

Focused on what matters to you



Budget 2023

March 7, 2023

Finance Minister Cliff Cullen tabled Manitoba's 2023-24 budget (MB Budget 2023) on March 7, 2023.

MB Budget 2023 estimates a deficit of \$378 million for the 2022-23 fiscal year, compared to the \$548 million deficit projected in the previous budget. Manitoba anticipates balancing the budget by 2028-29.

Fiscal projections for the next four years are as follows:

Year	Projected surplus/ (deficit)
2023-24	(\$363 million)
2024–25	(\$294 million)
2025-26	(\$197 million)
2026–27	(\$53 million)

Business tax measures

Corporate tax rates

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

2023 combined federal and Manitoba corporate tax rates

Corporate tax rates	Manitoba only	Federal and MB combined
Small business tax rate (Non-ZETM')	0.00%	9.00%
Small business tax rate (ZETM)	0.00%	4.50%
General corporate tax rate	12.00%	27.00%
Manufacturing and processing tax rate	12.00%	27.00%
ZETM	12.00%	19.50%

1 zero-emission technology manufacturer

Health and Post-Secondary Education Tax Levy

MB Budget 2023 raises the exemption threshold for the Health and Post-Secondary Education Tax Levy (HE Levy). This will reduce payroll taxes for employers primarily in the construction, manufacturing, retailer, wholesaler, professional, and restaurant sectors. The raised thresholds are as follows:

HE Levy rate	Current payroll tiers	New Payroll tiers – effective January 1, 2024
0.00%	\$2M or less	\$2.25M or less
4.30% on the amount over \$2M / \$2.25M (as applicable)	\$2M - \$4M	\$2.25M - \$4.5M
2.15% of total payroll	\$4M and over	\$4.5M and over

In addition, Manitoba will further reduce the tax levy if fiscal updates show better than expected revenue performance this year. The rate will be reduced to 4% (from 4.3%) on payroll between \$2.25 million and \$4.5 million and reduced to 2% (from 2.15%) on total payroll if payroll exceeds \$4.5 million.

The raised thresholds will be effective January 1, 2024 and the rate reduction will be confirmed in advance.

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Interactive Digital Media Tax Credit

MB Budget 2023 expands the eligibility criteria for the Interactive Digital Media Tax Credit to allow for more flexible forms of employee compensation and incentives. This refundable tax credit provides a credit of up to 40% on qualified labour expenditures to businesses on certain marketing and distribution expenses incurred for the development of eligible interactive digital media products. Under the expanded credit, bonuses tied to profits or revenues, stock options and signing bonuses will remain ineligible.

This measure will be effective April 1, 2023.

Extensions to existing tax credits

MB Budget 2023 extends the following existing tax credits:

Mineral Exploration Tax Credit

MB Budget 2023 makes the Mineral Exploration Tax Credit permanent (previously scheduled to end on December 31, 2023). This credit provides Manitoba-resident investors with a 30% credit on investments in flow-through shares of qualifying mineral exploration companies in Manitoba. Further, the Manitoba Income Tax Act will be amended to reflect the changes in the federal Income Tax Act to help ensure that exploration expenses related to critical minerals remain eligible for this tax credit.

Green Energy Equipment Tax Credit

MB Budget 2023 makes the Green Energy Equipment Tax Credit permanent (previously scheduled to end on June 30, 2023). This tax credit provides eligible Manitoba-based manufacturers and purchasers of eligible renewable energy generating equipment with a credit of 7.5% to 15%. The qualifying types of equipment include:

- → Geothermal heat pump systems
- → Green energy transmission equipment
- → Solar heating
- → Gasification equipment
- → Energy co-generation equipment from biomass

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The Green Energy Equipment Tax Credit provides eligible Manitobabased manufacturers and purchasers of eligible renewable energy generating equipment with a credit of 7.5% to 15%.

Personal tax measures

Basic Personal Amount

MB Budget 2023 increases the Basic Personal Amount (BPA) for 2023 to \$15,000 (from \$10,855). This increase to the BPA will provide up to \$1,620 in provincial tax relief to eligible individuals. The non-refundable tax credit is calculated using the lowest personal income tax rate of 10.8%.

Personal income tax rates

MB Budget 2023 increases the personal tax bracket thresholds for 2024. The personal tax brackets (\$) and the respective marginal tax rates (%) for 2023 and 2024 are as follows:

Tax brackets and marginal tax rates

10.80%

2023 \$36,842 or less 2024 \$47,000 or less

12.75%

2023 \$36,843 - \$79,625 2024 \$47,001 - \$100,000

17.40%

2023 \$79,626 and over 2024 \$100,001 and over

The tax brackets are expected to return to annual indexing in 2025.

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

Taxable income	2023
Salary/interest income	50.40%
Capital gains	25.20%
Eligible dividends	37.78%
Non-eligible dividends	46.67%

Sales and other tax measures

MB Budget 2023 announces no changes to the current 7% Retail Sales Tax.





EDUCATION

Investing an additional

\$76 million

to reduce regulated childcare fees to \$10/day for parents and capping post-secondary tuition increases at 2.75%.



MINIMUM WAGE

Increasing minimum wage in April and October, bringing the minimum wage to

over \$15/hour;

and investing \$81 million to boost average wage for disability service workers to \$19/hour.



HEALTH CARE

Investing

\$7.9 billion

in the health-care system to reduce diagnostic and surgical backlogs, hire more health-care providers, increase hospital capacity, extend coverage for insulin pumps for eligible adults with Type 1 and Type 2 diabetes and create a new hearing aid program for seniors.



school taxes Increasing the rebate

for residential and farm properties to 50% (from 37.5%), as part of the ongoing effort to reduce school taxes.

CARBON TAX RELIEF FUND

Created a

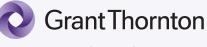
\$200 million fund

to provide eligible individuals with payments of \$225 per single person and \$375 per couple, in response to rising costs of food and fuel. This measure was previously announced in January 2023.

Visit our <u>Budget 2023</u> hub to learn more about all federal and provincial budgets.

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