 19. Changes apply for productions for which an application (for an advance ruling or a certificate) was submitted after budget day and for which no previous application was submitted.

TABLE 19 Quebec Tax Credits for Quebec Film and Television Productions

	Tax credit rate increases as a % of labour expenditure							
	Base rate	Special effects and computer animation	Regional	According to public financial assistance[a]	Minimum rate[b] as a % of labour expenditure	Labour expenditure cap as a % of production costs	Effective rate[c] Minimum	Effective rate[c] Maximum
	percent							
French-language[d] or giant screen production that is not adapted from a foreign format	40	na	10	16	66	50	20	33[e]
French-language or giant screen production that is adapted from a foreign format	36	na	10	16	62	50	18	31[e]
Other production that is not adapted from a foreign format	32	10	20	16	66	50	16	33[f]
Other production that is adapted from a foreign format	28	10	20	16	62	50	14	31[f]

a The increase applicable to a Quebec film or television production that is a feature film of fiction or a stand-alone documentary that has not received any financial assistance from a public body was adjusted; the increase is determined by the level of public financial assistance and is reduced linearly therefor so that the increase is nil when the public assistance is 32 percent or more.

b Where all or part of the labour expenditure gives rise to more than one increase, the total cannot exceed 66 percent for productions that are not adapted from a foreign format and 62 percent for productions that are adapted from a foreign format. The regional rate is increased from 8 percent to 10 percent, and from 16 percent to 20 percent, depending upon the production category.

c The effective rate is obtained by multiplying the rate of the tax credit, expressed as a function of labour expenditure, by the rate of the cap, expressed as a function of production costs.

d The following productions are eligible: feature-length, medium-length, or short films of fiction (including co-produced feature films), and stand-alone documentaries (including co-productions intended primarily for French-language markets, as well as productions intended for minors).

e To determine the maximum assistance, it is assumed that the labour expenditure giving rise to the base rate also gives rise to the regional increase and the increase according to public financial assistance. Maximum assistance was increased by 5 percentage points.

f To determine the maximum assistance, it is assumed that the labour expenditure giving rise to the base rate also gives rise to the regional increase and, as applicable, the increase for special effects and computer animation or the increase for no public financial assistance. Maximum assistance was increased by 5 percentage points.

Source: Quebec, Department of Finance and the Economy, Budget 2017-2018, Additional Information, March 28, 2017, at tables A.4 and A.5.

Changes were made to the refundable tax credit for film production services that did not satisfy the Quebec content criteria for a Quebec film or television production. The category of eligible small-budget productions was eliminated to reflect contemporary practices. The entry threshold for the remaining category—eligible productions—was lowered. The change was effective for an eligible production for which an application for an approval certificate was filed with the Société de développement des entreprises culturelles (SODEC) after budget day.

An applicability condition for the 35 percent refundable tax credit for the production of multimedia events or environments staged outside Quebec was eliminated. The contract for such a production was previously required to be made with a person who did not have a Quebec establishment; the arm's-length requirement still applies, but the Quebec establishment requirement was eliminated. The change was effective for a production whose first public performance occurred after budget day and for which an application for an advance ruling or an application was submitted to SODEC after that day.

The refundable tax credit—37.5 percent for a non-vocational French title and 26.5 percent otherwise—for a corporation specializing in the production of multimedia titles was streamlined to allow a claim by a subcontractor with a Quebec establishment. The change was effective for an application for a specialized corporation certificate submitted to Investissement Québec after budget day.

The refundable tax credits to encourage the creation of new financial services corporations were renewed and improved. The time limit for an application for a corporation qualification certificate to the Quebec minister of finance was extended for five years ending on December 31, 2022. Two new eligible expenses directly attributable to the corporation's eligible activities were added: fees relating to the constituting of a prospectus as required by a recognized regulatory or self-regulatory organization of a financial market, and fees paid to a compliance consultant to ensure compliance with the requirements of such an organization. Qualifying expenses were expenses incurred after budget day and within a taxation year in the period for which the certificate was valid.

