



Focused on what
matters to you

BC

Budget 2023



February 28, 2023

Finance Minister Katrine Conroy tabled British Columbia's 2023 budget (BC Budget 2023) on February 28, 2023.

Budget 2023 estimates that the province's surplus for the 2022-23 fiscal year was \$3.592 billion, compared to the \$5.461 billion deficit projected in the previous budget. This surplus is primarily related to higher taxation revenue, which isn't expected to continue in the upcoming fiscal years.

Budget 2023 outlines significant capital spending on BC's health, transportation, housing and education sectors. From a fiscal perspective, the province continues to project deficits over the next three years as follows:

Year	Projected surplus/(deficit)
2023-24	(\$4.216 billion)
2024-25	(\$3.754 billion)
2025-26	(\$3.043 billion)

Business tax measures

Corporate tax rates

BC Budget 2023 announces no changes to the corporate tax rates or the \$500,000 small business limit.

2023 combined federal and British Columbia corporate tax rates

Corporate tax rates	Federal and BC combined
Small business tax rate	11.00%
General corporate tax rate	27.00%
Manufacturing + processing rate	27.00%

Farmers' Food Donation Tax Credit

BC Budget 2023 extends the Farmers' Food Donation Tax Credit to the end of 2026 (currently only available until the end of 2023).

This tax credit is a non-refundable tax credit encouraging BC farming corporations and farmers to donate agricultural products to registered charities. The credit is calculated as 25% of the qualifying amount gifted for the tax year.

Interactive Digital Media Tax Credit

BC Budget 2023 extends the Interactive Digital Media Tax Credit to August 31, 2028 (from August 31, 2023).

This refundable tax credit is available to eligible corporations registered with the BC Ministry of Finance for the development of interactive digital media products in BC. It's calculated as 17.5% of eligible salary and wages incurred in the tax year and must be claimed no later than 18 months after the tax year end.



Personal tax measures

Personal income tax rates

BC Budget 2023 doesn't change the personal rates. The indexed personal tax brackets (\$) and the respective marginal tax rates (%) for 2023 are as follows:

Tax brackets and marginal tax rates

\$45,654 or less
5.06%

\$127,300 – \$172,602
14.70%

\$45,655 – \$91,310
7.70%

\$172,603 – \$240,716
16.80%

\$91,311 – \$104,835
10.50%

\$240,717 and over
20.50%

\$104,836 – \$127,299
12.29%

The top combined federal and BC marginal tax rates for 2023 are as follows:

