

## **Budget Paper C**

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# **THE MANITOBA ADVANTAGE: MORE AFFORDABLE FOR FAMILIES AND MORE COMPETITIVE FOR BUSINESSES**

Available in alternate  
formats upon request.



# THE MANITOBA ADVANTAGE

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## ■ SUMMARY OF 2015 TAX MEASURES FOR FAMILIES AND BUSINESSES

(negative amount means decrease in tax revenue or increase in tax expenditure)

	2015/16	Full Year
	(Millions of Dollars)	
<b>Ongoing Tax Reductions<sup>1</sup></b>		
Business tax reductions	-4.7	-11.7
	<b>-4.7</b>	<b>-11.7</b>
<b>Personal Tax Measures</b>		
Seniors' School Tax Rebate increased	-15.1	-47.8
Primary Caregiver Tax Credit increased	-2.6	-2.2
Volunteer Firefighters' and Search and Rescue Volunteers' Tax Credits	-0.6	-0.5
	<b>-18.3</b>	<b>-50.5</b>
<b>Business Tax Measures</b>		
Corporation Capital Tax on financial institutions increased	25.5	18.0
Small Business Income Limit increased	-0.8	-3.3
Co-op Education and Apprenticeship Tax Credit enhanced	-0.4	-0.7
Data Processing Tax Credits extended and enhanced	-0.4	-0.4
Community Enterprise Development Tax Credit enhanced	-	-0.1
Fuel Tax Rebate	-	-0.1
Small Business Venture Capital Tax Credit enhanced	-	-0.1
Research & Development Tax Credit enhanced	-	-
	<b>23.9</b>	<b>13.3</b>
<b>Green and Health Measures</b>		
Tobacco Tax increased	2.0	2.2
Green Energy Equipment Tax Credit enhanced	-0.2	-1.2
	<b>1.8</b>	<b>1.0</b>
<b>Tax Credit Extensions</b>		
Film and Video Production Tax Credit	-	-15.0
Rental Housing Construction Tax Credit	-	-4.4
Cultural Industries Printing Tax Credit	-	-1.1
Interactive Digital Media Tax Credit	-	-1.0
Nutrient Management Tax Credit	-	-0.1
	<b>-</b>	<b>-21.6</b>
<b>Total Changes, Budget 2015</b>	<b>7.4</b>	<b>-57.8</b>
<b>Total Changes Including Ongoing Tax Reductions</b>	<b>2.7</b>	<b>-69.5</b>

<sup>1</sup> Tax reductions previously announced that take effect after 2014:

- Co-op Education and Apprenticeship Tax Credit
- Small Business Venture Capital Tax Credit
- Community Enterprise Development Tax Credit

## ■ PERSONAL TAX MEASURES

### Seniors' School Tax Rebate

(2015/16 expenditure impact: +\$15.1 million)

As announced on March 17, the maximum Seniors' School Tax Rebate will increase from \$235 to \$470 for the 2015 property tax year.

Based on the experience gained with the 2014 Rebate, the eligibility criteria for senior homeowners will be broadened to include seniors who occupy their principal residence and pay school taxes. For example, seniors who do not own the land or dwelling unit that is their principal residence but nonetheless are liable for school taxes will qualify for the Rebate, starting with the 2015 property tax year.

In addition, a legal representative will be able to apply for the Rebate on behalf of a senior homeowner.

Finally, starting this year a senior homeowner or their legal representative will be able to apply to have their Rebate delivered directly into their bank account by electronic funds transfer, instead of receiving a cheque in the mail.

The Rebate will be fully implemented in 2016 when the annual limit is increased to \$2,300. Approximately 2% of senior homeowners, less than 2,000, are projected to continue to pay some school tax in 2016.

Seniors can apply for the Rebate after they receive their property tax statement. The province will include an insert on the Rebate in the 2015 property tax statement mailings. Rebate applications can be submitted online, by facsimile, mail or courier to the Manitoba Tax Assistance Office – Seniors' School Tax Rebate.

The estimated school tax savings for senior homeowners in 2015 is \$11 million more than in 2014 and by 2016 will total \$47.8 million.

*For more information, please contact Location B1, page C9.*

### Volunteer Firefighters' and Search and Rescue Volunteers' Tax Credits

(2015/16 revenue impact: -\$0.6 million)

Manitoba is introducing a tax credit to recognize the important role played by volunteers in community firefighting, and ground, air and marine search and rescue activities in Manitoba. Starting in 2015, Manitobans who perform at least 200 hours of combined volunteer firefighting and volunteer search and rescue services in a year will be eligible to claim a 10.8% non-refundable income tax credit on an amount of \$3,000. The maximum annual benefit is \$324.

The estimated additional full-year savings for firefighters and search and rescue volunteers is \$0.5 million.

*For more information, please contact Location A, page C9.*

## Primary Caregiver Tax Credit

(2015/16 revenue impact: -\$2.6 million)

The Primary Caregiver Tax Credit is increased by 10% from a maximum annual amount of \$1,275 to \$1,400 beginning in 2015.

The tax credit was introduced in 2009 and enhanced in 2011, to provide recognition and financial supports to Manitobans who serve as volunteer primary caregivers to assist care recipients to live independently in their own homes. The credit builds upon the Manitoba Home Care Program, the Community Living disABILITY Services and the Children's disABILITY Services. One volunteer caregiver can claim up to three care recipients at one time, for a potential maximum annual tax credit of \$4,200. The credit is claimed on the volunteer primary caregiver's income tax return and is not income tested.

The increase provides an estimated \$2.2 million annually in additional credits to more than 11,000 volunteer primary caregivers.

*For more information, contact Location B2, page C9.*

## ■ BUSINESS TAX MEASURES

### Small Business Income Limit

(2015/16 revenue impact: -\$0.8 million)

Canadian-controlled private corporations that qualify for the small business deduction pay a 0% rate of Manitoba Corporation Income Tax.

This Budget increases Manitoba's small business income limit eligible for the small business deduction from \$425,000 to \$450,000 on January 1, 2016.

The estimated additional full-year savings for corporations is \$3.3 million.

*For more information, please contact Location A, page C9.*

### Co-op Education and Apprenticeship Tax Credit

(2015/16 revenue impact: -\$0.4 million)

The Co-op Students Hiring Incentive and high school apprentice component of the Co-op Education and Apprenticeship Tax Credit will be significantly enhanced and expanded to help promote more paid work and on-the-job training opportunities for students.

Eligibility will be expanded to include employers who hire a student in a wide range of registered high school vocational programs that are not connected with the apprenticeship system. These would include programs in areas such as health care, child care, business and hospitality.

The new stream of support for high school co-op students will provide a refundable tax credit worth 25% of eligible wages and salaries, up to a lifetime maximum of \$5,000 per student. The benefit for high school apprentices will be enhanced to 25% from 15% of wages and salaries, to a cap of \$5,000 per apprentice per level.

The benefit rate for post-secondary co-op students will be enhanced to 15% from 10% of wages and salaries, up to a maximum of \$5,000 per student. The benefit rate for co-op graduates will be enhanced to 15% from 5% of wages and salaries, up to a maximum of \$2,500 per graduate for the first two years of employment.

Budget 2003 introduced the Co-op Students Hiring Incentive. The tax credit was subsequently expanded to add a Co-op Graduates Hiring Incentive (2006), a Journeypersons Hiring Incentive (2008), an Advanced-Level Apprentices Hiring Incentive (2009), and an Early-Level Apprentices Hiring Incentive (2010). The apprenticeship and journeyperson incentives were significantly enhanced in 2012 and again in 2014.

The tax credits provide hiring incentives to employers who offer work experience to Manitobans. All components of the tax credit are fully refundable. Eligible employers include taxable corporations or exempt entities that are eligible to file a tax return, including not-for-profit agencies, Manitoba Crown entities, municipalities, universities, schools and hospitals. Unincorporated employers may claim the refundable credit on their individual income tax return.

The estimated full-year tax savings for employers is \$0.7 million.

*For more information, please contact Location B2, page C9.*

### **Corporation Capital Tax on Banks, Trust Corporations and Loan Corporations**

(2015/16 revenue impact: +\$25.5 million)

The Corporation Capital Tax on banks, trust corporations and loan corporations is changed from 5% to 6%, commencing for taxation years ending after April 30, 2015.

The estimated full-year revenue impact is \$18 million.

*For more information, please contact Location C, page C9.*

### **Community Enterprise Development Tax Credit**

(2015/16 revenue impact is modest)

The eligible investment period for the Community Enterprise Development Tax Credit will be extended to the first 60 days following the end of the calendar year, commencing January 1, 2015 with respect to 2014. This will allow a shareholder, who makes an eligible investment through a qualifying trust that is a registered retirement savings plan, to elect to retroactively claim the tax credit in the same taxation year as the deduction for the plan contribution.

Budget 2002 introduced this income tax credit to encourage Manitobans to invest in local enterprises. The tax credit has been significantly enhanced since its inception by: increasing the tax credit rate to 45%; doubling the maximum share purchase limit by an investor to \$60,000; increasing the amount of qualifying investments a local enterprise can issue to \$3 million; changing the credit from a Manitoba income tax offset to a refundable credit that is rebated regardless of whether the investor pays income tax; and allowing Manitoba corporations who invest in eligible local enterprises to qualify for the tax credit.

The estimated full-year tax savings to local investors is \$0.1 million.

*For more information, please contact Location E, page C9.*

## Small Business Venture Capital Tax Credit

(2015/16 revenue impact is modest)

The Small Business Venture Capital Tax Credit is being enhanced to stimulate economic growth and promote job creation, by:

- increasing the maximum number of employees from 50 to 100, to be consistent with Industry Canada's definition of small business; and
- broadening the list of eligible business to include non-traditional farming ventures and brew pubs.

These changes take effect for eligible shares issued after April 30, 2015.

Budget 2007 introduced this non-refundable tax credit to incent Manitoba resident individuals and companies to acquire equity capital in emerging enterprises that require larger amounts of capital than community ownership can provide. The tax credit has been significantly enhanced since its inception by: increasing the tax credit rate to 45%; increasing the maximum annual tax credit claimable by an investor to \$67,500; and doubling the amount of qualifying investments a local enterprise can issue to \$10 million. Credits earned in a year but unused can be carried back three years or carried forward ten years to offset Manitoba income tax in any of those years.

The reduction in revenue is estimated at \$0.1 million on a full-year basis.

*For more information, please contact Location H, page C9.*

## Data Processing Investment Tax Credits

(2015/16 revenue impact: -\$0.4 million)

The Data Processing Tax Credits, scheduled to expire December 31, 2015, will be extended for three years to the end of 2018.

The Data Processing Centre Investment Tax Credit will be broadened to include new data processing centres built in Manitoba and leased to another Manitoba company that is not affiliated with the lessor. In addition, taxpayers eligible for the credit will be broadened to include data processing centres built using a business structure other than a corporation.

Budget 2012 introduced the Data Processing Centre Investment Tax Credit to position Manitoba as a high technology data processing location of choice. The refundable income tax credit is equal to 4.5% of the capital cost of new qualified property that is a building, and 8.0% of the cost of qualified machinery or equipment.

Budget 2013 introduced the Data Processing Equipment Investment Tax Credit, which is equal to 8% of the cost of eligible data processing equipment. The income tax credit is available to companies that are not primarily engaged in data processing in Manitoba but make a significant incremental capital investment in data processing equipment in Manitoba.