On February 21, 2017, Quebec released an information bulletin covering the tax changes proposed in the 2015 budget and other measures announced at that time that tabled a government action plan to foster a so-called executive-driven economy. The easing of tax provisions applicable to the transfer of family businesses, in the 2015 and 2016 budgets, was extended beyond just corporations in the primary and manufacturing sectors. The change is effective for dispositions of shares after March 17, 2016. Income tax was deferred on certain deemed distributions of interests in a qualified public corporation: an elective deferral to a maximum of 20 years was made available for Quebec income tax on the deemed disposition (for example, on death or under the 21-year trust rules) of qualified shares. The new rule applied to a qualified public corporation share "included in a large block of shares," which meant that the owner held more than one-third of the corporation's voting rights, or to a private company share if more than 95 percent of its value was attributable to (or to a part of) a large block of qualified public corporation shares. A qualified public corporation is defined.

In addition, Quebec allowed an increased deduction for stock options of publicly traded large businesses. To enable Quebec to "offer the heads of large businesses a competitive fiscal environment compared to that in the rest of Canada," the stock option deduction was increased to 50 percent from 25 percent for options on shares of publicly traded corporations that had "a strong presence" in Quebec.[8] That presence was determined by the level of wages in a calendar year paid to employees in Quebec establishments, in accordance with the rules that governed the employer contribution to the health services fund.

2. *Personal Income Tax*

The health contribution was eliminated for a low- or middle-income taxpayer for 2016, if an individual's 2016 income did not exceed $134,095; 2016 was the last year for which a health contribution was payable (ranging from $0.01 to $1,000.00 for income over $134,095). A new notice of assessment for 2016 was sent before July 2017 to every taxpayer for whom the 2016 health contribution had been determined by the budget date.

The basic tax amount was increased in 2017 from $14,544 to $14,890. Quebec promised that in 2017, this amount would be increased when the individual taxpayer filed his or her return. For 2018 and subsequent years, the new basic amount is accounted for in determining income tax withholdings. However, the higher amount may be used to calculate any instalment due after March 15, 2017. The basic tax amount was also adjusted to simplify the calculation of the credit and to bring it in line with the other Canadian jurisdictions, which used the first taxable income bracket of the tax table to determine the creditable amount. A rate of 16 percent was used in 2017 to calculate most personal credits, and there was no reduction in the value of the personal tax credits. The 20 percent former rate was still used to calculate tax credits for eligible medical expenses, eligible expenses to obtain medical care not provided in the area where an individual lived, interest paid on a student loan, and the first $200 in donations. Personal tax credit amounts are indexed starting in 2018.

The tax credit for persons living alone was changed effective for 2017. The retirement income component was raised by 25 percent, and the reduction rate based on household income was increased from 15 percent to 18.75 percent.

The base amount for a tax credit for minor children engaged in vocational training or post-secondary studies and the tax credit for other dependants took into account the dependant's income. The grant was previously reduced by 80 percent of the dependant's income (excluding, for example, a scholarship or the deduction for residents in remote areas); effective in 2017, that 80 percent correction factor was eliminated in order to take into account the drop in the tax credit rates from 20 percent to 16 percent.

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8 Quebec, Department of Finance and the Economy, *Information Bulletin* 2017-3, "Tax Measures Announced at the Time of the Tabling of the Government Action Plan To Foster an Executive-Driven Economy," February 21, 2017, at 10.

To mitigate the unfairness inherent in receiving certain income replacement benefits under a compensation plan, the basic tax credit was taken into account both in determining income replacement benefits and in calculating income tax payable on other income; the income tax payable was adjusted accordingly. (An income replacement benefit paid under a public compensation plan was paid following, for example, an accident, employment injury, bodily injury, or death, or in order to prevent bodily injury.) Changes were made so that the change in the basic tax credit did not affect the amount of these adjustments.

For 2017, income tax was deducted at source as if there were no increase in the amounts used to calculate personal tax credits and the rate had not decreased. For subsequent years, full effect will be given to the general tax reduction and the simplified calculation of personal tax credits.

If a child was deemed to be resident in Quebec because the child's parent was so deemed owing to his or her duties, the maximum income that the dependant could earn in 2016 was $9,582; that level of income is indexed starting in 2018.

A child may be a dependant for the purpose of a refundable tax credit—to a parent or spouse—for work, pursuit of studies, or active seeking of employment. The child's maximum 2016 earnings are set at $9,582 and indexed in 2018 and subsequent years.