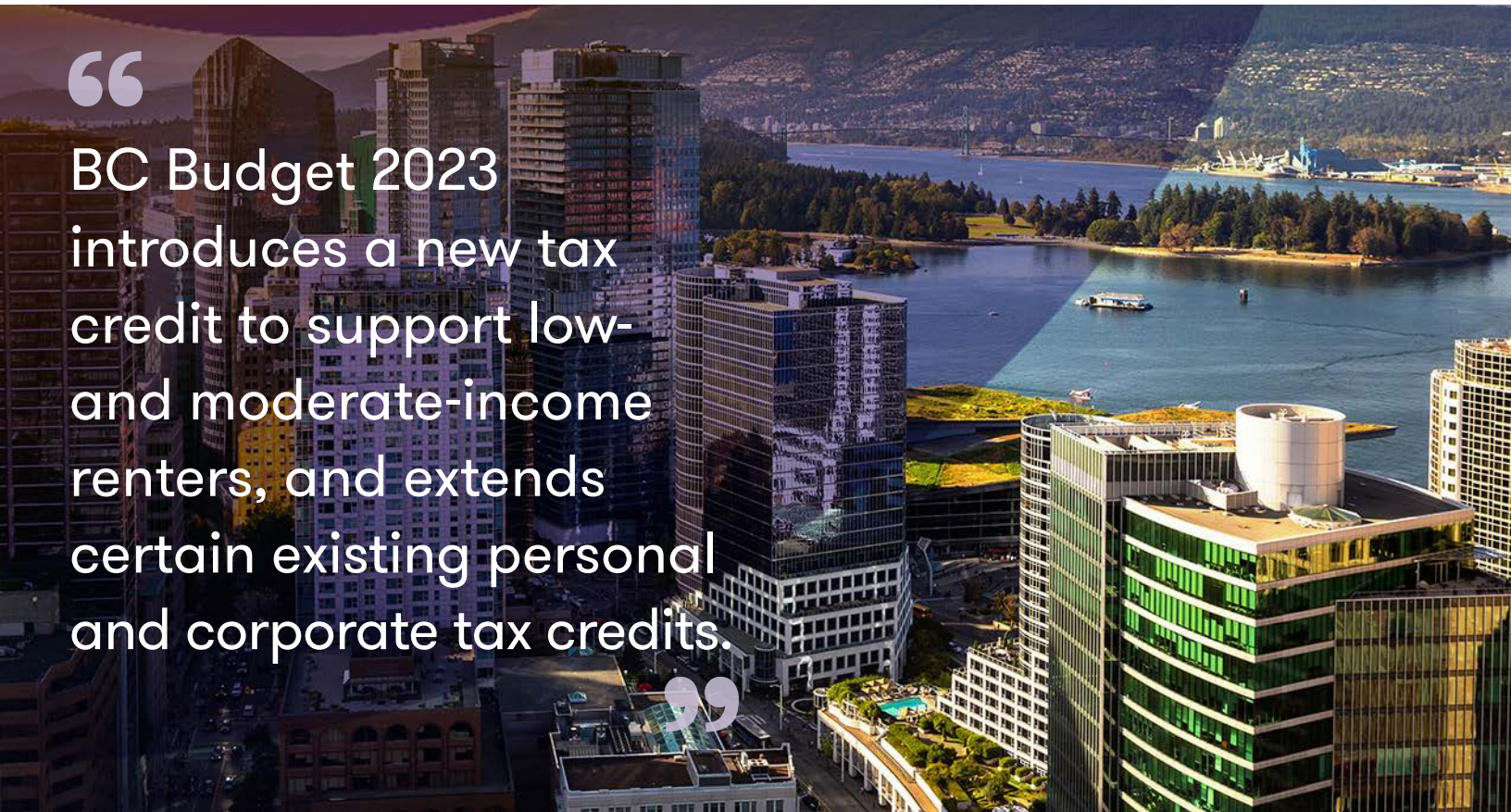
Type of income	2023
Salary/interest income	53.50%
Capital gains	26.75%
Eligible dividends	36.54%
Non-eligible dividends	48.89%

Changes to existing personal tax credits

BC Budget 2023 proposes the following changes to existing personal tax credits:

- **BC Family Benefit** - the maximum annual benefit is increased to \$1,750 for the first child, \$1,100 for the second child and \$900 for each subsequent child. Single-parent families will also receive a maximum annual supplement of \$500. This is a 10% increase from 2022 and comes into effect on July 1, 2023.
- **Climate Action Tax Credit** - increase to the maximum annual amount to \$447 for an adult, \$223.50 for a spouse or common-law partner and \$111.50 per child.

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BC Budget 2023 introduces a new tax credit to support low- and moderate-income renters, and extends certain existing personal and corporate tax credits.
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Income Tested Renter's Tax Credit

BC Budget 2023 introduces a new refundable renter's tax credit starting in 2023 of up to \$400 per year per household to support low- and moderate-income renters. The credit will be reduced for households with adjusted income above \$60,000 and fully eliminated for households with adjusted income of \$80,000 (these thresholds will be indexed for inflation each year). Eligible taxpayers will need to file a T1 Income Tax and Benefit Return for the year to claim the credit.

To be eligible for a particular year, a cohabiting spouse or common-law partner cannot claim the credit and the individual must:

- be a BC resident on December 31
- be at least 19 years old (or a parent or cohabiting with a spouse or common-law partner) on December 31
- occupy an eligible rental unit in BC under a tenancy agreement, licence, sublease agreement or similar arrangements for at least six months in the calendar year
- have paid eligible rent in the year to an arm's length landlord (excludes amounts paid under a rent-to-own plan or by the renter's employer that isn't included in their employment income)

Rent paid for a campsite, moorage or manufactured home site does not qualify.

Furthermore, this credit isn't available in certain situations such as where the renter was deceased in the year, where the renter was imprisoned on December 31 and for more than six months in the year, or where the renter was an employee of a foreign country.

Increase to income and disability assistance

BC Budget 2023 increases the maximum shelter rate, included in the income and disability assistance rate calculation, by \$125 per month. Furthermore, the earnings exemption for individuals on income assistance will increase by \$100 per month and the annual earnings exemption for disability assistance recipients will increase by \$1,200.