The estimated full-year tax savings to qualifying data processors in Manitoba is \$0.4 million.

*For more information, please contact Location A, page C9.*

## Fuel Tax Rebate

(2015/16 revenue impact is modest)

Effective July 1, 2015, qualifying commercial passenger flights will be eligible for a fuel tax rebate on their fuel purchases in Manitoba. To qualify, the commercial passenger flight must be regularly scheduled and fly non-stop to a destination outside North America after departing from Manitoba.

The estimated full-year tax savings to airlines is \$50,000.

*For more information, please contact Location C, page C9.*

## Research and Development Tax Credit

(2015/16 revenue impact: nil)

The period for which unused Research and Development Tax Credits can be carried forward after they are earned will be increased from 10 years to 20 years.

Budget 1992 introduced this tax credit. Since 2005, it has been significantly enhanced: the tax credit rate was increased by one-third to 20%; the tax credit was made fully refundable for qualifying scientific research and experimental development (SR&ED) undertaken with prescribed research institutes in Manitoba; and was made one-half refundable for in-house SR&ED. In addition, capital expenses and 100% of contract services paid to prescribed Manitoba research institutes continue to qualify for the credit.

*For more information, please contact Location A, page C9.*

## ■ GREEN AND HEALTH MEASURES

### Tobacco Tax

(2015/16 revenue impact: +\$2.0 million)

The Tobacco Tax rate is changed effective midnight, April 30, 2015. The rate per cigarette will change from 29.0¢ to 29.5¢; on fine-cut tobacco will change from 28.0¢ to 28.5¢ per gram; and on raw leaf tobacco will change from 26.5¢ to 27.0¢ per gram.

The estimated additional full-year revenue is \$2.2 million.

*For more information, please contact Location C, page C9.*

### Green Energy Equipment Tax Credit

(2015/16 revenue impact: -\$0.2 million)

The Green Energy Equipment Tax Credit will be expanded to include biomass fuel energy equipment that is installed in Manitoba and used in a business. The tax credit rate will be 15%.

Budget 2007 introduced this refundable tax credit to promote the production and purchase of machinery and equipment used to generate renewable energy in Manitoba. Geothermal heating equipment is eligible for a maximum 15% credit and solar thermal heating equipment is eligible for a 10% credit.

The estimated full-year tax savings is \$1.2 million for companies investing in eligible biomass fuel energy equipment.

*For more information, please contact Location B2, page C9.*



## ■ TAX CREDIT EXTENSIONS

### Film and Video Production Tax Credit

The Manitoba Film and Video Production Tax Credit, scheduled to expire December 31, 2016, is extended three years to the end of 2019.

Budget 1997 introduced this refundable corporation income tax credit at 35% of eligible wages and salaries paid to Manitoba residents. Since 1999, a number of significant enhancements have been made. The credit is now equal to 45% of eligible remuneration, plus a 10% frequent-filming bonus; a 5% Manitoba-producer bonus; and a 5% rural and northern Manitoba bonus. Since 2010, producers have been able to elect instead to claim a 30% tax credit based on eligible labour and eligible non-labour production costs.

The estimated full-year tax savings to film producers is \$15 million.

*For more information, please contact Location F, page C9.*

### Rental Housing Construction Tax Credit

The Rental Housing Construction Tax Credit, scheduled to expire December 31, 2016, is extended three years to the end of 2019.

Budget 2013 introduced this 8% refundable tax credit on the capital cost of new eligible rental housing construction in Manitoba. The tax credit will stimulate the construction of rental housing and increase the quantity of affordable rental housing units. Eligible landlords must be residents of Manitoba or have a permanent establishment in Manitoba, and can operate on either a for-profit or not-for-profit basis, including rental housing co-operatives.

The estimated full-year tax savings for the rental housing construction industry is \$4.4 million.

*For more information, please contact Location D, page C9.*

### Cultural Industries Printing Tax Credit

The Cultural Industries Printing Tax Credit, scheduled to expire December 31, 2015, will be extended for three years to the end of 2018.

Budget 2011 introduced this 15% refundable income tax credit to support Manitoba's printing industry. The credit supports Manitoba's cultural industries, while promoting the maintenance and creation of printing jobs in Manitoba. Qualifying printing costs must be associated with eligible books that are Canadian-authored, non-periodical publications categorized as fiction, non-fiction, poetry, drama, biography or children's books.

The estimated full-year tax savings to Manitoba printers is \$1.1 million.

*For more information, please contact Location A, page C9.*

### Interactive Digital Media Tax Credit

The Interactive Digital Media Tax Credit, scheduled to expire December 31, 2016, is extended three years to the end of 2019.

The Interactive Digital Media Tax Credit is amended to provide clarification on the ordering of tax credits for eligible expenses that are also eligible for the Research and Development Tax Credit.

Budget 2008 introduced this 40% refundable tax credit on qualifying labour costs related to the production of eligible interactive digital media projects. The maximum tax credit for a project is \$500,000.

The estimated full-year tax savings for digital media producers is \$1.0 million.

*For more information, please contact Location G, page C9.*

### **Nutrient Management Tax Credit**

The Nutrient Management Tax Credit, scheduled to expire December 31, 2015, will be extended for three years to the end of 2018.

Budget 2012 introduced this 10% refundable tax credit for farmers and corporations who purchase prescribed nutrient management equipment that is designed to meet Manitoba water quality standards.

The estimated full-year tax savings to Manitoba agricultural producers is \$0.1 million.

*For more information, please contact Location A, page C9.*

### **■ TECHNICAL AND ADMINISTRATIVE MEASURES**

The following sales tax measures will come into effect June 1, 2015:

- expand the exemption for flood prevention and control supplies to include sandbag filling machines;
- expand the exemption for commercial fishing boats to include related repair parts;
- clarify that the exemption for goods designed solely for use by a disabled person applies to both physical and mental disabilities; and
- expand the exemption for film and audio productions for public broadcast to include online video or audio content.

Enforcement and collection measures under *The Tax Administration and Miscellaneous Taxes Act* will be enhanced.

*For more information, please contact Location C, page C9.*

## ■ CONTACTS FOR FURTHER INFORMATION

<b>A</b>	<b><i>Fiscal Research Division, Manitoba Finance</i></b>	Telephone 204-945-3757* Fax 204-945-5051 e-mail <a href="mailto:feedbackfin@gov.mb.ca">feedbackfin@gov.mb.ca</a>
<b>B</b>	<b><i>Manitoba Tax Assistance Office, Manitoba Finance</i></b>	<p><b>(B1) Seniors' School Tax Rebate</b> Telephone 204-945-7555 in Winnipeg Toll-free 1-855-893-8266 Fax 204-948-1515 e-mail <a href="mailto:tao@gov.mb.ca">tao@gov.mb.ca</a></p> <p><b>(B2) General Inquiries</b> Telephone 204-948-2115 in Winnipeg Toll-free 1-800-782-0771 Fax 204-948-2263 e-mail <a href="mailto:tao@gov.mb.ca">tao@gov.mb.ca</a></p>
<b>C</b>	<b><i>Taxation Division, Manitoba Finance</i></b>	Telephone 204-945-5603 in Winnipeg Toll-free 1-800-782-0318 Fax 204-945-0896 e-mail <a href="mailto:mbtax@gov.mb.ca">mbtax@gov.mb.ca</a>
<b>D</b>	<b><i>Housing Delivery Branch, Manitoba Housing and Community Development</i></b>	Telephone 204-945-5566 in Winnipeg Toll-free 1-866-689-5566 e-mail <a href="mailto:housing@gov.mb.ca">housing@gov.mb.ca</a>
<b>E</b>	<b><i>Value Added and Rural Economic Advancement Branch, Manitoba Agriculture, Food and Rural Development</i></b>	Telephone 204-523-2194* Fax 204-523-5272 e-mail <a href="mailto:paige.mcdougall@gov.mb.ca">paige.mcdougall@gov.mb.ca</a>
<b>F</b>	<b><i>Manitoba Film and Music</i></b>	Telephone 204-947-2040* Fax 204-956-5261 e-mail <a href="mailto:explore@mbfilmusic.ca">explore@mbfilmusic.ca</a>
<b>G</b>	<b><i>Science, Innovation and Business Development Branch, Manitoba Jobs and the Economy</i></b>	Telephone 204-945-3145* Fax 204-945-3977 e-mail <a href="mailto:joanne.dyker@gov.mb.ca">joanne.dyker@gov.mb.ca</a>
<b>H</b>	<b><i>Financial Services Branch, Manitoba Jobs and the Economy</i></b>	Telephone 204-945-2475 in Winnipeg Toll-free 1-800-282-8069 Fax 204-945-1193 e-mail <a href="mailto:kristal.benton@gov.mb.ca">kristal.benton@gov.mb.ca</a>

\* For further information on government programs, individuals can contact Manitoba Government Inquiry by calling 204-945-3744 in Winnipeg or toll-free 1-866-626-4862.



## ■ THE MANITOBA ADVANTAGE

While a stable, growing economy is important, Manitoba provides businesses and families with a wide variety of other benefits that make it attractive to live, work, raise a family and retire here. Together, we call these strengths The Manitoba Advantage. They include:

- A labour force that consistently generates among the lowest unemployment rates and the highest overall labour force participation rates in Canada.
- Favourable basic household costs, including among the lowest electricity costs in North America; reliable and accessible public services, including quality universal public health care and education.
- A dynamic cultural and artistic community supported by a high level of charitable giving and volunteering. Manitoba has an active and vibrant cultural community, which includes a symphony orchestra, theatres, multicultural festivals and the renowned Royal Winnipeg Ballet.
- A long sporting tradition, which supports professional and amateur leagues in volleyball, soccer, baseball, football and hockey.
- A variety of outdoor attractions like beaches, lakes, rivers and parks are an integral part of Manitoba's quality of life. You are never far from an opportunity to participate in water sports like canoeing, kayaking, swimming, or to just relax at one of Manitoba's world-class beaches. Manitoba winters offer extensive family recreation opportunities for curling, skating, skiing and snowmobiling.

To show Manitoba's cost competitiveness in more detail, several analyses are provided. The interprovincial comparison of total taxes and basic household costs, net of credits and rebates, compares provinces' living costs and tax levels for representative households (see p. C38), including a post-secondary graduate (see p. C44). Since 1999, Manitoba's overall provincial rankings for personal costs and taxes have been among the lowest in Canada. For 2015, Manitoba's ranking remains in the top three most affordable provinces to live, work, raise a family and retire.

## ■ BETTER AFFORDABILITY FOR MANITOBA FAMILIES

The government has taken significant action since 1999 to improve affordability for Manitoba households in 2015. Since 1999, the government has:

- introduced more than 89 tax relief measures that will save an average family \$4,272 in 2015; and
- provided \$8.4 billion in tax relief, including \$5.3 billion of personal income tax measures and \$3.1 billion in property tax measures.

Lower taxes are only one component of Manitoba’s affordability. Other measures include: legislating the lowest combined costs for auto insurance, electricity and home heating; keeping key front-line services like health care, education and child care affordable; maintaining the second-lowest level of provincial taxes on fuel to keep pump prices affordable; maintaining the third-lowest provincial sales tax rate; supporting opportunities to pursue education and skills training; and protect Manitobans from unfair business practices through consumer protection.