The 20 percent refundable RénoVert tax credit—for up to $50,000 of eco-friendly renovations on a taxpayer's principal residence or cottage suitable for year-round occupancy normally occupied by the individual—was extended for one year for work contracted before April 2018. Excepted was construction, renovation, modification, or rebuilding of a system for the discharge, collection, and disposal of waste water, toilet effluents, or waste water: a new refundable tax credit applied to such work from April 1, 2017 (see below). The contractor must have had a Quebec establishment. Only qualified expenditures in excess of $2,500 could be the subject of the credit, and the maximum credit was $10,000.

A temporary refundable tax credit was introduced for the upgrading of residential waste water treatment systems for residences that were not connected to a sewer system. The credit may have been as much as $5,500 per dwelling, or 20 percent of the excess over $2,500 of work under a contract entered into after March 2017 and before April 2022.

A special deduction from income was extended to an inhabitant of the Communauté des Îles-de-la-Madeleine, a remote area where the cost of living was higher than elsewhere. For 2017 and subsequent years, the individual must have usually resided in a designated remote area for no fewer than six consecutive months. The deduction for such residence was $11 a day, which amount may have been doubled if the individual maintained and resided in a self-contained domestic establishment and no other person who occupied that dwelling made a deduction for the same day. The deduction could not exceed 20 percent of the individual's income for the year.

A travel component for trips paid by an employer applied to two vacation trips a year for an individual and to all travel for medical reasons. The deductions were reduced by 50 percent for an individual who resided in a designated intermediate remote zone; residence in a northern zone benefited from a full deduction. Both zones were set out in the federal regulations for the federally granted northern residents deduction; however, the Îles-de-la-Madeleine were considered to have been northern zones (and not an intermediate zone) for 2017 and following years.

3. *Sales Tax*

No changes were announced.

4. *Sin Taxes*

No changes were announced.

5. *Resource-Related Matters*

See the corporate income tax coverage for the refundable tax credit for the production of ethanol in Quebec.

Various tax measures applicable to the mining sector were changed to use the territorial designation of the Northern Plan. For the purposes of both the mining tax and the income tax, the definition of Near North was changed to harmonize with the Northern Plan and enlarged its territory southward to the 49 degrees north latitude, north of the St. Lawrence River and the Gulf of St. Lawrence, and south of the Far North territory. The changes applied to exploration expenses in the mining sector after budget day.

The Mining Tax Act was amended to introduce an allowance for community consultations, cumulatively equal to 50 percent of the community consultation expenses incurred by the operator, on the same principles as the pre-production development allowance. The expenses excluded qualifying exploration expenses. The allowance applied to a tax year ending after the day of the budget speech, for consultation expenses incurred after that day. Consequential changes were made to the refundable duties credit for an operator's losses.

6. *Real Estate Taxes*

No changes were announced.

7. *Pensions*

No changes were announced.

8. *Other*

Major investments made by Fondaction, le Fonds de développement de la Confédération des syndicats nationaux pour la coopération et l'emploi, in social economy enterprises, received increased recognition. This increased recognition was accomplished by excluding those investments (within the meaning of the Social Economy Act) when considering the maximum limit of 10 percent of net assets (at the end of the preceding year) that may be allocated to major investments for the purposes of the investment requirement. The change applied to a taxation year beginning after May 2016.

Eligible investments by Capital régional et coopératif Desjardins in the Société en commandite Essor et Coopération were increased. Total investment capability increased to a maximum of $85 million for a particular fiscal year beginning after the end of calendar 2016. For the purpose of calculating the fund's investment requirement, those investments may not have exceeded 12 percent of the fund's net assets at the end of the preceding year.

The dual-basis compensation tax for financial institutions and the applicable rates were extended for an additional five years. Rates for the new periods are set out in table 20.

The Balanced Budget Act was increased by the forecasted surplus in the 2017-18 budget. The balance of the stabilization reserve was $2,441 million at March 31, 2017. The debt reduction objectives of Quebec were maintained in the 2017-18 budget. Contributions to a "generations fund" from legislatively stipulated non-income-tax sources enabled Quebec to achieve the debt reduction objectives set out in the Act. Certain debt reductions must be achieved by 2025-26, when the gross debt cannot exceed 45 percent of gross domestic product (GDP) and debt from accumulated deficits cannot exceed 17 percent of GDP.

Initiatives to fight tax evasion were successful and reduced tax losses from the construction sector. Audit activities in other at-risk sectors included the restaurant sector, resulting in a drop of more than 60 percent in the sector's underground economy, and the tobacco sector, resulting in a reduction of this sector's underground economy of one-half since 2009.

