

HIGHLIGHTS FROM THE MANITOBA BUDGET

Minister of Finance Cliff Cullen tabled the 2023 Manitoba provincial budget on March 7, 2023. The budget projects a deficit of \$363 million for 2023/24 and a balanced budget by 2028/29.

On the income tax side, there were no increases or decreases to personal or corporate income tax rates for 2023. However, the budget did propose an enhanced basic personal amount for 2023, increased tax bracket thresholds for 2024 and adjustments to the health and post-secondary education tax levy.

The following pages are a summary of the changes announced in the budget. Please note that these changes are proposals until passed into law by the provincial government. It is important to note that the province will be holding a general election in the fall, which may impact the status of this budget.

PERSONAL TAX MATTERS

Personal income tax rates and tax brackets

There were no proposed changes to personal income tax rates for 2023. Tax brackets and other amounts have been indexed by 7% to recognize the impact of inflation. The table below shows the Manitoba tax rates and tax brackets for 2023.

TAXABLE INCOME RANGE	2023 TAX RATES
First \$36,842	10.8%
Over \$36,842 to \$79,625	12.8%
Over \$79,625	17.4%

The table below shows the 2023 combined federal and provincial highest marginal tax rates for various types of income.

INCOME TYPE	2023 COMBINED TAX RATES
Regular income	50.4%
Capital gains	25.2%
Eligible dividends	37.8%
Non-eligible dividends	46.7%

Basic personal amount

The basic personal amount is a non-refundable tax credit that every Manitoba resident is entitled to claim on their income tax return. Effective for the 2023 tax year, the basic personal amount will be increased to \$15,000. It is estimated that this measure will remove an additional 47,400 taxpayers from the tax rolls in 2023.

Tax bracket thresholds

Effective for the 2024 tax year, Manitoba's tax bracket thresholds will increase to \$47,000 and \$100,000, with a return to annual indexing in 2025. Manitoba tax brackets and rates for 2024 will be as follows:

TAXABLE INCOME RANGE	2024 TAX RATES
First \$47,000	10.8%
Over \$47,000 to \$100,000	12.8%
Over \$100,000	17.4%

CORPORATE TAX MATTERS

Corporate income tax rates

There were no proposed changes to corporate income tax rates. The table below shows the Manitoba tax rates and the small business limit for 2023.

CATEGORY	2023 TAX RATES
General rate	12%
Manufacturing and processing rate	12%
Investment income rate	12%
Small business rate	0%
Small business limit	\$500,000

The table below shows the 2023 combined federal and provincial corporate income tax rates for various types of income earned by a Canadian Controlled Private Corporation (CCPC).

INCOME TYPE	2023 COMBINED TAX RATES
Small business income	9%
Active income over \$500,000	27%
Manufacturing and processing income	27%
Investment income	50.7%

Health and post-secondary education tax levy

Effective January 1, 2024, the exemption threshold will be raised from \$2 million to \$2.25 million of annual remuneration. In addition, the annual remuneration, for which businesses pay a reduced effective rate, will be raised from \$4 million to \$4.5 million. Increases to the thresholds primarily benefit the construction, manufacturing, retailer, wholesaler, professional and restaurant sectors.

If fiscal updates later in the year show better-than-expected revenue performance, the government will reduce the tax levy for 2024, from 4.3% to 4.0% on payroll between \$2.25 million and \$4.5 million, and from 2.15% to 2.0% on total payroll if it exceeds \$4.5 million. This rate reduction will be confirmed prior to January 1, 2024.

Interactive digital media tax credit

Effective April 1, 2023, eligible expenditures for the interactive digital media tax credit will be expanded to allow for more flexible forms of employee compensation and incentives as eligible labour expenditures. This does not include labour expenditures such as bonuses tied to profits or revenues, stock options and signing bonuses, which will remain ineligible.

Mineral exploration tax credit

The mineral exploration tax credit, scheduled to expire on December 31, 2023, is being made permanent. This credit supports Manitobans who invest in flow-through shares of qualifying mineral exploration companies engaged in mineral exploration in Manitoba and is equal to 30% of investments in flow-through shares.

In addition, minor amendments to the Manitoba Income Tax Act will be required to ensure exploration expenses related to critical minerals continue to be eligible for Manitoba's mineral exploration tax credit. This is the result of recent changes to the Canada Income Tax Act, which established a new critical mineral exploration tax credit respecting critical minerals. The critical minerals include copper, nickel, lithium, cobalt, graphite, rare earth elements, scandium, titanium, gallium, vanadium, tellurium, magnesium, zinc, platinum group metal and uranium.

Green energy equipment tax credit

The green energy equipment tax credit, scheduled to expire on June 30, 2023, will be made permanent. This credit supports the production and purchase of machinery and equipment used to generate renewable energy in Manitoba.

OTHER INITIATIVES

Provincially administered tax refunds

The tax refund limit period for provincially administered taxes will be extended for refunds that are the result of a tax audit to match the audit period.

WE CAN HELP

Your Assante advisor can help you assess the impact of these proposals on your personal finances or business affairs and show you ways to take advantage of their benefits or ease their impact. The resources available to you and your advisor include CI Assante Private Client's Wealth Planning Group, a multi-disciplinary team of accountants, lawyers and financial planners.

For more information, we encourage you to speak to your advisor or visit us at [assante.com](https://www.assante.com)

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