An average Manitoba family with two children benefits from lower provincial taxes; one spouse with total income of \$46,000 per year and the other spouse with total income of \$30,000. As a result of the tax measures introduced by the Manitoba government since 1999, this family has paid \$4,272 less in taxes this year. They will be able to invest these savings in the things that are priorities for them.

Tax reductions by the Manitoba government since 1999 will save this family \$4,272 in 2015.

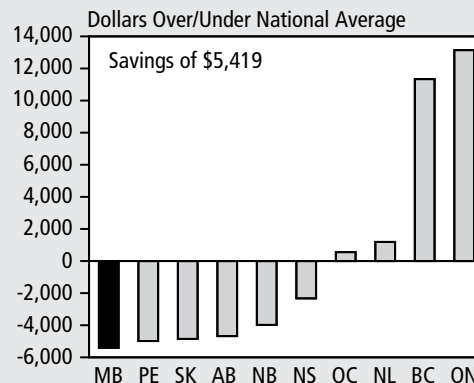
Income tax savings	\$1,764
Income tax credit savings	216
Property tax savings	<u>2,292</u>
<b>Total tax savings</b>	<b>\$4,272</b>

Tax credits that benefit this family include the Fitness Tax Credit, the Children’s Arts and Cultural Activity Tax Credit, and the Education Property Tax Credit. The elimination of the Education Support Levy also benefits this family.

### Manitoba is the most affordable place to live for an average Manitoba family

The following represents an interprovincial comparison of total taxes and basic household costs, net of credits and rebates, to the national average. An average Manitoba family pays \$5,419 less than the national average of \$33,536.

#### Two-Earner Family of Four at \$76,000



National Average = \$33,536

Source: Manitoba Finance

Basic household costs include: mortgage, utilities and transportation costs.

In 2015, Manitoba families and individuals will save \$542 million in personal income taxes and \$358 million in property taxes compared to 1999. Manitobans also save hundreds of millions annually because Manitoba's sales tax base is not harmonized with the federal GST.

Manitoba provides a variety of tax saving measures to support homeowners, renters, seniors, families with children and post-secondary graduates:

- Over 650,000 individual Manitoba taxpayers benefit from the basic personal amount, increased from \$6,794 in 1999 to \$9,134 in 2014.
- Over 455,000 households benefit from the basic Education Property Tax Credit, increased from \$250 in 1999 to a maximum of \$700 in 2011.
- Over 31,000 senior homeowners and renters receive an additional Education Property Tax Credit top up of up to \$400.
- In 2014, over 50,000 senior homeowners had their school taxes rebated through the Seniors' School Tax Rebate. In 2015, the Seniors' School Tax Rebate is doubled from \$235 to \$470.
- The Primary Caregiver Tax Credit supports 11,000 Manitoba caregivers by providing them with an increased tax credit, up to \$1,400 in 2015, to allow care recipients to stay in their homes longer.
- The Fitness Tax Credit for children and young adults supports healthier lifestyles.
- The Children's Arts and Cultural Activity Tax Credit supports Manitoba's diverse cultural and artistic heritages and interests.
- The Fertility Treatment Tax Credit and Adoption Expenses Tax Credit support Manitobans who need assistance expanding their family.
- The Tuition Fee Income Tax Rebate and Advance encourage Manitobans who have studied in Manitoba or anywhere around the world, who choose Manitoba as the place to live, work and raise a family after they graduate.
- The Green Energy Equipment Tax Credit encourages Manitobans to choose environmentally friendly home heating systems.
- The Volunteer Firefighters' and Search and Rescue Volunteers' Tax Credits recognize the important role played by volunteers in contributing to the safety of Manitobans.

Manitobans have the lowest personal debt per capita in Canada (this includes personal loans, credit cards and mortgages held at commercial banks).

In 2012, the Manitoba government guaranteed in law that Manitobans will pay the lowest electricity, home heating and auto insurance rates in Canada. In 2014, the average Manitoban saved over \$2,161 on hydro, home heating and car insurance compared to national average utility rates. At Saskatchewan's rates, the average Manitoban would spend over \$600 more on these utilities; at Ontario's rates, the average Manitoban would spend \$5,065 more every year.

In 2014, the second Annual Basic Utility Bundle Cost Comparison report was issued showing that Manitobans did indeed pay the lowest combined costs for auto insurance, electricity and home heating. A copy of the report is available at the following link: [http://www.gov.mb.ca/finance/pdf/utility\\_2014.pdf](http://www.gov.mb.ca/finance/pdf/utility_2014.pdf)

## Manitoba Affordability Advantage Compared to the National Average

When major taxes and basic household costs are compiled for representative households, Manitoba continues to have an affordability advantage over the national average and ranks among the three most affordable provinces.

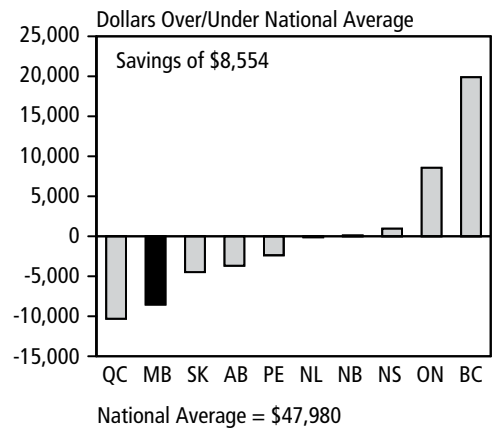
### A two-earner family of five at \$75,000:

Tax reductions by the Manitoba government since 1999 will save this family \$3,608 in 2015.

Income tax savings	\$1,566
Property tax savings	<u>2,042</u>
<b>Total tax savings</b>	<b>\$3,608</b>

When taxes and basic household costs are added together, this family will save \$8,554 compared to the national average.

### 2015 Tax and Basic Household Costs



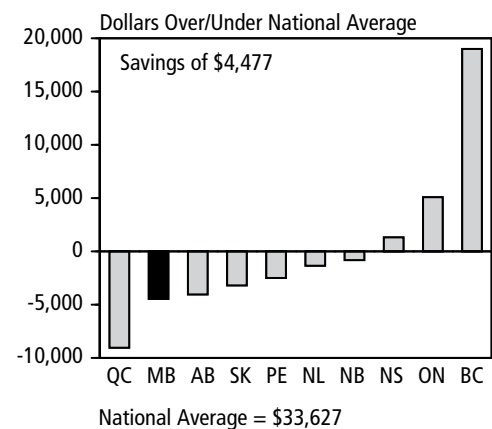
### A two-earner family of four at \$60,000:

Tax reductions by the Manitoba government since 1999 will save this family \$2,757 in 2015.

Income tax savings	\$972
Property tax savings	<u>1,785</u>
<b>Total tax savings</b>	<b>\$2,757</b>

When taxes and basic household costs are added together, this family will save \$4,477 compared to the national average.

### 2015 Tax and Basic Household Costs



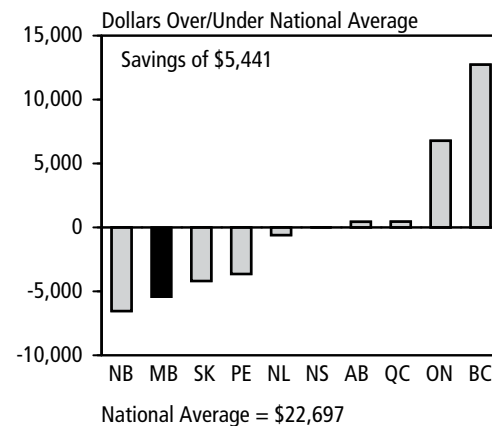
### A graduate at \$50,000:

Tax reductions by the Manitoba government since 1999 will save this graduate \$5,522 in 2015.

Income tax savings	\$1,237
Graduate tuition rebate	2,500
Property tax savings	<u>1,785</u>
<b>Total tax savings</b>	<b>\$5,522</b>

When taxes and basic household costs are added together, this graduate will save \$5,441 compared to the national average.

### 2015 Tax and Basic Household Costs





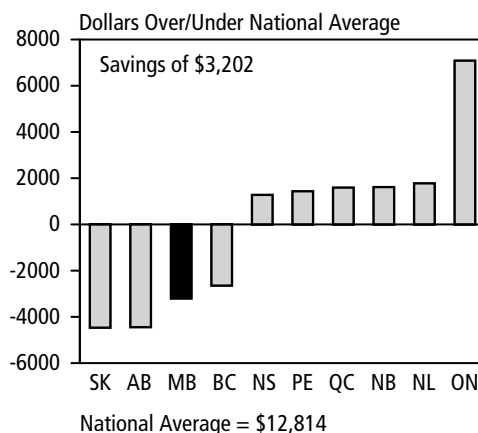
### A senior couple at \$60,000:

Tax reductions by the Manitoba government since 1999 will save this couple \$4,679 in 2015.

Income tax savings	\$2,424
Property tax savings	1,785
Seniors' School Tax Rebate	<u>470</u>
<b>Total tax savings</b>	<b>\$4,679</b>

When taxes and basic household costs are added together, this couple will save \$3,202 compared to the national average, and benefit from enhanced property tax savings and the Seniors' School Tax Rebate.

### 2015 Tax and Basic Household Costs



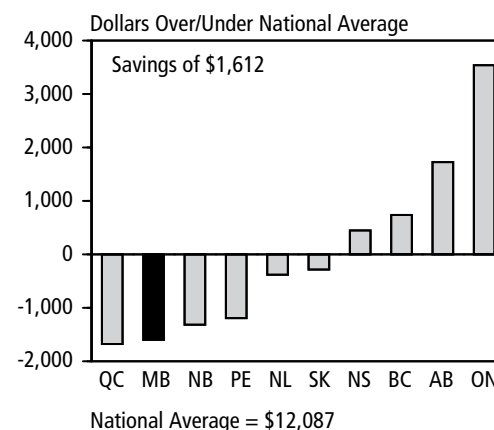
### A single person with a disability at \$25,000:

Tax reductions by the Manitoba government since 1999 will save this individual \$1,207 in 2015.

Income tax savings	\$757
Property tax savings	<u>450</u>
<b>Total tax savings</b>	<b>\$1,207</b>

When taxes and basic household costs are added together, this individual will save \$1,612 compared to the national average. Property tax savings are based on increases to the Education Property Tax Credit on rent.

### 2015 Tax and Basic Household Costs



### A single parent with one child at \$30,000:

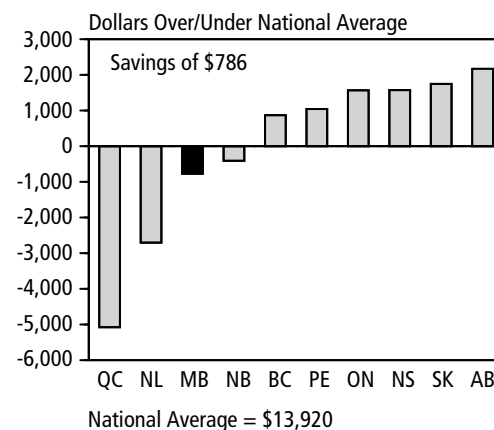
Tax reductions by the Manitoba government since 1999 will save this family \$1,042 in 2015.

Income tax savings	\$592
Property tax savings	<u>450</u>
<b>Total tax savings</b>	<b>\$1,042</b>

Property tax savings are based on increases to the Education Property Tax Credit on rent.