Quebec announced its intention to implement a technological solution by the end of 2019 to increase tax compliance in the remunerated passenger transportation sector by relying on sales recording modules (making mandatory the issue of an invoice to customers); to establish an awareness, inspection, and investigation team in the tourist accommodation sector; and to reduce penal and criminal case processing times. In Revenu Québec, a key player in the collection of government revenue, actions have been taken to increase the agency's efficiency in delivering services to taxpayers and to improve its relations with taxpayers, in order to foster voluntary tax compliance. Particular attention was paid to the growth in Revenu Québec's spending. The growth in per capita spending has substantially slowed in the past few years. The budget documents indicate that growth in the future should be comparable to the growth in government spending as a whole.

To ensure balance in the funding of the health-care system, the 2017-18 budget began action to change medical compensation (based on advances made) and thus equipped the minister of health and social services with new, high-performance information systems. The budget papers state that, by the Quebec government's calculation, health and social services spending accounts for almost 43 percent of expenses. It is anticipated that expenses will grow and stabilize around 51 percent until 2019-20, especially because of the aging population. The share in medical compensation of total health expenditure grew faster in Quebec than in the rest of

TABLE 20 Rates of Compensation Tax for Financial Institutions

	December 3, 2014-March 31, 2022	April 1, 2022-March 31, 2024
	percent	
Amounts paid as wages		
Bank, loan or trust corporation, or corporation trading in securities	4.48	2.80
Savings and credit union	3.52	2.20
Any other person[a]	1.44	0.90
Insurance premiums and amounts established in re an insurance fund	0.48	0.30

a Excluding an insurance company and a professional order that created an insurance fund under section 86.1 of the Professional Code (CQLR c. C-26). In addition, a financial institution that has not made the joint election provided for in section 150 of the Excise Tax Act (RSC 1985, c. E-15, as amended) is no longer subject thereto as of January 1, 2013.

Source: Quebec, Department of Finance and the Economy, Budget 2017-2018, Additional Information, March 28, 2017, at table A.8.

Canada, although according to Quebec calculations, per capita spending for total medical compensation, before taking into account cost-of-living differences, was slightly less than in the rest of Canada and in Ontario. Quebec's proposal regarding physician compensation hinged on the government's capacity to pay and provided, inter alia, for a study of the medical compensation gap between Quebec and Ontario.

New Brunswick (Table 21)

Tax Highlights

- No changes in the general corporate income tax rate
- No changes in personal income tax rates
- Small business tax rate decreased to 3 percent

Tax Changes

1. Corporate Income Tax

The small business income tax rate was decreased from 3.5 percent to 3 percent, effective April 1, 2017. The New Brunswick government committed to a reduction of that rate to 2.5 percent during its mandate, by the end of 2018.

2. Personal Income Tax

No changes were announced.

3. Sales Tax

No changes were announced.

TABLE 21 Projected Revenues and Expenditures, New Brunswick, Fiscal Year 2017-18

	millions of dollars
Total revenues	9,189
Total expenditures	(9,381)
Contingency reserve	nil
Surplus/(deficit)	(192)
Revenue sources	
Personal income tax	1,681
Corporate income tax	334
Sales tax	1,419
Other taxes	1,085
Total tax revenue	4,519
Federal transfers	3,062
Other revenues	1,608
Total revenues	9,189
Expenditures	
Education	1,235
Health	2,679
Debt servicing	701
Other expenditures	4,766
Total expenditures	9,381

Notes: Figures were shown on a main estimates basis. About $247 million of federal transfers was provided in the form of conditional federal grants. Expenditure figures were shown by department. “Other revenues” included $70 million in forest and mining royalties. The contingency reserve was eliminated in this budget. Nursing home consolidation was reflected in the revenues and expenses.

Source: New Brunswick, Department of Finance, 2017-2018 Budget, January 31, 2017.

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

As announced in 2016, the strategic program review process was completed. The review process identified measures to reduce the province’s accumulating debt and put New Brunswick on track to balance the budget in 2020-21. The initiatives identified continue to be implemented; consequently, the government did not introduce new revenue measures or expenditure restraint in the 2017-18 budget.

