



## Nova Scotia Budget Announcement - 2020

# NOVA SCOTIA BUDGET HIGHLIGHTS

On Tuesday, February 25, 2020, the Honourable Karen Casey, Minister of Finance and Treasury Board for Nova Scotia, tabled the province's 2020-2021 Budget, "Better Together." Budget 2020-2021 delivers a two-percent corporate income tax rate reduction and projects a surplus of \$55 million for 2020-2021. The following are highlights of the tax measures announced:

## A. Corporate Tax Measures

### Corporate Tax Rates

Corporate income tax rate changes have been announced in this year's budget, with the general rate moving from 16 percent to 14 percent, effective April 1, 2020. In addition, the small business rate will be reduced by one-half percentage point, from 3 percent to 2.5 percent, on April 1, 2020. The new corporate income tax rates will be as follows:

|             | Small Business Rate |           | General Rate |       |
|-------------|---------------------|-----------|--------------|-------|
|             | Rate                | Threshold | Non M&P      | M&P   |
| Federal     | 9.0%                | \$500,000 | 15.0%        | 15.0% |
| Nova Scotia | 2.5%                | \$500,000 | 14.0%        | 14.0% |

### Digital Media and Digital Animation Tax Credits

The Digital Media Tax Credit and the Digital Animation Tax Credit were introduced in 2007 and 2015, and were set to expire December 31, 2020 and June 30, 2020, respectively. These credits have both been extended for an additional five years, to December 31, 2025.

## 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 Nova Scotia is 21 percent for 2020. The current top combined federal and Nova Scotia marginal rates for 2020 are as follows:

|                                   |        |
|-----------------------------------|--------|
| Salary, business income, interest | 54.00% |
| Capital gains                     | 27.00% |
| Eligible dividends                | 41.58% |
| Non-eligible dividends            | 48.27% |

As previously announced, and in effect for 2019, the basic personal amount, the spousal amount and the eligible dependant amount have increased by \$3,000 from \$8,481 to \$11,481. These enhancements are reduced by 6 percent of taxable income over \$25,000 and are fully phased out when taxable income exceeds \$75,000.

## C. Other Tax Measures

### Vaping Products Tax

Effective September 15, 2020, vaping substances, including those that do not contain nicotine, will be taxed at a rate of \$0.50 per millilitre. Vaping devices and their components will be taxed at a rate of 20 percent of their suggested retail selling price.

All retailers, wholesalers and manufacturers of vaping products will be required to be licensed to sell their products in Nova Scotia, effective July 1, 2020.

### Tobacco Tax

The tax rate on cigarettes and tobacco sticks will increase from 27.52 cents per unit to 29.52 cents per unit. The tax rate on fine cut tobacco will rise from 26 cents per gram to 40 cents per gram, while the tax rate for other tobacco products will rise from 18.52 cents per gram to 40 cents per gram. The tax on cigars will increase from 60 percent to 75 percent of the suggested retail selling price.

The tobacco tax increases are all effective February 26, 2020.

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