Note: Some families, or individuals, may also benefit from the \$1,400 Primary Caregiver Tax Credit.

### 2015 Tax and Basic Household Costs

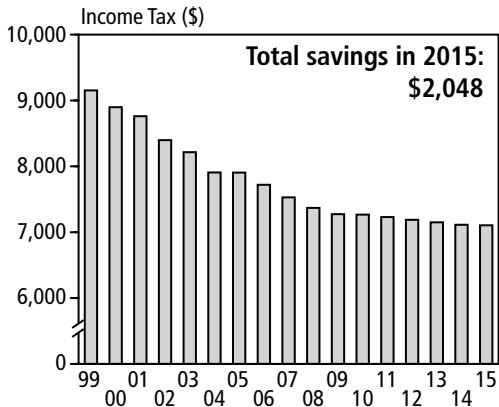


All Charts Source: Manitoba Finance

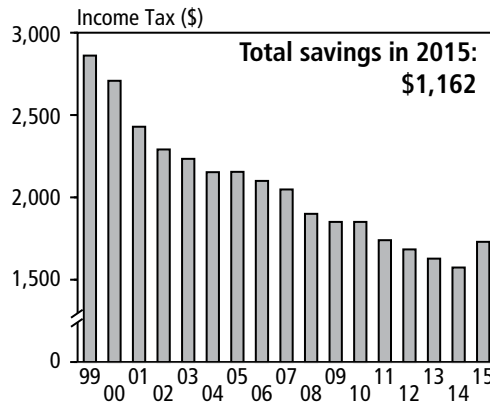
## MANITOBA INCOME TAX SINCE 1999

Manitobans have saved a cumulative \$5.3 billion in personal income taxes since 1999. In 2015, Manitoba households will pay \$542 million less income tax.

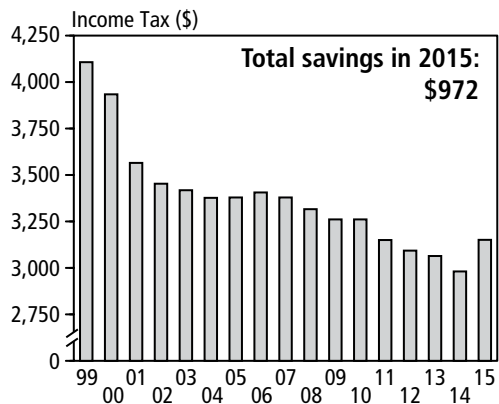
### Single Individual at \$70,000



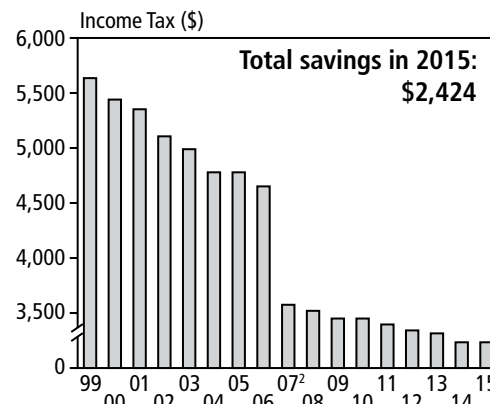
### One-Earner Family of Four at \$40,000<sup>1</sup>



### Two-Earner Family of Four at \$60,000<sup>1</sup>

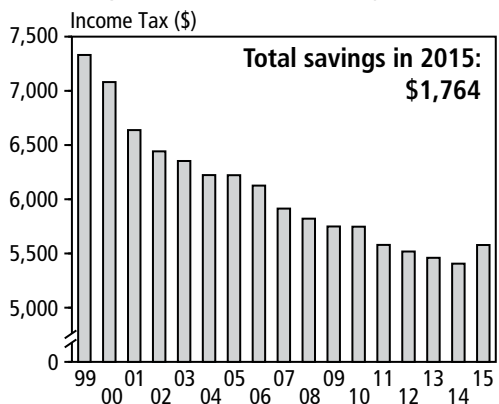


### Senior Couple at \$60,000

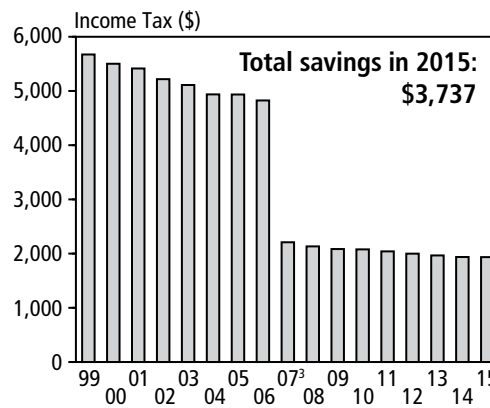


<sup>2</sup> Introduction of pension splitting

### Two-Earner Family of Four at \$76,000 (Average Manitoba Family)<sup>1</sup>



### Graduate at \$50,000



<sup>3</sup> Introduction of the graduate tuition rebate

All Charts Source: Manitoba Finance

<sup>1</sup> In 2015, personal income tax savings decrease for families with children as a result of the federal increase to the Universal Child Care Benefit.

To calculate the tax savings for other household types, a Tax Savings Estimator is available at:

<http://www.gov.mb.ca/finance/budget15/estimator/calc15.html>

## ■ MANITOBA INCOME TAX SAVINGS FOR TYPICAL TAXPAYERS

Income	Tax Payable/Refunds		Tax Savings in 2015	2015 Savings <sup>3</sup> over 1999 (Percentage)	Cumulative Savings over 16 Years (Dollars)
	1999	2015			
	(Dollars)				
<b>SINGLE PERSON<sup>1</sup></b>					
10,000	88	-99	187	211.5%	2,133
20,000	1,369	1,015	354	25.9%	3,621
40,000	4,012	3,233	780	19.4%	8,817
70,000	9,153	7,105	2,048	22.4%	23,416
100,000	14,572	12,325	2,247	15.4%	26,538
<b>FAMILY OF FOUR – ONE EARNER<sup>1</sup></b>					
25,000	411	-202	613	149.2%	7,287
40,000	2,861	1,699	1,162	40.6%	13,730
60,000	6,625	4,409	2,216	33.4%	26,681
75,000	9,435	6,844	2,591	27.5%	31,070
100,000	13,951	11,444	2,507	18.0%	29,969
<b>FAMILY OF FOUR – TWO EARNERS<sup>1</sup></b>					
30,000	533	-5	538	101.0%	6,258
40,000	1,360	765	595	43.7%	7,361
60,000	4,107	3,135	972	23.7%	12,573
80,000	7,169	5,533	1,636	22.8%	20,455
100,000	10,188	8,050	2,138	21.0%	26,323
<b>SENIOR COUPLE<sup>2</sup></b>					
30,000	39	-328	367	941.2%	4,767
40,000	1,667	578	1,089	65.3%	10,532
60,000	5,635	3,211	2,424	43.0%	24,597
80,000	8,893	6,274	2,619	29.5%	28,235

Note: Some values may differ from previous years' tables due to changed assumptions regarding pension income splitting and the Personal Tax Credit.

<sup>1</sup> Taxfilers in the single and family examples pay Canada Pension Plan and Employment Insurance premiums. The two-earner family pays child-care fees: one taxfiler at 60% of the total family income and the spouse at 40%. The Fitness Tax Credit and the Children's Arts and Cultural Activities Tax Credit are claimed for one child in both family examples. Where applicable, tax payable has been reduced by the Personal Tax Credit.

<sup>2</sup> For the senior couple, both receive the Old Age Security Pension and each spouse splits private pension income in applicable tax years.

<sup>3</sup> In 2015, personal income tax savings decrease for families with children as a result of the federal increase to the Universal Child Care Benefit.

## ■ A MORE COMPETITIVE BUSINESS ENVIRONMENT

In 2015, Manitoba’s business community will pay \$446 million less in provincial taxes than in 1999. Between 1999 and 2015, businesses have saved \$3.8 billion cumulatively in Manitoba taxes.

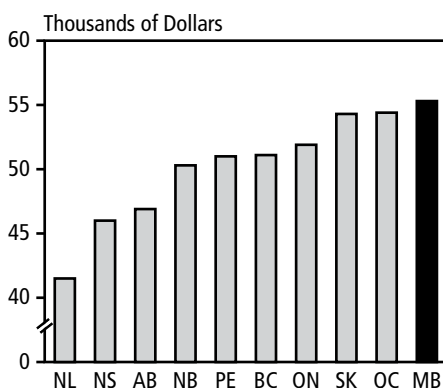
Since 1999, Manitoba has significantly reduced business taxes by:

- decreasing the general corporate income tax rate from 17% (highest in Canada in 1999) to 12%;
- eliminating the small business income tax rate, which was 8.5% (highest in Canada in 1999);
- increasing the small business income limit from \$200,000 in 1999 to \$450,000 in 2016;
- eliminating the general capital tax;
- increasing the exemption threshold of the Health and Education Tax Levy from \$1.0 million to \$1.25 million;
- introducing tax credits for those who invest in eligible Manitoba enterprises;
- providing tax credits to employers who hire high school and post-secondary co-op students and graduates, apprentices and newly certified journeypersons;
- increasing the level of provincial assistance for Research and Development (R&D) from 15% to 20%, making the support partially refundable and extending the tax credit carry forward to 20 years;
- increasing the level of provincial assistance for manufacturing capital investments by expanding the eligible expenditures to include new and used buildings and equipment, and making the support eight-tenths refundable;
- encouraging youth retention through tuition fee rebates and employer hiring incentives; and
- introducing tax credits for the green energy equipment, printing, publishing, data processing, interactive digital media sectors, and enhancing tax credits for the film industry.

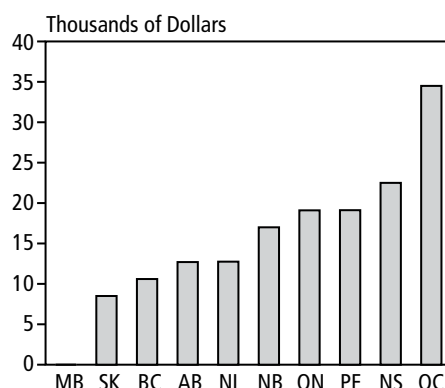
Small businesses are the mainstay of Manitoba’s economy. Small businesses in Manitoba now pay \$320 million less in taxes because of the 0% small business tax rate and save over \$158 million because of the \$1.25 million exemption from the Health and Education Tax Levy.

Manitoba is the only province to have eliminated provincial corporation income taxes on small businesses. An eligible Manitoba corporation with \$425,000 in taxable income would have paid the highest provincial corporate income taxes in 1999. In 2015, provincial taxes are \$0. In 2016, the small business income limit will increase to \$450,000.

