

2023 Issue No. 14
22 March 2023

Tax Alert – Canada

New Brunswick budget 2023-24

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

“We have gone from a province that was struggling with a declining economy and unsustainable public finances to a province that is dealing with challenges that come with growth.”

“Budget 2023-2024 continues the important work necessary to build on the growth we have seen in recent years and take advantage of the opportunities before us.”

*New Brunswick Minister of Finance and Treasury Board Ernie Steeves
2023-24 budget speech*

On 21 March 2023, New Brunswick Minister of Finance and Treasury Board Ernie Steeves tabled the province’s fiscal 2023-24 budget. The budget contains no new taxes and no tax increases.

The minister anticipates a surplus of \$40.3 million for 2023-24 and projects surpluses for each of the next two years.

Following is a brief summary of the key tax measures.

Business tax measures

Corporate income tax rates

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

New Brunswick’s 2023 corporate income tax rates are summarized in Table A.

Table A - 2023 New Brunswick corporate income tax rates¹

	NB	Federal and NB combined
Small-business tax rate ²	2.50%	11.50%
General corporate tax rate ^{2, 3}	14.00%	29.00%

¹ The rates represent calendar-year-end rates unless otherwise indicated.
² The federal corporate income tax rates for manufacturers of qualifying zero-emission technology are reduced to 7.5% for eligible income otherwise subject to the 15% federal general corporate income tax rate or 4.5% for eligible income otherwise subject to the 9% federal small-business corporate income tax rate. These reductions are not reflected in the combined federal and New Brunswick rates above.
³ An additional tax applies to banks and life insurers at a rate of 1.5% on taxable income (subject to a \$100 million exemption to be shared by group members), effective for taxation years ending after 7 April 2022 (prorated for taxation years straddling this effective date).

Personal tax

Personal income tax rates

The budget does not include any changes to personal income tax rates other than the previously announced rate reductions last fall, which were effective for the 2023 and subsequent taxation years.

The 2023 New Brunswick personal income tax rates are summarized in Table B.

Table B - 2023 New Brunswick personal income tax rates

First bracket rate	Second bracket rate	Third bracket rate	Fourth bracket rate
\$0 to \$47,715	\$47,716 to \$95,431	\$95,432 to \$176,756	Above \$176,756
9.40%	14.00%	16.00%	19.50%

For taxable income in excess of \$165,430, the 2023 combined federal-New Brunswick personal income tax rates are outlined in Table C.

Table C - Combined 2023 federal and New Brunswick personal income tax rates

Bracket	Ordinary income ¹	Eligible dividends	Non-eligible dividends
\$165,431 to \$176,756 ²	45.32%	22.49%	38.57%
\$176,757 to \$235,675 ²	48.82%	27.32%	42.59%
Above \$235,675	52.50%	32.40%	46.83%

¹ The rate on capital gains is one-half the ordinary income tax rate.

² The federal basic personal amount comprises two elements: the base amount (\$13,521 for 2023) and an additional amount (\$1,479 for 2023). The additional amount is reduced for individuals with net income in excess of \$165,430 and is fully eliminated for individuals with net income in excess of \$235,675. Consequently, the additional amount is clawed back on net income in excess of \$165,430 until the additional tax credit of \$222 is eliminated; this results in additional federal income tax (e.g., 0.32% on ordinary income) on net income between \$165,431 and \$235,675.

Other tax measures

Property tax

Previously announced measures from the 2022-23 budget regarding provincial property tax rate reductions were accelerated with the introduction of legislation in November 2022. These proposed property tax rate reductions, which were intended to be phased in over the next two taxation years, will be fully implemented for the 2023 taxation year.

Carbon taxation

As previously announced, the Government of New Brunswick has opted to adopt the federal carbon backstop for carbon taxation. Up until recently, the province had applied a made-in-New Brunswick approach to carbon taxation.

Learn more

For more information, please contact your EY or EY Law advisor or one of the following professionals:

Dieppe

Dan LeBlanc

+1 506 388 7728 | dan.leblanc@ca.ey.com

Pauline Vautour

+1 506 388 7724 | pauline.vautour@ca.ey.com

Marc Léger

+1 506 388 7746 | marc.d.leger@ca.ey.com

Natacha Poirier

+1 506 388 7719 | natacha.poirier@ca.ey.com

And for up-to-date information on the federal, provincial and territorial budgets, visit ey.com/ca/Budget.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation is available via ey.com/privacy. For more information about our organization, please visit ey.com.

About EY's Tax Services

EY's tax professionals across Canada provide you with deep technical knowledge, both global and local, combined with practical, commercial and industry experience. We offer a range of tax-saving services backed by in-depth industry knowledge. Our talented people, consistent methodologies and unwavering commitment to quality service help you build the strong compliance and reporting foundations and sustainable tax strategies that help your business achieve its potential. It's how we make a difference.

For more information, visit ey.com/ca/tax.

About EY Law LLP

EY Law LLP is a national law firm affiliated with EY in Canada, specializing in tax law services, business immigration services and business law services.

For more information, visit eylaw.ca.

About EY Law's Tax Law Services

EY Law has one of the largest practices dedicated to tax planning and tax controversy in the country. EY Law has experience in all areas of tax, including corporate tax, human capital, international tax, transaction tax, sales tax, customs and excise.

For more information, visit <http://www.eylaw.ca/taxlaw>

© 2023 Ernst & Young LLP. All Rights Reserved.

A member firm of Ernst & Young Global Limited.

This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact EY or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.

ey.com/ca