

INFORMATION BULLETIN 124

TAXATION CHANGES – BUDGET 2024

Issued: April 2024

The following taxation changes were announced by Manitoba Finance Minister, the Honourable Adrien Sala, in his Budget Address on April 2, 2024.

SCHOOL TAX:

2024 School Tax Rebate and Other Credits/Rebates:

For 2024, property owners will receive the School Tax Rebate directly on their property tax statement instead of receiving a cheque. The School Tax Rebate amount remains the same and will be as follows:

- Residential and farm property owners will receive a 50% rebate of the school division special levy and community revitalization levy payable, and
- Other property owners, such as commercial, industrial, railways, pipelines, institutional and designated recreational, will receive a 10% rebate of the applicable school division special levy, community revitalization levy, and education support levy payable.

The following other existing school tax-related credits and rebates will be unchanged in 2024 as follows:

- Education Property Tax Credit and Advance will be up to \$350.
- Education Property Tax Credit senior's top-up will be up to \$200 minus 0.5% of family net income.
- Seniors School Tax Rebate will be up to \$235 minus 1.0% of family net income over \$40,000.
- School Tax Credit for Homeowners will be up to \$87.50 minus 1.0% of family net income over \$15,000.
- Farmland School Tax Rebate will be up to 40% of school tax to a maximum of \$2,500.

2025 Changes to School Tax-Related Credits and Rebates:

For the 2025 tax year, the School Tax Rebate and Education Property Tax Credit and Advance will be replaced with a new Homeowners Affordability Tax Credit of up to \$1,500 on principal residences.

The Education Property Tax Credit senior's top-up and School Tax Credit for Homeowners are being eliminated while the Seniors School Tax Rebate is maintained and will continue to be up to \$235 minus 1.0% of family net income over \$40,000.

The School Tax Rebate will be eliminated for all properties except farm properties.

The Farmland School Tax Rebate will continue in 2025 and be up to 40% of school tax to a maximum of \$2,500.

Further information on school tax-related credits and rebates may be obtained from Manitoba Finance:

Telephone: 204-948-2115
Toll-free: 1-800-782-0771
E-mail: tao@gov.mb.ca

PERSONAL INCOME TAX:

Basic Personal Amount:

The Basic Personal Amount (BPA) has been indexed since 2017 and is \$15,780 for 2024. The BPA is currently projected at \$16,206 for 2025. The value of the credit, for example, the reduction in tax owing, is the BPA multiplied by Manitoba's bottom tax bracket rate of 10.8 per cent.

Beginning with the 2025 tax year, the Basic Personal Amount will be phased out over a net income range of \$200,000 to \$400,000. At \$200,000 or less of net income, individuals will be eligible for the full BPA. At \$300,000 of net income, individuals will be eligible for half of the BPA. At \$400,000 of net income, the BPA is reduced to \$0.

Further information on the Basic Personal Amount may be obtained from Manitoba Finance:

Telephone: 204-948-2115
Toll-free: 1-800-782-0771
E-mail: tao@gov.mb.ca

INCOME TAX CREDITS:

Renters Tax Credit

Effective for the 2025 tax year, the Renters Tax Credit is increased from a maximum of \$525 to \$575. The maximum senior's top-up will also increase proportionally from \$300 to \$328. Both components of the tax credit will increase over the next three years.

Fertility Treatment Tax Credit:

For the 2024 tax year, the maximum annual eligible expense amount under the Fertility Treatment Tax Credit is doubled from \$20,000 to \$40,000, which doubles the maximum available annual credit amount from \$8,000 to \$16,000. In addition, for the 2024 tax year, eligible expenses under the credit will be expanded to parallel federal changes to eligible medical expenses related to a surrogate mother or sperm, ova, embryo donor; reimbursement of medical expenses incurred by a surrogate mother or sperm, ova, or embryo donor; and fees paid to acquire donated human sperm or ova.

Rental Housing Construction Tax Credit:

A new Rental Housing Construction Tax Credit will be introduced effective for the 2024 tax year and will be as follows:

- \$8,500 for the construction of new market-rate rental units; and
- \$13,500 for the construction of new classified and maintained as affordable rental units for a period of at least 10 years.

The Rental Housing Construction Tax Credit will be fully refundable to non-profit organizations. For other businesses, \$8,500 will be fully refundable on all units, with an additional \$5,000 non-refundable credit available over 10 years for affordable units. Construction must commence on or after January 1, 2024, to be eligible for the tax credit.