**Provincial Income Tax on \$425,000 of Corporate Taxable Income – 1999**



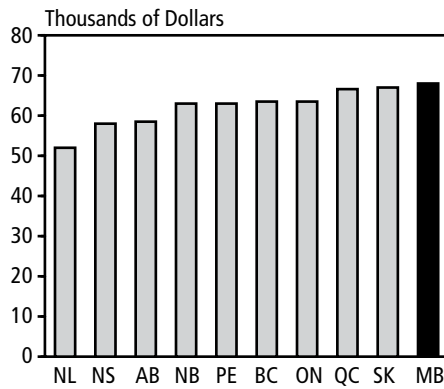
**Provincial Income Tax on \$425,000 of Corporate Taxable Income – 2015**



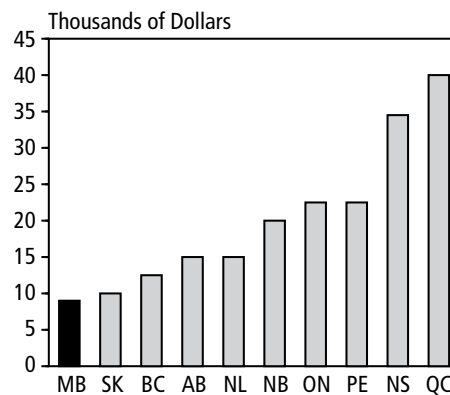
All Charts Source: Manitoba Finance

At \$500,000 in corporate taxable income, Manitoba's corporation income tax has gone from being the highest among provinces in 1999 to the lowest in 2015.

**Provincial Income Tax on \$500,000 of Corporate Taxable Income – 1999**



**Provincial Income Tax on \$500,000 of Corporate Taxable Income – 2015**



All Charts Source: Manitoba Finance

Manitoba's general 12% corporation income tax rate is comparable to other competing provinces. For larger companies, Manitoba's Manufacturing Investment Tax Credit generates a lower after-tax cost of capital than the HST input tax credits, and for a profitable larger company, Manitoba's R&D Tax Credit provides the best level of support in Canada.

In addition to a competitive tax environment, Manitoba has a number of other business advantages:

- one of Canada's most stable provincial economies over the last decade;
- its central location and excellent transportation links to the rest of North America and the world;
- low industrial and commercial land costs;
- among the world's lowest electricity costs;
- a skilled, well-educated and affordable workforce with a high labour force participation rate and low unemployment rate; and
- one of the most supportive R&D and innovation regimes.

## ■ MAINTAINING MANITOBA'S COMPETITIVE BUSINESS ENVIRONMENT

Since the recession, it has been challenging for the global economy to gain any sustained traction in building aggregate demand for goods and services. After the recession, global growth rebounded in 2010 and has since slowed. More recently, the collapse of crude oil prices has added more uncertainty in the near-term outlook, especially for Canada.

The Canadian economy, although slower than before the recession, has been gradually strengthening over the last three years. In 2014, real GDP increased by 2.5%, following 2.0% growth in 2013 and 1.9% in 2012. Last year, the economy was driven by further solid gains in household spending and exports. Canada's real GDP is expected to slow in 2015 to 2.1% and 2.2% in 2016 compared to 2.5% in 2014.

In the last year, the volatility in the energy market and exchange rate has led to a dramatic redrawing of the economic prospects for Canada and the provinces. The latest changes show a lower growth outlook for Canada overall and for oil-producing provinces. Provinces with a larger concentration in manufacturing are forecast to grow faster due to the strengthening U.S. economy and the depreciation of our currency.

Through these uncertain times, the Manitoba economy did slow following the recession, but has performed relatively well compared to other provinces. For example, over the five-year period from 2009 to 2014, Manitoba's average annual real GDP growth rate was 2.5%, the fourth best among provinces, but below the 3% average annual growth prior to the recession (2004 to 2008).

A combination of factors has allowed Manitoba to weather the post-recession slowdown better than most. Manitoba's economic stability is attributable to several causes, including:

- a productive, well-educated and multilingual labour force that consistently generates among the lowest unemployment rates and the highest overall labour force participation rate in Canada;
- a favourable business cost environment, including competitive office and land costs, reasonable construction costs and affordable taxes;
- a supportive capital investment information network for new and expanding businesses, including Manitoba Business Gateways, Yes! Winnipeg and CentrePort Canada;
- an extensive network of R&D facilities and communication infrastructure supporting innovation and productivity enhancements;
- a convenient mid-continent location with cost-effective transportation links and intermodal facilities, providing shipping by road, rail, air and sea, enhanced by CentrePort Canada, the country's first foreign trade zone and inland port; and
- among the lowest electricity costs in North America.

Manitoba has one of the most diversified economies in Canada. The province has a number of sectors, each contributing more than five per cent to total production. Manitoba's external trade is balanced, with roughly half the exports shipped to international markets and the other half shipped to other provinces. Likewise, the international market for Manitoba exports is broadening, with a larger share of trade flowing into some of the fastest growing regions of the world.

The province is centrally located in North America providing a strategic and cost-efficient location for being a major transportation hub and offering an ideal setting for manufacturing export products for the Americas, Europe and Asia. These logistics are strengthened by CentrePort Canada, Canada's inland port and foreign trade zone.

Manitoba has a competitive cost structure supported by Manitoba Hydro, one of North America's major electricity companies, generating the lowest-cost electricity in North America. Low energy costs have been instrumental in continuing to diversify the economy by attracting innovative, high-technology businesses to Manitoba. Manitoba has encouraged and promoted the expansion

of high-technology data processing into Manitoba through the introduction and enhancement of a tax credit for data processing centres and investments. Almost all of the energy generated at Manitoba Hydro is clean, reliable and derived from renewable resources: water and wind.

Manitoba's location and competitive cost structure make it a perfect incubator for a diversified economy. Manitoba produces a wide variety of industrial, commercial, residential, and consumer products and services. Manitoba has large production facilities in aerospace and bus manufacturing, food processing, pharmaceuticals, financial and insurance services, wholesale trade, power generation, chemicals, minerals, agricultural implements and trucking. All leading bond-rating agencies and economic forecasters, including Moody's Investors Service, Standard and Poor's, DBRS, and the Conference Board of Canada, have noted Manitoba's diversity as one of the province's main economic assets.

Population growth has also been a key factor supporting economic development in the province driving retail, housing and private commercial property development.

The dividends from these advantages are clear. Stability has provided businesses with confidence to consistently make increased capital investments. Over the last 20 years, Manitoba has the best provincial track record respecting consecutive gains in private capital spending. Manitoba's labour market has been the most stable among the provinces in terms of employment growth and low unemployment rates.

## ■ MANITOBA'S COMPETITIVE MANUFACTURING SECTOR

Competitive operating costs and taxes have made Manitoba one of the least expensive provinces in Canada in which to do business. Among representative North American cities, for both smaller and larger manufacturers, Brandon and Winnipeg rank best or near best with respect to start-up costs, net income, overall taxes and return on investment. Manitoba's competitive business environment continues to position the province as an ideal manufacturing location. Manufacturers are supported by low taxes on capital investment and by a network of capital investment information for new and expanding business, which includes Manitoba Business Gateways, Yes! Winnipeg and CentrePort Canada.

Manitoba Finance's competitiveness model compares the tax structure and cost environment for representative smaller and larger manufacturing firms in several North American cities.

The model simulates start-up, operating, financial and taxation costs over a period of 20 years. It incorporates future unconditional changes in taxes that have been announced by the federal, provincial, state or local governments. The representative firms' profiles have been updated using the most recent data available from Statistics Canada, local economic development boards and other public sources.

### Interjurisdictional Competitiveness

The following indicators are used to assess cost and tax competitiveness for smaller and larger manufacturing firms:

- net cost of investment, or start-up costs (including applicable taxes);
- payroll-related levies;
- marginal effective tax rates;
- pre-tax net income;
- effective tax rates; and
- internal rates of return.

The model uses actual costs for each city and calculates net revenue and cash flow, including start-up costs, based on the operating costs in each location<sup>1</sup>. The results for each city are compared to the overall average of all cities (100.0) for each of the indicators and presented in the charts that follow.

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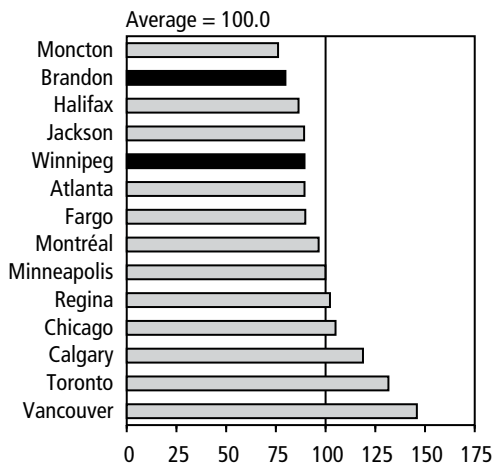
<sup>1</sup> For comparison purposes, U.S. data is converted to Canadian dollars at an exchange rate of CAD1.10474133 (2014 average). The manufacturing sector is more competitive when Canada's exchange rate depreciates relative to the U.S. dollar, which accounts for some of the year-over-year ranking improvements for Winnipeg.



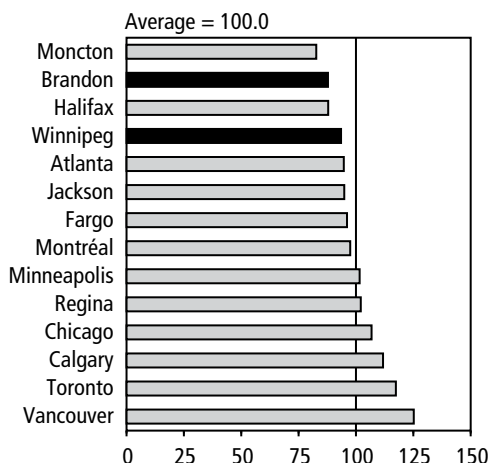
## Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings, machinery and equipment) in Manitoba cities are among the lowest of all cities. Investment tax credits on capital asset purchases reduce the net cost of investment. Start-up costs in larger cities tend to be higher due to the cost of land and construction labour.

### Net Cost of Investment Smaller Manufacturing Firm



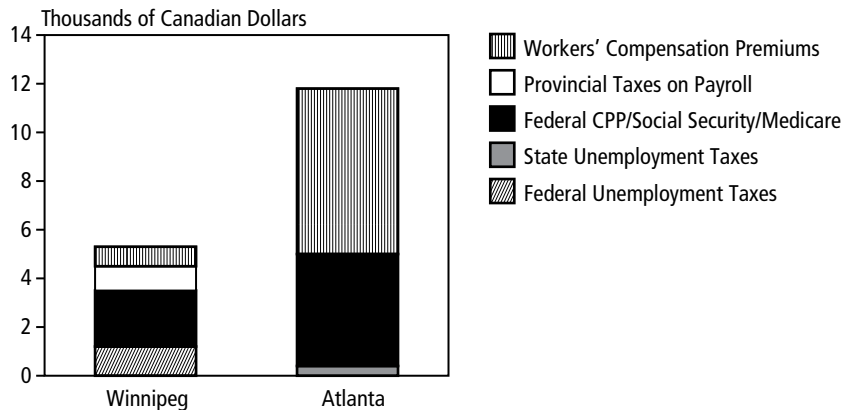
### Net Cost of Investment Larger Manufacturing Firm



## Payroll-related Levies

U.S. employers pay federal and state unemployment taxes, social security tax and medicare tax, and are also required to provide workers' compensation coverage. Canadian employers do not pay provincial unemployment or federal medicare taxes, though some provinces have taxes on payroll. For example, a firm in Atlanta will have higher payroll-related taxes and levies than a firm with the same wage levels in Winnipeg.