In partnership with the federal government, spending on health care in 2017-18 was increased by 3.3 percent, the largest increase since 2010-11.

New Brunswick was consulting to develop its own carbon pricing policy that addresses federal government requirements.

Prebudget consultations were held with provincial residents.

Nova Scotia (Table 22)

Tax Highlights

- Small business limit increased retroactively
- Certain personal income tax credits increased for a taxpayer earning less than $75,000

Tax Changes

1. Corporate Income Tax

Retroactive to January 1, 2017, the small business limit was promised to be increased from $350,000 to $500,000 for a CCPC that has taxable capital of up to $10 million. The government has not yet passed legislation to this effect. The small business deduction rate is phased out for a CCPC whose taxable capital is between $10 million and $15 million.

2. Personal Income Tax

Effective in 2018 and for subsequent years, some personal income tax credits—a basic personal amount, a spousal amount, an amount for an eligible dependant, and an age amount—increase for an individual whose taxable income was under $25,000; the increase phases out until taxable income reaches $75,000, when it is eliminated. The first three amounts increase from $8,481 to $11,481 and the age amount increases from $4,141 to $5,606.

3. Sales Tax

No changes were announced.

4. Sin Taxes

No changes were announced.

5. Resource-Related Matters

A new exemption from motive fuel tax was added, effective April 1, 2017, for equipment used in the mining and quarrying sector.

TABLE 22 Projected Revenues and Expenditures, Nova Scotia, Fiscal Year 2017-18

	April 2017	September 2017
	millions of dollars	
Total revenues	10,587	10,574
Total expenditures	(10,516)	(10,512)
Reserve and consolidating adjustments	66	70
Contribution to fiscal capacity for Provincial Health Complex	(110)	(110)
Surplus/(deficit)	26	21
Revenue sources		
Personal income tax	2,738	2,711
Corporate income tax	506	507
Sales tax	1,804	1,829
Other taxes	661	647
Total tax revenue	5,709	5,694
Federal transfers	3,545	3,546
Other revenues	1,333	1,334
Total revenues	10,587	10,574
Expenditures		
Education	1,317	1,318
Health	4,208	4,214
Debt servicing	850	850
Other expenditures	4,141	4,130
Total expenditures	10,516	10,512

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 2017-2018, April 27, 2017 and September 26, 2017.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

No changes were announced.

Prince Edward Island (Table 23)

Tax Highlights

- Some personal tax credits increased
- No changes to corporate income tax or rates

Tax Changes

1. Corporate Income Tax

No changes were announced.

2. Personal Income Tax

Personal tax credits for the basic personal amount, spouse, and spousal equivalent were increased by 2 percent for 2017. The increase reduced personal income tax for 85,000 provincial residents.

An amendment was passed on December 15, 2016 to the Community Development Equity Tax Act. Effective for 2017 and subsequent years, an eligible corporation could not have revenue of $50 million or more (up from $25 million).

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

The provincial government promised that the Department of Finance would prepare a report on existing income tax credits to determine their cost and effectiveness. The information was expected to help guide a more thorough review of the credits in future budgets.

In October 2016, Prince Edward Island announced changes to its tax rate for life, accident, and sickness insurance, and for other coverage, effective after 2016. The premium tax for the first three types of coverage increased from 3.5 percent to

TABLE 23 Projected Revenues and Expenditures, Prince Edward Island, Fiscal Year 2017-18

	millions of dollars
Total revenues	1,812
Total expenditures	(1,812)
Reserve and consolidating adjustments	nil
Surplus/(deficit)	1
Revenue sources	
Personal income tax	373
Corporate income tax	60
Sales tax	275
Other taxes	234
Total tax revenue	942
Federal transfers	706
Other revenues	164
Total revenues	1,812
Expenditures	
Education	256
Health	640
Debt servicing	126
Other expenditures	790
Total expenditures	1,812

Notes: Revenue and expenditure figures were consolidated. Expenditure figures were shown by department. Appendix III in the 2016 Budget Estimates shows reclassified revenue and expenditures for 2015-16 to conform to the 2016-17 presentation, and 2016-17 to conform to 2017-18 presentation, respectively.

Source: Prince Edward Island, Department of Finance, Budget 2017-2018, April 7, 2017.

3.75 percent; for other insurance, the premium tax increased to 4 percent. The fire prevention tax of 1 percent was eliminated for 2017 and subsequent years, except that mutual insurance companies that previously paid that tax were required to pay a 1.25 percent tax rate on all insurance premiums.

