



B.C. Budget Announcement - 2019

B.C. BUDGET HIGHLIGHTS

On Tuesday, February 19, 2019, B.C. Minister of Finance Carole James presented the province's 2019 budget. Below are highlights of the tax measures included in the 2019 B.C. budget.

A. Corporate Tax Measures

Corporate Tax Rates

No new corporate income tax rate changes were announced in this year's budget. The current corporate income tax rates for 2019 are outlined below:

	Small Business Corporations		General Corporations	
	Rate	Threshold	Non-M&P	M&P
Federal	9.0%	\$500,000	15.0%	15.0%
British Columbia	2.0%	\$500,000	12.0%	12.0%

Shipbuilding and Ship Repair Tax Credit Extended

The shipbuilding and ship repair tax credit is extended by three years to the end of 2022.

Training Tax Credits for Employers Extended

The training tax credits are extended to the end of 2019.

B. Personal Tax Measures

Personal Tax Rates

No new personal income tax rate changes have been announced in this year's budget. The top marginal personal income tax rate for B.C. is 16.80% for 2019. The current top combined federal and B.C. marginal rates for 2019 are outlined below:

Salary, business income, interest	49.80%
Capital gains	24.90%
Eligible dividends	31.44%
Non-eligible dividends	44.64%

Child Opportunity Benefit Introduced

Starting on October 1, 2020, a new BC Child Opportunity Benefit will be combined with the existing early childhood tax benefit into a single new benefit. The new refundable tax credit will apply to children under the age of 18, whereas the previous benefit applied to children under the age of 6.

The maximum benefit is \$1,600 for the first child, \$1,000 for a second child and \$800 for each subsequent child under the age of 18. The benefit will be reduced by 4% of family net income over \$25,000 until the benefit is equivalent to \$700 for the first child, \$680 for the second child and \$660 for each subsequent child. The new benefit is further reduced at a rate of 4% of family net income that is over \$80,000. Both net income thresholds will be indexed to inflation.

Parents who are already registered for the early childhood tax benefit or the Canada Child Benefit before September 30, 2020 will automatically be registered to receive the BC Child Opportunity Benefit. Parents not registered for either program will need to apply to the Canada Revenue Agency for the Canada Child Benefit in order to receive the new benefit. Parents of newborns will automatically be registered for the new benefit if, on the newborn's birth certificate application for the BC Vital Statistics Agency, the parents consent to share information with the Canada Revenue Agency.

Climate Action Tax Credit Enhanced

The maximum annual climate action tax credit will be increased as outlined below:

	Per Adult	Per Child
July 1, 2019	\$154.50	\$45.50
July 1, 2020	\$174.00	\$51.00
July 1, 2021	\$193.50	\$56.50

Single-parent families will continue to receive the adult amount for the first child in the family.

Training Tax Credits for Apprentices Extended

The training tax credits are extended to the end of 2019.

Farmers' Food Donation Tax Credit Extended

The Farmers' Food Donation Tax Credit is being extended to the end of 2020.

Mining Flow-Through Share Tax Credit Made Permanent

As recently announced, the mining flow-through share tax credit is made permanent, effective January 1, 2019.

Mining Exploration Tax Credit Made Permanent

As recently announced, the mining exploration tax credit is made permanent, effective on royal assent.

Pension Tax Credit Expanded

Effective for 2015 and subsequent tax years, the pension tax credit will also apply in respect of certain retirement income security benefits paid to veterans.

Calculation of Tax on Split Income Adjusted

Effective for 2018 and subsequent tax years, the disability tax credit can be applied in calculating tax on split income.

Calculation of Medical Expense Tax Credit Adjusted

Effective for 2018 and subsequent tax years, split income can be included in the income threshold for calculating the medical expense tax credit.

C. Indirect Tax Measures

Provincial Sales Tax Act

Effective on royal assent, the Provincial Sales Tax Act is amended to authorize a designation to streamline tax collection, reporting and remittance requirements for sales or leases involving agency.

Motor Fuel Tax Increase

Effective July 1, 2019, the Motor Fuel Tax Act is amended to enable the TransLink service region to increase its motor fuel tax rates up to 1.5 cents per litre on clear gasoline and clear diesel. This change will increase the current rate from 17 cents per litre to a maximum of 18.5 cents per litre.

D. Other Tax Measures

Small Business Venture Capital Tax Credit Program Enhanced

Budget 2019 introduces several changes to the small business venture capital tax credit program;

- Effective for 2019 and subsequent tax years, the annual tax credit limit that an individual can claim for investments made after February 19, 2019, is increased to \$120,000 from \$60,000.
- Effective February 20, 2019,
 - The maximum amount that eligible business corporations can raise through the tax credit program is increased to \$10 million from \$5 million;
 - Advanced commercialization is added as an eligible business activity (limited to businesses outside the Metro Vancouver Regional District and Capital Regional District);
 - Eligible small businesses and eligible business corporations can engage in activities related to scaling up their businesses after two years in the tax credit program;
 - Companies are eligible for a reduction in the amount they are required to reimburse the government if they exit the program after two years, instead of three years, and
 - Share transfers are permitted are permitted to a TFSA (Tax-Free Savings Account) and equity purchases within a TFSA are eligible for tax credits.
- Effective March 2, 2019, investments in convertible equity issued by an eligible business corporation can qualify for a tax credit.

New Mine Allowance Extended

The new mine allowance is extended for one year to the end of 2020.

Medical Services Plan (MSP) Premiums Eliminated

As announced in Budget 2018, MSP premiums will be eliminated effective January 1, 2020. This follows the 50% reduction in premiums effective January 1, 2019. The new Employer Health Tax took effect January 1, 2019.

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