### Payroll-related Taxes and Levies per Employee, Larger Manufacturing Firm Winnipeg and Atlanta, 2015



### Pre-tax Net Income

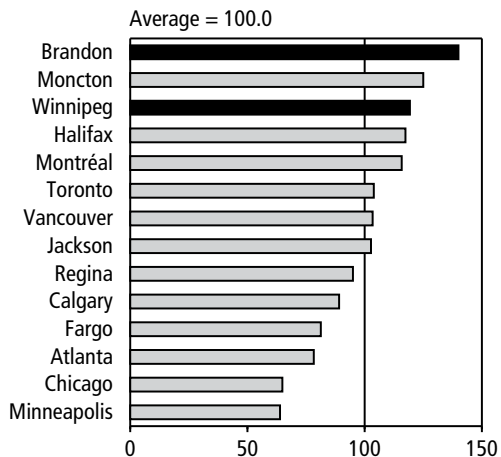
Pre-tax net income compares Manitoba’s business cost competitiveness to other jurisdictions. It is calculated by deducting production material costs and location-specific costs from fixed annual sales figures. Annual sales are uniform for all locations and are ramped up through the first four years of operation then fixed across the cities at \$4 million for the smaller firm and \$45 million for the larger firm for years five to twenty. Annual production material costs are equal to 46% of sales in a given year.

The following location-specific costs are also deducted from annual sales:

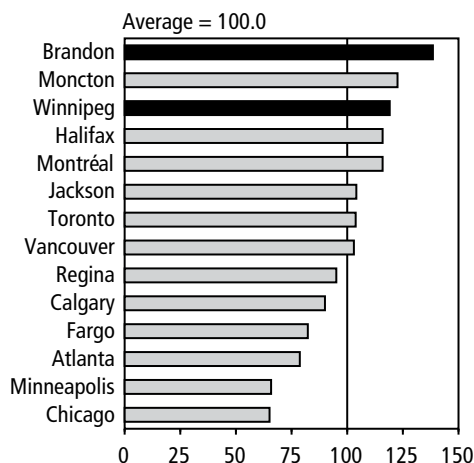
- average manufacturing wages;
- local utility costs for electricity;
- interest charges on debt used to finance construction of the manufacturing plants;
- depreciation of capital assets: building costs (which vary by city based on local construction wages), and machinery and equipment (which are assumed to be the same across all cities); and
- employer-paid payroll related taxes, levies and health premiums.

Brandon yields the highest pre-tax net income for both the smaller and larger manufacturing firms, while Winnipeg has the third-highest pre-tax net income for both model firms.

#### Pre-tax Net Income Smaller Manufacturing Firm



#### Pre-tax Net Income Larger Manufacturing Firm



All Charts Source: Manitoba Finance

## Effective Tax Rates

Effective tax rates are generated by computing gross taxes as a proportion of pre-tax net income over a 20-year period, based on data available as of April 1, 2015.

The following annual taxes are taken into account:

- corporation income taxes;
- local property and business taxes;
- corporation capital and U.S. franchise taxes;
- taxes on payroll;
- workers' compensation premiums; and
- statutory pension and unemployment insurance premiums.

For U.S. firms, employer-paid health premiums are also included.

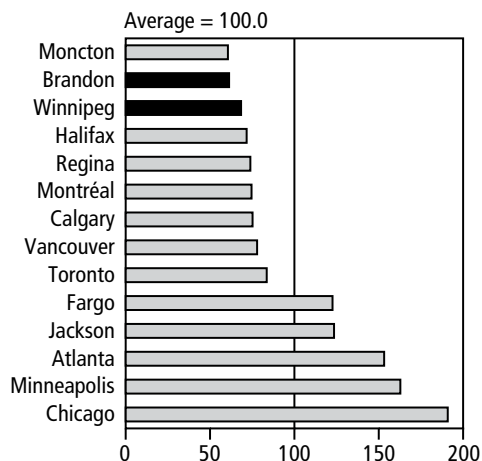
The following tax expenditures that benefit the manufacturing sector are also taken into account:

- investment tax credits;
- tax holidays;
- accelerated capital cost allowances; and
- preferential tax rates.

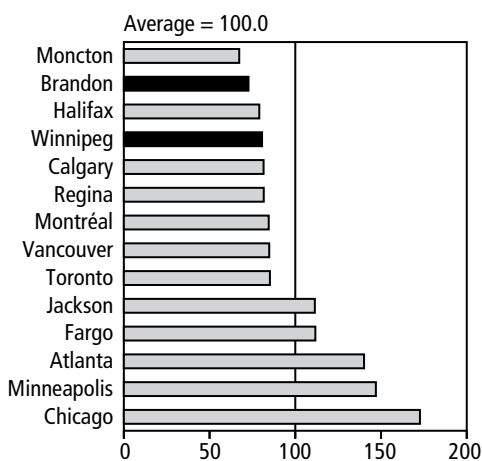
Not included are enterprise zones, grants, and other forms of governmental and third-party financial assistance programs that are subject to an approval process.

Winnipeg's and Brandon's effective tax rates are well below the overall average (100.0) for both the smaller and larger manufacturing firms.

### Effective Tax Rates Smaller Manufacturing Firm



### Effective Tax Rates Larger Manufacturing Firm

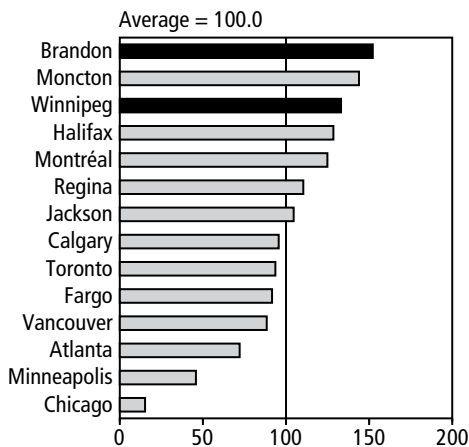


### Internal Rates of Return

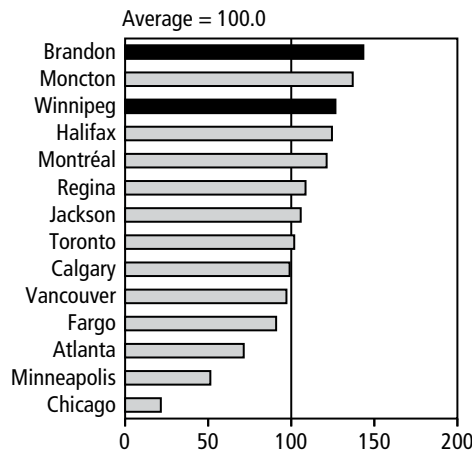
Overall competitiveness is compared by calculating internal rates of return, which are commonly used by businesses in making investment and location decisions. A higher internal rate of return indicates a city is more competitive than others. The internal rate of return for each city is calculated using start-up costs and cash flow over a 20-year period, specific to a smaller and a larger manufacturing firm, then discounted using applicable Canadian and U.S. commercial interest rates. The following charts illustrate the combined impact of taxes and costs on the internal rates of return for the representative smaller and larger manufacturing corporations in the selected jurisdictions.

The internal rates of return for both Winnipeg and Brandon are above the overall average of the cities included in the study. Brandon has the highest internal rate of return. Winnipeg has the third-highest internal rate of return for both the smaller and larger manufacturing firms.

#### Internal Rates of Return Smaller Manufacturing Firm



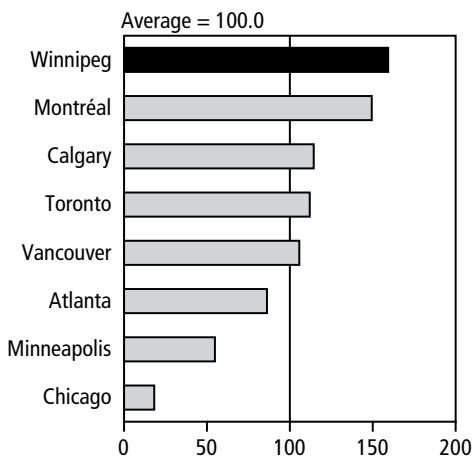
#### Internal Rates of Return Larger Manufacturing Firm



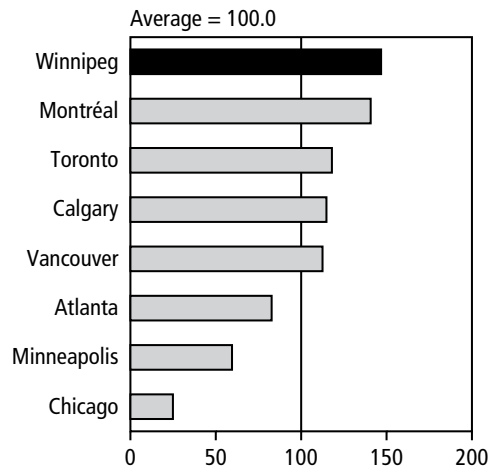
All Charts Source: Manitoba Finance

Among cities with populations over 500,000, Winnipeg has the highest internal rate of return for both manufacturing model firms.

**Internal Rates of Return  
Smaller Manufacturing Firm  
in Cities over 500,000**



**Internal Rates of Return  
Larger Manufacturing Firm  
in Cities over 500,000**



All Charts Source: Manitoba Finance

**CONCLUSION**

Manitoba continues to maintain a highly competitive overall business cost and tax environment for both smaller and larger firms engaged in manufacturing and processing.

## ■ APPENDIX: MANITOBA TAX CREDITS, 2014/15

### Introduction

Governments use the tax system to pursue social, cultural and economic objectives. A tax expenditure is measured as a deviation from a benchmark tax base. The expenditure can be in the form of a deduction, credit, preferential rate, deferral or exemption. Tax expenditures may target taxpayers (ex: individuals, corporations); activities (ex: farming, film production, manufacturing); property (ex: machinery, equipment); sources of income (ex: pensions); transactions (ex: RRSP contributions); or events (ex: involuntary dispositions).

### Accounting for Tax Expenditures

Certain tax expenditures are treated as departmental expenditures, which are subject to review and approval by the Legislature, and are published annually as an individual line item in the Estimates of Expenditure and in the Public Accounts.

Other tax expenditures are absorbed into revenue estimates, reducing government revenues that would otherwise have been available for various direct expenditures. Tax expenditure accounts help to enhance the transparency of program expenditures and promote public accountability for tax credits that are absorbed into tax revenue.

Public Sector Accounting Board guidelines stipulate tax expenditures that provide a financial benefit through the tax system, for a purpose other than the relief of taxes, be shown as an expense. The 2015 Budget reflects the following tax credits as expenditures and can be found in the Estimates of Expenditure in the departments of Agriculture, Food and Rural Development; Education and Advanced Learning; Finance; and Jobs and the Economy.

## CREDITS ACCOUNTED FOR AS EXPENDITURE ITEMS

	<b>2014/15</b>
	(Millions of Dollars)
Property Tax Credits*	339.7
Farmland School Tax Rebate	35.4
Film and Video Production Tax Credit	15.0
Tuition Fee Income Tax Rebate Advance	4.5
Interactive Digital Media Tax Credit	1.0
Cultural Industries Printing Tax Credit	1.1
School Tax Credit for Tenants and Homeowners (55+)	0.7
Book Publishing Tax Credit	0.7
Co-operative Development Tax Credit	0.1
<b>TOTAL</b>	<b>398.2</b>

\* Includes the Education Property Tax Credit, Education Property Tax Credit Advance, Seniors' Education Property Tax Credit and Seniors' School Tax Rebate.