The government promised to introduce a carbon pricing mechanism after the current fiscal year.

Prince Edward Island amended its Income Tax Act and maintained a credit for education, a credit that was repealed in the 2017 federal budget.

Newfoundland and Labrador (Table 24)

Tax Highlights

- No new taxes or fees
- No changes in existing taxes or fees
- 75 percent reduction in temporary gas tax in 2017

Tax Changes

1. *Corporate Income Tax*

No changes were announced.

2. *Personal Income Tax*

Under the 2016 budget, effective July 1, 2016, all tax bracket rates were increased. The rates increased again in 2017, and the 2017 rates were 1 to 3 percentage points higher than the rates in 2015. See table 25.

The temporary deficit reduction levy (set out in table 26) was to be phased out after 2017, but the 2017 budget did not refer to this phasing out.

3. *Sales Tax*

The HST point-of-sale rebate on books purchased by individuals was eliminated by the 2016-17 budget. The 2016-17 budget announced that, effective January 1, 2017, Newfoundland and Labrador became the first Canadian province to put a sales tax on books, except for public-sector organizations such as school boards and universities.

4. *Sin Taxes*

No changes were announced.

5. *Resource-Related Matters*

Effective June 2, 2016, the tax on gasoline increased by 16.5 cents per litre. This temporary tax increase was set for review before the supplemental budget was tabled in the fall of 2016. The 2017-18 budget announced the phaseout of the temporary gas tax. The tax was reduced by 8.5 cents per litre on June 1, 2017 and further reduced by 4 cents per litre on December 1, 2017, an approximate 75 percent reduction in this tax. It was promised that the remaining 4 cents per litre would be reviewed in the government's fall 2017 fiscal and economic update.

Effective June 1, 2017, the rebate of 10 cents per litre for gasoline used in motor vehicles in the Labrador Border Zones—Labrador West (Labrador City and Wabush) and Southern Labrador (from the Quebec border and including the Red Bay community)—was reduced to 1.5 cents per litre and discontinued as of December 1, 2017. This reduction was consistent with the phaseout of the temporary gas tax.

TABLE 24 Projected Revenues and Expenditures, Newfoundland and Labrador, Fiscal Year 2017-18

	millions of dollars
Total revenues	7,339
Total expenditures	(8,116)
Revenue risk adjustment	nil
Surplus/(deficit)	(778)
Revenue sources	
Personal income tax	1,626
Corporate income tax	342
Sales tax	1,238
Other taxes	719
Total tax revenue	3,925
Federal transfers	1,256
Other revenues	2,158
Total revenues	7,339
Expenditures	
Education	742
Health	2,768
Debt servicing	1,112
Other expenditures	3,494
Total expenditures	8,116

Notes: Expenditures were reported by department, except for debt expenses. 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 $882 million and not included in "other" tax revenue; $37 million from mining tax and royalties was included in tax revenue. The total revenue figure includes net income of government business enterprises of $441 million. The personal income tax estimate includes $74.8 million for the temporary deficit reduction levy. The education and health amounts have been prorated; debt-servicing amounts were allocated pro rata. Figures may not add because of rounding.

Source: Newfoundland and Labrador, Department of Finance, Budget 2017-18, April 6, 2017.

As implemented in 2016, the temporary gas tax on Labrador's north coast was to continue to be reduced until the price per litre does not exceed $1.55 or the tax is fully eliminated.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

TABLE 25 Newfoundland and Labrador Income Tax Rates, 2016 and 2017

2016		2017	
Taxable income	Rate	Taxable income	Rate
dollars	*percent*	*dollars*	*percent*
0-35,418	8.2	0-35,851	8.7
Over 35,418-70,295	13.5	Over 35,851-71,701	14.5
Over 70,295-125,500	14.55	Over 71,701-128,010	15.8
Over 125,500-175,700	15.8	Over 128,010-179,214	17.3
Over 175,700	16.8	Over 179,214	18.3