Sales and other tax measures

Provincial Sales Tax

Automated external defibrillators

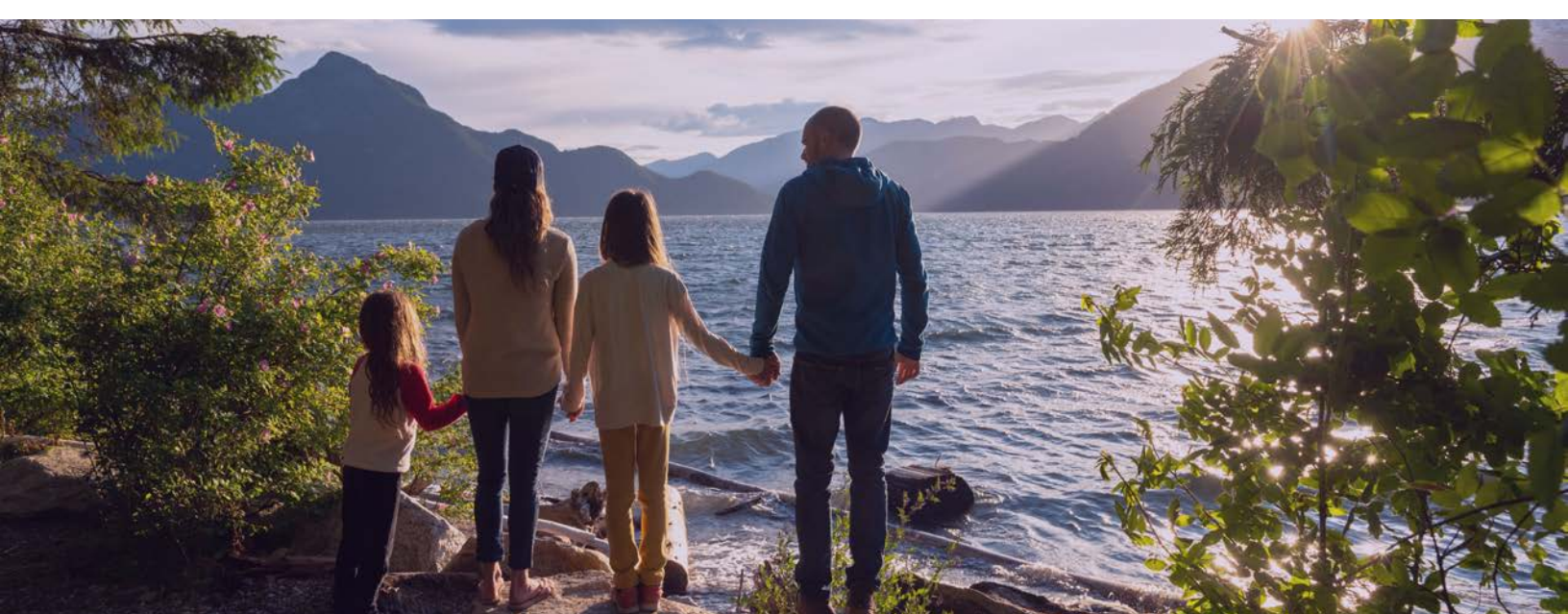
BC Budget 2023 exempts automated external defibrillators (AEDs), kits containing AEDs, and parts and services for AEDs from PST, effective March 1, 2023.

Marketplace facilitators

Certain online marketplace services provided by marketplace facilitators (i.e., facilitate sales for third parties through their online platform, including collecting payments from a consumer) are subject to PST. BC Budget 2023 amends the rules related to the collection obligations and taxation of online marketplace services that would go into effect on July 1, 2023.

These amendments include changes to:

- make marketplace services taxable when the services are provided to facilitate the sale of a non-taxable service
- determine when a marketplace service is subject to PST in order to align with the place of supply rules for the federal Goods and Services Tax for marketplace services
- certain definitions, including tax collection obligations with respect to commercial sales, and when a marketplace facilitator is considered to provide an "online marketplace service."





Carbon tax

Carbon tax rate

The budget increases the current carbon tax rate of \$50 per tonne annually by \$15 per tonne until the rate reaches \$170 per tonne in 2030, starting on April 1, 2023. The carbon tax rate schedule is available on the new [Carbon tax rates by fuel type page](#). Fuel sellers must calculate and pay the additional security due on their fuel inventory as a result of this rate increase. These rates align with the federal backstop rates for carbon pricing.

Output-Based Pricing System for large industrial operations

BC Budget 2023 exempts large emitters from paying the carbon tax up front and transitions to a new made-in-BC Output-Based Pricing System (OBPS) to match the federal carbon pricing schedule, beginning April 1, 2024. Heavy emitters in certain industries (oil and gas, pulp and paper and large mines) would pay a 'carbon price' based on a company's emissions performance.