### **Limitations of Tax Expenditure Accounting**

Tax expenditure accounting has important limitations that must be considered when interpreting results. The value of each tax expenditure is estimated individually. Interactions between provisions are not taken into account. This has two effects. First, estimates for two or more tax expenditures cannot be added together to arrive at a combined value. Second, changing any one tax expenditure might affect the value of another tax expenditure. For example, changing something that is a deduction from income, such as RRSP contributions, would change reported net income. This in turn would change the value of tax credits, such as Manitoba's Personal Tax Credit, that depend on net income. The combined value of the tax expenditures listed in the account is substantially less than the sum of the individual items.

### **Reporting Tax Expenditures**

Manitoba's tax expenditure accounts are separated into six sections: personal income tax, corporation income tax, health and education tax levy, retail sales tax, fuel tax and corporation capital tax. The estimates are calculated from tax assessment data provided by the Canada Revenue Agency and departmental data. The estimates provided are for the 2014/15 fiscal year.

## ■ MANITOBA TAX EXPENDITURES, 2014/15

(Millions of Dollars)

### PERSONAL INCOME TAX

#### (a) Adjustments to Income (in accordance with tax collection agreements)

Contributions to RRSPs	158.3
Capital gains inclusion rate	114.8
Contributions to RPPs	106.0
Lifetime capital gains exemption	53.7
Social assistance, WCB, and OAS/GIS (non-taxable income)	20.9
Union dues and professional fees	20.8
Pension income splitting	20.0
Child-care expenses	16.6
Northern residents deduction	6.5
Moving expenses	1.8

#### (b) Non-refundable tax credits (basic credits provided federally and by all provinces)

Basic personal	718.6
CPP/EI	129.8
Charitable donations	69.7
Family Tax Benefit	65.4
Age	33.7
Medical expenses	31.6
Tuition fees and education amount (\$400/month)	31.0
Spousal	25.9
Disability	21.6
Eligible dependent	16.8
Private pension	16.4
Fitness Tax Credit for children and young adults	3.0
Caregiver	1.6
Children's Arts and Cultural Activity Tax Credit	1.0
Student loan interest	0.7
Infirm dependents	0.2
Adoption Expense Tax Credit	0.1



(Millions of Dollars)

**(c) Other Manitoba Tax Measures**

Tuition Fee Income Tax Rebate	50.0
Primary Caregiver Tax Credit	22.0
Foreign Tax Credit	3.2
Political Contributions Tax Credit	1.6
Mineral Exploration Tax Credit	1.1
Fertility Treatment Tax Credit	1.1
Overseas Employment Tax Credit	0.4
Community Enterprise Development Tax Credit	0.2
Employee Share Ownership Tax Credit*	-
Labour-Sponsored Funds Tax Credit*	-

**CORPORATE INCOME TAX**

Zero rate for small business	319.9
Research and Development Tax Credit	38.7
Manufacturing Investment Tax Credit	33.5
Co-op Education and Apprenticeship Tax Credits	4.1
Small Business Venture Capital Tax Credit	1.5
Green Energy Equipment Tax Credit	0.9
Odour Control Tax Credit	0.2
Nutrient Management Tax Credit	0.1
Riparian Tax Credit*	-
Neighbourhoods Alive! Tax Credit*	-

**HEALTH AND EDUCATION LEVY**

\$1.25 million exemption	158.3
Exemption for interjurisdictional common carriers	16.0

**FUEL TAX**

Marked gasoline and diesel	55.1
International cargo flight refunds	0.1

**CORPORATE CAPITAL TAX**

Elimination of general Corporation Capital Tax	140.6
Credit unions and caisses populaires exemption	13.7
Small banks and trust and loan corporations exemptions	0.9
Co-operatives exemption	0.7
Capital deduction	0.2

\* Tax credit take-up is negligible.

(Millions of Dollars)

**RETAIL SALES TAX**

Personal Tax Credit	43.8
Data Processing Investment Tax Credit	1.6
Rental Housing Construction Tax Credit	0.3

**Exemptions**

Groceries	215.9
Farm machinery and repairs	56.1
Prescription drugs and medicine	29.4
Farm and organic fertilizer	29.4
Books, free magazines and newspapers, and school yearbooks	24.2
Farm pesticides and herbicides	21.6
Medical supplies, appliances and equipment	19.3
Children's clothing, footwear and baby supplies	17.9
Water supplied by a municipality	16.7
Electricity used for manufacturing or mining	15.4
Natural gas for residential heating	8.6
Custom software and computer programming	10.1
Vehicle trade-ins	7.5
Toll-free calls	7.8
Electricity for residential heating	6.4
Vehicle private buy/sell refunds	4.4
Direct agents and qualifying items used in manufacturing a product for sale and in mining or processing minerals	4.1
Municipal exemptions (including the purchase of ambulances, fire trucks and related equipment, and gravel or sand purchased by a municipality for its own use)	2.3
Qualifying geophysical survey and explorations equipment, drill rigs and well servicing equipment used in oil and gas exploration and development	2.1
Feminine hygiene products	1.6
Mobile, ready-to-move and modular homes (point of sale reduction)	1.1
Non-prescription smoking cessation products	0.5
Films for public broadcast	0.5
Bicycle helmets	0.3
Qualifying geophysical survey and exploration equipment, and prototype mining equipment	0.1
Farm manure slurry tanks and lagoon liners	0.1

In some cases, new information may revise earlier estimates.

Source: Manitoba Finance, April 13, 2015



## ■ 2015 INTERPROVINCIAL COMPARISON OF TAX RATES

Data as of April 1, 2015.

	BC	AB	SK	MB	ON
<b>Personal Income Tax</b>					
Top Marginal Rate (%) <sup>1</sup>	16.80	10.00	15.00	17.40	20.53
Health Care Premiums (\$) <sup>2</sup>	864				900
Health and Education Tax (%) <sup>3</sup>				2.15	1.95
<b>Corporation Income Tax (%)</b>					
Small	2.5	3.0	2.0	0.0	4.5
Large	11.0	10.0	12.0	12.0	11.5
Manufacturing	11.0	10.0	10.0	12.0	10.0
Small business limit (\$000)	500.0	500.0	500.0	425.0	500.0
<b>Capital Tax (%)<sup>4</sup></b>					
Banks	-	-	3.25	6.00	-
Small Financial Institutions	-	-	0.70	-	-
<b>Sales Tax (%)<sup>5</sup></b>	7.0	-	5.0	8.0	8.0
<b>Gasoline Tax (¢/l)<sup>6</sup></b>	21.17	13.0	15.0	14.0	14.7 <sup>a</sup>
<b>Diesel Fuel Tax (¢/l)<sup>7</sup></b>	22.67	13.0	15.0	14.0	14.3 <sup>a</sup>
<b>Tobacco Tax (¢/cigarette)<sup>8</sup></b>	23.9	22.5	25.0 <sup>a</sup>	29.0 <sup>a</sup>	13.98 <sup>a</sup>
<b>Corporation Income Tax Credits</b>					
Manufacturing (%)			5.00	10.00	
Research and Development (%)	10.00	10.00	10.00	20.00	14.50

<sup>1</sup> Top marginal provincial rates include surtaxes.

<sup>2</sup> The health premium for BC is the maximum individual rate. The premium for ON is calculated as part of its provincial personal income tax system; maximum individual rate shown. QC levies a progressive health contribution and the prescription drug plan; maximum total individual rate shown. The 2015 AB budget has announced the introduction of a health-care premium.

<sup>3</sup> MB exempts firms with payrolls of less than \$1.25 million. ON provides a payroll deduction of \$450,000 for employers but public sector employers with payroll less than \$5 million are not eligible. QC has graduated rates for firms with payrolls under \$5 million. NL exempts firms with payrolls of less than \$1.2 million.

<sup>4</sup> SK has a reduced tax rate for small financial institutions with less than \$1.5 billion in taxable paid up capital. MB exempts small financial institutions with less than \$4 billion in taxable paid up capital.

<sup>5</sup> The sales tax rate is the general rate for each province. In HST provinces, it is the provincial component of the harmonized tax.

## ■ FEDERAL AND MANITOBA INCOME TAX RATES, 2015

### Personal Income Tax Rates

Canada		Manitoba	
Rate	Taxable Income Range	Rate	Taxable Income Range
15%	\$0 – \$44,701	10.8%	\$0 – \$31,000
22%	\$44,702 – \$89,401	12.75%	\$31,001 – \$67,000
26%	\$89,402 – \$138,586	17.4%	over \$67,000
29%	over \$138,586		

QC	NB	NS	PE	NL	
25.75	17.84	21.00	18.37	13.30	<b>Personal Income Tax</b>
1615					Top Marginal Rate (%) <sup>1</sup>
4.26				2.00	<b>Health Care Premiums (\$)</b> <sup>2</sup>
					<b>Health and Education Tax (%)</b> <sup>3</sup>
					<b>Corporation Income Tax (%)</b>
8.0	4.0	3.0	4.5	3.0	Small
11.9	12.0	16.0	16.0	14.0	Large
11.9	12.0	16.0	16.0	5.0	Manufacturing
500.0	500.0	350.0	500.0	500.0	Small business limit (\$000)
					<b>Capital Tax (%)</b> <sup>4</sup>
-	4.00	4.00	5.00	4.00	Banks
-	-	-	-	-	Small Financial Institutions
9.975	8.0	10.0	9.0	8.0	<b>Sales Tax (%)</b> <sup>5</sup>
19.2 <sup>a</sup>	15.5 <sup>a</sup>	15.5 <sup>a</sup>	13.1 <sup>a</sup>	16.5 <sup>a</sup>	<b>Gasoline Tax (¢/l)</b> <sup>6</sup>
20.2 <sup>a</sup>	21.5 <sup>a</sup>	15.4 <sup>a</sup>	20.2 <sup>a</sup>	16.5 <sup>a</sup>	<b>Diesel Fuel Tax (¢/l)</b> <sup>7</sup>
14.9	19.00 <sup>a</sup>	23.52 <sup>a</sup>	22.50 <sup>a</sup>	23.50 <sup>a</sup>	<b>Tobacco Tax (¢/cigarette)</b> <sup>8</sup>
					<b>Corporation Income Tax Credits</b>
5.00			10.00		Manufacturing (%)
37.50	15.00	15.00		15.00	Research and Development (%)

<sup>6</sup> Provincial gasoline taxes are fixed rates per litre. The rate in BC includes 6.75¢/l dedicated to the BC Transportation Financing Authority and the carbon tax rates of 6.67¢/l for gasoline. Montréal has an additional levy of 3.0¢/l and QC imposes a carbon tax of 0.8¢/l on petroleum companies (it is assumed the tax is passed on to consumers). AB's gasoline tax rate increased 4¢/l to 13¢/l on March 26, 2015 and NB's gasoline tax rate increased 1.9¢/l to 15.5¢/l on April 1, 2015.

<sup>7</sup> Provincial diesel fuel taxes are fixed rates per litre. The rate in BC includes 6.75¢/l dedicated to the BC Transportation Financing Authority and the carbon tax rates of 7.67¢/l for diesel. QC imposes a carbon tax of 0.938¢/l on petroleum companies (it is assumed the tax is passed on to consumers). AB's diesel fuel tax rate increased 4¢/l to 13¢/l on March 26, 2015 and NB's diesel fuel tax rate increased 2.3¢/l to 21.5¢/l on April 1, 2015.

<sup>8</sup> AB's tobacco tax rate increased 2.5 ¢ per gram to 22.5 ¢ per gram on March 26, 2015.

