

TAX FLASH BULLETIN

2022 Nova Scotia Budget Highlights

On March 29, 2022, Nova Scotia's Minister of Finance and Treasury Board, Allan MacMaster, tabled the province's budget. The minister forecasts the 2021-2022 fiscal year will end with an operating surplus of \$107.7 million compared to the \$584.9 million deficit budgeted last year. A \$506.2 million deficit is forecast for 2022-2023, with declining deficits over the following four fiscal years. We have highlighted selected measures from the budget that affect individuals and small businesses in Nova Scotia.

INDIVIDUALS

Personal Income Tax Rates

The budget did not contain any changes to provincial personal income tax rates or the provincial tax brackets. The 2022 brackets remain the same as 2021 because Nova Scotia does not index its provincial tax brackets to inflation.

Nova Scotia Tax Brackets and Tax Rates

Taxable Income	2021	2022
\$0 to \$29,590	8.79%	8.79%
\$29,590 to \$59,180	14.95%	14.95%
\$59,180 to \$93,000	16.67%	16.67%
\$93,000 to \$150,000	17.50%	17.50%
Over \$150,000	21.00%	21.00%

Top Combined Nova Scotia and Federal Rates

Income Type	2021	2022
Salary, interest, pension, foreign income	54.00%	54.00%
Eligible dividends	41.58%	41.58%
Non-eligible dividends	48.28%	48.28%
Capital gains	27.00%	27.00%

Top rates apply to taxable income over \$221,708 (\$216,511 for 2021)

Based on known federal and provincial rates at March 29, 2022

Introduction of Children's Sports and Arts Tax Credit

The budget introduces a \$500 refundable tax credit to help parents offset the costs of artistic, cultural, and physical activities for children under the age of 19. This measure is effective for the 2022 income tax year and subsequent years.

The tax credit will apply to eligible expenditures for programs in literary arts, visual arts, performing arts, music, media, languages, customs, and heritage; as well as organized physical activities and programs.

Introduction of Fertility and Surrogacy Rebate Tax Credit

The budget introduces a refundable tax credit equal to 40% of up to \$8,000 of medical expenses for infertility treatments or for medical expenses paid on behalf of a surrogate. A Nova Scotian licensed medical practitioner must provide the treatments. The \$8,000 limit is per year and there is no lifetime maximum. The surrogate cannot claim the medical expenses for the treatment if the family claims the rebate credit. This measure is effective for the 2022 income tax year and subsequent years.

Introduction of Tax Reductions for Skilled Trade Workers

To attract and retain youth in industries with labour shortages, the budget proposes to implement the More Opportunities for Skilled Trades (MOST) tax refund. MOST will provide a refund of provincial personal income tax on the first \$50,000 of earned income for individuals under the age of 30 who are employed and registered in selected skilled trades and occupations. Selected occupations in eligible sectors include manufacturing, computer and IT, transportation, film, video, and service sectors in the province, with further details to follow. This measure will begin in the 2022 tax year and the first refunds will be issued in 2023.

OTHER TAXES

Introduction of Non-Resident Deed Transfer Tax

Effective April 1, 2022, the province will implement a Deed Transfer Tax of 5% of the value of residential real property purchased by a non-resident of Nova Scotia. The tax will not apply to Agreements of Purchase and Sale entered into prior to April 1, 2022. A tax exemption will apply to non-resident purchasers who move to the province within six months of the closing date of the transaction.

Introduction of Non-Resident of Nova Scotia Property Tax

Effective for the 2022-23 fiscal year, the province will implement a Property Tax of \$2.00 per \$100 of assessed value on residential real property owned by a non-resident of Nova Scotia. The tax will not apply to residential properties that contain more than three units or to residential real properties that are leased to individual Nova Scotian residents for a period of at least 12 months.

BUSINESSES

Corporate Tax Rates

The budget did not contain any changes to corporate income tax rates or any changes to the \$500,000 small business deduction limit

2022 Nova Scotia Corporate Tax Rates

Income Type	Provincial	Federal	Combined Rates Calendar 2022
General corporate income	14.00%	15.00%	29.00%
Small business income	2.5%	9.00%	11.50%
CCPC* investment income	14.00%	38.67%	52.67%
Non-CCPC investment income	14.00%	15.00%	29.00%

*Canadian-controlled private corporation
Based on known federal and provincial rates as of March 29, 2022

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