TABLE 26 Newfoundland and Labrador Temporary Deficit Reduction Levy

Taxable income	Temporary deficit reduction levy
	dollars
Not more than $20,000	0.00
More than $20,000 but not more than $25,000	0.01-300.00
More than $25,000 but not more than $36,000	300.00
More than $36,000 but not more than $38,500	300.01-450.00
More than $38,500 but not more than $47,000	450.00
More than $47,000 but not more than $49,500	450.01-600.00
More than $49,500 but not more than $72,000	600.00
More than $72,000 but not more than $74,500	600.01-750.00
More than $74,500 but not more than $200,000	750.00
More than $200,000 but not more than $202,500	750.01-900.00
More than $202,500	900.00

8. Other

After the federal review of its tax system, Newfoundland and Labrador will comprehensively and independently review its provincial tax system. The review is intended to simplify the tax system and reduce costs for each of the government and taxpayers, while ensuring that the tax system is fair and competitive. A diversified wealth fund was again promised (first mentioned in the 2016 budget speech) when a surplus is reached. The government was targeting a small surplus by 2022-23; the budget's focus on increasing revenue and decreasing expenditures was a direct consequence of the decline in commodity prices.

The Department of Finance oversaw a prebudget consultation process that gave an opportunity to identify budget priorities. Long-term goals were set in a government document: a more efficient public service, a stronger economic foundation, better services, and better outcomes. A schedule for in-person meetings was set out online; interested individuals were also invited to make written submissions.

Yukon (Table 27)

Tax Highlights

- Corporate and small business income tax rates decreased
- Tobacco tax increased
- Special warrant covered deficit of previous government

Tax Changes

1. Corporate Income Tax

The small business rate was reduced from 3 percent to 2 percent effective July 1, 2017. The government committed to examining the implications of this change before reducing the future rate to zero as previously promised.

The general corporate tax rate was reduced from 15 percent to 12 percent starting in July 2017.

2. Personal Income Tax

In 2010, changes were made to Yukon income tax legislation; the dividend tax credit was revised automatically with changes in federal or Yukon corporate income tax. In 2017, the dividend tax credit was 15 percent and 3.14 percent for eligible and ineligible dividends, respectively.

3. Sales Tax

No changes were announced.

4. Sin Taxes

Tobacco taxes increased from 21 cents to 25 cents per cigarette and gram of loose tobacco for July 1, 2017 and increased to 30 cents on April 1, 2018. Effective January 1, 2019, the tobacco tax rate is to be indexed to inflation.

5. Resource-Related Matters

No changes were announced in the budget. On July 16, 2017, the premiers of Yukon, the Northwest Territories, and Nunavut said again that a carbon tax would negatively affect the quality of life in the North. Climate solutions have been undertaken by all three territories, but it has been said that a carbon tax will not create jobs in the North.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

TABLE 27 Projected Revenues and Expenditures, Yukon, Fiscal Year 2017-18

	millions of dollars
Total revenues	1,289
Total expenditures	(1,282)
Reserve	nil
Surplus/(deficit)	7
Revenue sources	
Personal income tax	68
Corporate income tax	12
Sales tax	na
Other taxes	31
Total tax revenue	111
Federal transfers	971
Other revenues	206
Total revenues	1,289
Expenditures	
Education	196
Health	451
Debt servicing	16
Other expenditures	619
Total expenditures	1,282

Notes: Expenditure figures for education and health were shown in consolidated and non-consolidated budgets by department. The health figure includes an amount for social services. Non-consolidated reporting was used to reflect the announced surplus figure; the consolidated surplus was reported as $33 million. Consolidated reporting includes territorial corporations. The debt-servicing figure shown represents expenditures on loan programs. Debt servicing is prorated. 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 2017-2018, April 27, 2017.

8. Other

Upgrading the ability of the Department of Finance to gather and analyze information was intended to modernize budgeting and reporting systems and create a more evidence-based budgeting approach. A new five-person expert financial advisory panel was announced to examine the territory's finances and consult with the public about budgetary planning. The goal was to reduce or eliminate projected deficits.

In order to tailor a Yukon economic outlook, the branches of the Yukon Bureau of Statistics and the Business and Economic Research branch were moved into the Department of Finance. This move was intended to help create a consistent population and economic forecast, to make all future budget forecasts Yukon-specific, and to avoid the need for significant adjustments. The Yukon economic outlook is to be available when a budget is tabled.

On January 23, 2017, following an election in November 2016, the Yukon government issued a special warrant to meet financial commitments made by the previous government and not accounted for in the previous budget. The current government indicated that the anticipated surplus ($9.4 million) was in fact a deficit ($8.2 million).