More details are anticipated later this spring.

Carbon tax on natural gas and propane for qualifying greenhouse growers

BC Budget 2023 reduces the point-of-sale carbon tax for qualifying commercial greenhouse growers on natural gas and propane purchases for heating and generating carbon dioxide for increased crop productivity, effective April 1, 2023. Qualifying growers who produce vegetables, fruits, bedding plants, flowers, ornamental

plants, tree seedlings, or nursery landscape plants could claim this reduction if they have generated at least \$20,000 in gross revenue over the past 12 months and they have a reasonable estimate that their revenue will be above \$20,000 over the next 12 months.

Motor fuel tax

BC Budget 2023 adjusts the refund rates for International Fuel Tax Agreement (IFTA) licensees to account for the planned annual increases in the carbon tax, effective April 1, 2023.

Property transfer tax

The budget exempts new purpose-built rental buildings from the additional 2% property transfer tax applied to the portion of the residential property value that exceeds \$3 million, starting from January 1, 2024. To qualify, the purpose-built rental buildings must:

- not be stratified
- be held as a rental, on a monthly basis or longer, for at least 10 years
- ensure that the residential portion of the building must be completely dedicated to rental use
- have at least four separate apartments

Property tax

BC Budget 2023 introduces a measure that will enable the Nisga'a Nation to exempt its citizens and Treaty First Nations to exempt their members and constituents from property taxes on their lands, effective once the relevant legislation receives Royal Assent.





Other notable changes



HEALTH CARE

Providing an additional

\$6.4 billion

in health care funding over three years with \$867 million dedicated for mental health and addictions services. The budget also proposes free prescription contraception for BC residents.



STUDENTS

Expanding the K-12 school food programs and double student loan maximums to

\$220 per week

for individuals and

\$280 per week

for students with dependents

In addition, the affordable payment amount for student loans will only be 10% of their annual household income per year instead of 20%.

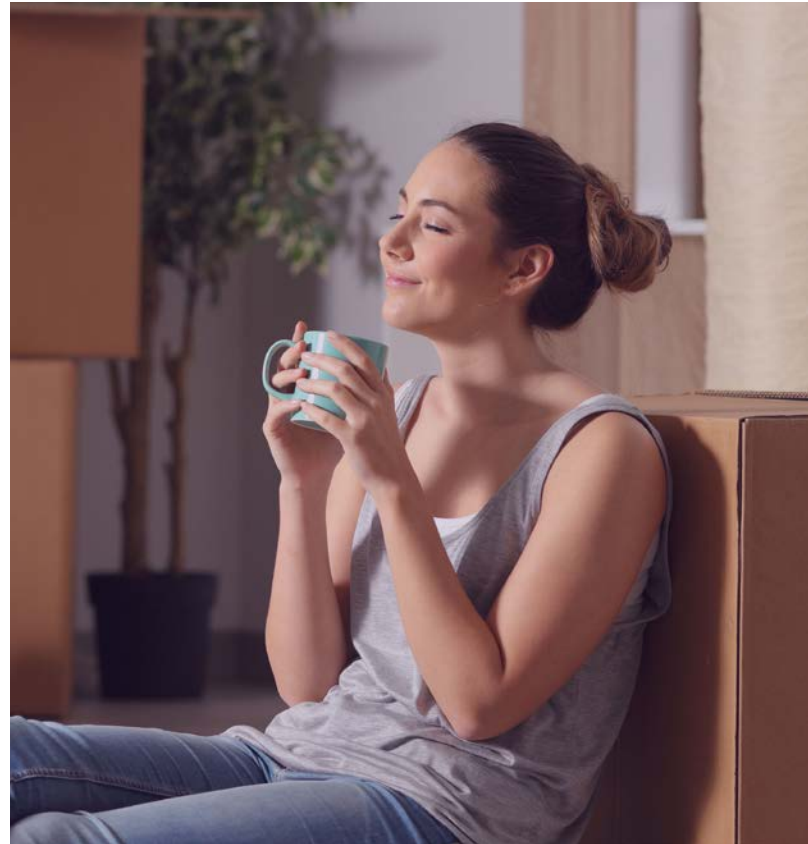


HOUSING

Providing

\$1.7 billion

in funding over three years to support new housing development. The government also announces a new pilot project to provide financial incentives to homeowners to develop new secondary suites on their principal residence to rent to long-term renters.



Visit our [Budget 2023](#) hub to learn more about all federal and provincial budgets.

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