Cultural Industries Printing Tax Credit:

The Cultural Industries Printing Tax Credit is extended to December 31, 2025.

Data Processing Investment Tax Credits:

For the 2025 tax year, the Data Processing Investment Tax Credits will be eliminated.

Further information on the Renters Tax Credit, Fertility Treatment Tax Credit, and Data Processing Investment Tax Credits may be obtained from Manitoba Finance:

Telephone: 204-948-2115
Toll-free: 1-800-782-0771
E-mail: tao@gov.mb.ca

Further information on the Rental Housing Construction Tax Credit may be obtained from Housing, Addictions and Homelessness:

Telephone: 204-945-4663
Toll-free: 1-800-661-4663
E-mail: housingprograms@gov.mb.ca

Further information on the Cultural Industries Printing Tax Credit may be obtained from Manitoba Sport, Culture, Heritage, and Tourism – Strategic Policy Branch:

Telephone: 204-945-0216

E-mail: strategic.policy@gov.mb.ca

HEALTH MEASURE:

Vaping Tax:

Manitoba will sign a Coordinated Vaping Product Taxation Agreement with the federal government, which is expected to come into effect on January 1, 2025.

The federal government's excise tax on vaping products will be doubled so that the revenue collected from vaping products sold in Manitoba will be shared equally between the federal government and the province.

The federal government and Manitoba will each receive the following tax revenue from vaping products:

- \$1.00 per 2 milliliters for containers with less than 10 milliliters.
- \$5.00 for the first 10 milliliters plus \$1.00 for every additional 10 milliliters or fraction thereof for containers with more than 10 milliliters.

FUEL TAX:

Fuel Tax Holiday Extension:

The fuel tax holiday implemented on January 1, 2024, and set to end on June 30, 2024 is extended by three months to September 30, 2024.

No fuel tax will apply on gasoline, diesel and marked gasoline during the fuel tax holiday. Marked diesel also continues to be tax exempt.

RETAIL SALES TAX:

Registration Threshold Increased:

Effective January 1, 2024, the sales tax registration threshold has increased from \$10,000 to \$30,000. Small businesses with gross annual sales of \$30,000 or less are no longer required to register to collect and remit sales tax. Businesses that de-register must pay sales tax on their taxable purchases of goods and services.

Businesses that use out of province suppliers that do not collect Manitoba sales tax and businesses that sell tobacco or liquor products are not eligible for this registration exception.

For further information, please refer to the information notice – Registration Requirement Eliminated for Small Businesses.

Commissions:

Sales tax commissions will be eliminated for all filing period ending after April 2024.

Technical Clarifications:

The following retail sales tax clarifications will be implemented:

- Clarifying that interior window coverings (drapes and blinds) remain tangible goods and do not become part of real property.
- Enabling businesses that sell electricity through electric vehicle chargers to not have to collect sales tax if the business has paid the sales tax on the electricity.
- Eliminating the restriction for sales tax refunds on vehicles bought in Manitoba and subsequently sold out-of-province within six months of each other.
- Clarifying the sales tax refund for vehicle appraisals to ensure consistency by specifying that the purchase price is to be used when appraisal values are lower than the purchase price.

TAX ADMINISTRATION:

Tax Clearance Certification and Advanced Ruling Fees Eliminated:

Effective May 1, 2024, the \$50 tax clearance certificate fee is eliminated for all new tax clearance certificates applications received on or after that date. Tax clearance certificates are still required to be obtained for bulk sales.

Effective May 1, 2024, the advanced ruling fee for requests regarding transactions or a series of transactions is also eliminated.

AUDIT PERIODS:

The audit period for the following provincially administered tax statutes will be codified to a maximum of six-years from date of notification:

- Retail Sales Tax Act,
- Health and Post Secondary Education Tax Levy Act,
- Corporation Capital Tax Act,
- Emissions Tax on Coal and Petroleum Coke Act,
- Fuel Tax Act,
- Insurance Corporations Tax Act,
- Tobacco Tax Act,
- Mining Tax Act.

The six-year statutory limitation period will not apply when taxes have been collected but not remitted or where a person made a misrepresentation attributable to neglect, carelessness, or willful default.

A Notice of Assessment will also be required to be issued at the completion of each tax audit.

Further information on the vaping tax, fuel tax, retail sales tax and tax administration measures may be obtained from Manitoba Finance:

Telephone: 204-945-5603
Manitoba Toll Free: 1-800-782-0318
E-mail: MBTax@gov.mb.ca