Northwest Territories (Table 28)

Tax Highlights

- No new taxes or income tax increases

Tax Changes

1. Corporate Income Tax

No changes were announced.

2. Personal Income Tax

The 2017-18 budget proposed adding $6.4 million to the medical travel budget to provide access to medical services for all Northwest Territories residents.

3. Sales Tax

No changes were announced.

4. Sin Taxes

Liquor markups were indexed for inflation in the past. These markups were not increased in fiscal years 2013-14 through 2017-18 owing to concerns that the markups were already the highest in all the provinces and territories, and that increases could pose enforcement challenges.

Tobacco taxes increased effective April 1, 2017 to 30.4 cents per cigarette and 27.2 cents per gram of loose tobacco. A policy in the Northwest Territories indexes tobacco tax rates to inflation where practicable.

5. Resource-Related Matters

The government intended to investigate the introduction of a carbon tax. The Northwest Territories signed the Pan-Canadian Climate Change Framework and committed to the investigation of a carbon price of $10 per tonne of GHG emissions in 2018-19. High fuel prices already curtail consumption, and the government said that it was aware that carbon pricing mechanisms mandated by the federal government would not significantly reduce GHG emissions. The government said that the investigation would include ways to make the carbon tax revenue-neutral for residents and industry.

TABLE 28 Projected Revenues and Expenditures, Northwest Territories, Fiscal Year 2017-18

	millions of dollars
Total revenues	1,859
Total expenditures	(1,692)
Infrastructure contribution, deferred maintenance, fund profit/loss	nil
Surplus/(deficit)	167
Revenue sources	
Personal income tax	113
Corporate income tax	84
Sales tax	na
Other taxes	108
Total tax revenue	305
Federal transfers	1,419
Other revenues	135
Total revenues	1,859
Expenditures	
Education	315
Health	423
Debt servicing	23
Other expenditures	931
Total expenditures	1,692

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 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 is offset against federal territorial formula financing grants, up to 25 percent of the balance will be shared with aboriginal governments, and the remaining 25 percent will be 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 2017-2018, February 1, 2017.

6. Real Estate Taxes

Property tax mill rates were adjusted for inflation, effective April 1, 2017.

7. Pension

No changes were announced.

8. Other

The government announced that it intended to investigate the introduction of a sugary drink tax to curb health issues such as obesity and diabetes, and to discourage the consumption of sugary drinks. It said that this investigation would commence in 2018.

Some fees were adjusted for inflation, effective April 1, 2017.

The Revolving Fund Act was amended to establish a revolving fund for the Yellowknife airport. Revenues generated by the airport were intended to be used to fund ongoing capital and operations and maintenance expenditures.

Effective April 1, 2017, the Executive and Aboriginal Affairs and Intergovernmental Relations departments were amalgamated into the Executive and Aboriginal Affairs Department. The departments of Human Resources and Finance were also amalgamated.

Nunavut (Table 29)

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.

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. Pension

No changes were announced.

TABLE 29 Projected Revenues and Expenditures, Nunavut, Fiscal Year 2017-18

	millions of dollars
Total revenues	1,981
Total expenditures	(1,958)
Supplementary requirements, revolving funds, and contingencies	nil
Surplus/(deficit)	23
Revenue sources	
Personal income tax	32
Corporate income tax	15
Sales tax	na
Other taxes	66
Total tax revenue	113
Federal transfers	1,626
Other revenues	242
Total revenues	1,981
Expenditures	
Education	206
Health	353
Debt servicing	3
Other expenditures	1,396
Total expenditures	1,958

Notes: Main estimates were prepared on a non-consolidated basis. Surplus was shown on a main estimates basis and not the public account basis, which funds revenues and expenditures. Expenditure figures appeared to be shown by department. The debt-servicing expenditure was reported on a cash, non-consolidated basis.

Nunavut is 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 2017-2018, February 22, 2017.

8. Other

The Department of Finance launched a comprehensive review of the tax system for efficiency, effectiveness, and fairness. Finance committed to the release of a report later in 2017. The budget address recognized that 90 percent of the territories' funding was from the federal government; the territory anticipated that future increases in federal transfers would be "very modest."[9]

9 Nunavut, Department of Finance, Budget 2017-2018, Budget Address, February 23, 2017, at 2.