<sup>a</sup> These provinces apply provincial sales tax or the provincial portion of their HST on the retail price of the good inclusive of excise taxes.

## Corporation Income Tax Rates

	Canada	Manitoba
Basic Rate	15.0%	12.0%
Small Business Rate	11.0%	0.0%
Small Business Income Limit*	\$500,000	\$425,000

\*In 2016, the small business income limit will be increased to \$450,000.

## ■ PERSONAL TAX SAVINGS SINCE 1999

Includes Personal Income Tax Reductions, Personal Income Tax Credits, Property Tax Credits and Rebates

	2000	2001	2002	2003	2004	2005	2006	2007	2008
	(Millions of Dollars)								
<b>Income Tax Reductions</b>									
BUDGET									
2000	9	68	34						
2001		29	7	18					
2002			15						
2003					39				
2005							30		
2006							8	34	
2007								25	51
2008									1
2010									
2011									
2015									
<b>SUBTOTAL</b>	<b>9</b>	<b>97</b>	<b>56</b>	<b>18</b>	<b>39</b>	<b>-</b>	<b>38</b>	<b>59</b>	<b>52</b>
<b>Property Tax Reductions<sup>1</sup></b>									
BUDGET									
2000	26								
2001		27							
2002			10						
2003				19					
2004					23				
2005						37			
2006							39		
2007								42	2
2008									25
2009									
2011									
2014									
<b>SUBTOTAL</b>	<b>26</b>	<b>27</b>	<b>10</b>	<b>19</b>	<b>23</b>	<b>37</b>	<b>39</b>	<b>42</b>	<b>27</b>
Annual Totals	35	124	67	37	62	37	77	101	79
Cumulative Annual Totals	<b>35</b>	<b>159</b>	<b>226</b>	<b>262</b>	<b>324</b>	<b>361</b>	<b>438</b>	<b>539</b>	<b>618</b>

Totals may not add due to rounding.

<sup>1</sup> Reductions include the Seniors' School Tax Rebate of \$48 million, increases to the Education Property Tax Credit of \$156 million, the introduction of, and increases to, the Farmland School Tax Rebate of \$35 million, and reductions to the Education Support Levy (ESL), which was eliminated in 2006 (the elimination of ESL now provides annual tax savings of \$145 million compared to \$100 million in 2006).

2009	2010	2011	2012	2013	2014	2015	2016	Cumulative Annual Totals	
(Millions of Dollars)									
									<b>Income Tax Reductions</b>
									BUDGET
								111	2000
								54	2001
								15	2002
								39	2003
								30	2005
								42	2006
28	16							120	2007
24	11							36	2008
	3	8						11	2010
		24	20	19	19			81	2011
						3		3	2015
52	30	32	20	19	19	3		542	SUBTOTAL
									<b>Property Tax Reductions<sup>1</sup></b>
									BUDGET
								26	2000
								27	2001
								10	2002
								19	2003
								23	2004
								37	2005
								39	2006
2								46	2007
								25	2008
16								16	2009
		19	2	2				23	2011
					11	11	26	48	2014
18	-	19	2	2	11	11	26	339	SUBTOTAL
70	30	51	21	21	30	14	26	881	Annual Totals
688	718	769	790	811	841	855	881		Cumulative Annual Totals

## ■ 2015 COMPARISON OF TAXES AND BASIC HOUSEHOLD COSTS

<b>Single Person with a disability: \$25,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	85	0	-243	-170	-442
Health Premiums	307	0	0	0	300
<b>Subtotal PIT and Premiums</b>	<b>393</b>	<b>0</b>	<b>-243</b>	<b>-170</b>	<b>-142</b>
Provincial Sales Tax	301	0	184	575	788
Carbon Tax Credit	-116	0	0	0	0
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>578</b>	<b>0</b>	<b>-59</b>	<b>405</b>	<b>646</b>
Rent	10,922	12,085	10,247	8,764	12,654
Utilities	397	720	790	422	963
Public Transit	928	1,010	826	884	1,364
<b>Total Costs</b>	<b>12,247</b>	<b>13,814</b>	<b>11,863</b>	<b>10,070</b>	<b>14,981</b>
<b>Total Taxes and Basic Household Costs (National Average \$12,087)</b>	<b>12,826</b>	<b>13,814</b>	<b>11,804</b>	<b>10,475</b>	<b>15,627</b>
<b>Single Parent, One Child: \$30,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	190	0	-486	-275	-1,018
Health Premiums	557	0	0	0	300
<b>Subtotal PIT and Premiums</b>	<b>747</b>	<b>0</b>	<b>-486</b>	<b>-275</b>	<b>-718</b>
Family/Employment Tax Credits	0	-329	0	0	0
Child Benefits	0	0	0	0	0
Provincial Sales Tax	286	0	175	546	749
Carbon Tax Credit	-231	0	0	0	0
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>802</b>	<b>-329</b>	<b>-311</b>	<b>271</b>	<b>31</b>
Rent	10,922	12,085	10,247	8,764	12,654
Child Care	1,740	2,604	4,115	2,793	476
Utilities	397	720	790	422	963
Public Transit	928	1,010	826	884	1,364
<b>Total Costs</b>	<b>13,987</b>	<b>16,418</b>	<b>15,978</b>	<b>12,863</b>	<b>15,457</b>
<b>Total Taxes and Basic Household Costs (National Average \$13,920)</b>	<b>14,790</b>	<b>16,089</b>	<b>15,667</b>	<b>13,134</b>	<b>15,488</b>

Sums may not add due to rounding.



QC	NB	NS	PE	NL	
					<b>Single Person with a disability: \$25,000</b>
-214	247	417	869	676	Provincial Income Tax
715	0	0	0	0	Health Premiums
<u>501</u>	<u>247</u>	<u>417</u>	<u>869</u>	<u>676</u>	<u>Subtotal PIT and Premiums</u>
815	1,159	900	590	790	Provincial Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>1,316</u>	<u>1,406</u>	<u>1,317</u>	<u>1,459</u>	<u>1,466</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,858	8,041	9,598	7,820	8,832	Rent
402	612	826	954	695	Utilities
836	714	796	663	714	Public Transit
<u>9,096</u>	<u>9,367</u>	<u>11,220</u>	<u>9,437</u>	<u>10,241</u>	<u>Total Costs</u>
<u>10,412</u>	<u>10,773</u>	<u>12,537</u>	<u>10,896</u>	<u>11,707</u>	Total Taxes and Basic Household Costs (National Average \$12,087)
					<b>Single Parent, One Child: \$30,000</b>
65	0	213	885	0	Provincial Income Tax
251	0	0	0	0	Health Premiums
<u>315</u>	<u>0</u>	<u>213</u>	<u>885</u>	<u>0</u>	<u>Subtotal PIT and Premiums</u>
0	-250	0	0	0	Family/Employment Tax Credits
-3,162	-134	-12	0	0	Child Benefits
775	1,101	855	560	975	Provincial Sales Tax
0	0	0	0	0	Carbon Tax Credit
<u>-2,072</u>	<u>718</u>	<u>1,056</u>	<u>1,445</u>	<u>975</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
7,858	8,041	9,598	7,820	8,832	Rent
1,820	3,427	3,218	4,080	0	Child Care
402	612	826	954	695	Utilities
836	714	796	663	714	Public Transit
<u>10,916</u>	<u>12,794</u>	<u>14,438</u>	<u>13,517</u>	<u>10,241</u>	<u>Total Costs</u>
<u>8,844</u>	<u>13,511</u>	<u>15,494</u>	<u>14,963</u>	<u>11,216</u>	Total Taxes and Basic Household Costs (National Average \$13,920)

Sums may not add due to rounding.

## 2015 Comparison of Taxes and Basic Household Costs

<b>Two-Earner Family of 4: \$60,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,203	1,333	-375	<b>2,541</b>	-6
Health Premiums	1,728	0	0	<b>0</b>	300
<b>Subtotal PIT and Premiums</b>	<b>2,931</b>	<b>1,333</b>	<b>-375</b>	<b>2,541</b>	<b>294</b>
Family/Employment Tax Credits	0	-1,254	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	0
Property Taxes	3,594	2,516	2,597	<b>3,127</b>	3,029
Property Tax Credits	-570	0	0	<b>-700</b>	-171
Provincial Sales Tax	756	0	571	<b>1,128</b>	1,900
Gasoline Tax	635	360	450	<b>420</b>	441
Carbon Tax Credit	-121	0	0	<b>0</b>	0
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>7,225</b>	<b>2,955</b>	<b>3,242</b>	<b>6,516</b>	<b>5,493</b>
Mortgage Costs	24,960	13,949	10,368	<b>8,723</b>	15,739
Child Care	15,972	7,956	12,789	<b>10,296</b>	7,969
Utilities	1,754	2,131	2,109	<b>1,645</b>	2,210
Auto Insurance	2,714	2,599	1,929	<b>1,970</b>	7,300
<b>Total Costs</b>	<b>45,400</b>	<b>26,635</b>	<b>27,195</b>	<b>22,634</b>	<b>33,218</b>
<b>Total Taxes and Basic Household Costs</b> (National Average \$33,627)	<b>52,625</b>	<b>29,590</b>	<b>30,437</b>	<b>29,150</b>	<b>38,711</b>
<b>Two-Earner Family of 5: \$75,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,816	1,950	402	<b>3,713</b>	515
Health Premiums	1,728	0	0	<b>0</b>	450
<b>Subtotal PIT and Premiums</b>	<b>3,544</b>	<b>1,950</b>	<b>402</b>	<b>3,713</b>	<b>965</b>
Family/Employment Tax Credits	0	-1,850	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	0
Property Taxes	4,131	3,103	3,750	<b>4,127</b>	4,766
Property Tax Credits	-570	0	0	<b>-700</b>	-99
Provincial Sales Tax	800	0	662	<b>1,398</b>	2,270
Gasoline Tax	635	360	450	<b>420</b>	441
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>8,540</b>	<b>3,563</b>	<b>5,264</b>	<b>8,958</b>	<b>8,343</b>
Mortgage Costs	29,394	17,203	14,969	<b>12,318</b>	24,764
Child Care	24,294	17,388	17,829	<b>13,438</b>	12,451
Utilities	2,923	3,551	3,515	<b>2,742</b>	3,684
Auto Insurance	2,714	2,599	1,929	<b>1,970</b>	7,300
<b>Total Costs</b>	<b>59,325</b>	<b>40,741</b>	<b>38,242</b>	<b>30,468</b>	<b>48,199</b>
<b>Total Taxes and Basic Household Costs</b> (National Average \$47,980)	<b>67,865</b>	<b>44,304</b>	<b>43,506</b>	<b>39,426</b>	<b>56,542</b>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	<b>Two-Earner Family of 4: \$60,000</b>	
4,030	1,920	2,613	2,709	1,969		Provincial Income Tax
1,383	0	0	0	0		Health Premiums
<u>5,412</u>	<u>1,920</u>	<u>2,613</u>	<u>2,709</u>	<u>1,969</u>		<u>Subtotal PIT and Premiums</u>
0	-250	0	0	0		Family/Employment Tax Credits
-3,133	0	0	0	0		Child Benefits
3,083	2,701	2,390	2,600	1,986		Property Taxes
0	0	0	0	0		Property Tax Credits
2,393	2,447	2,045	1,396	1,872		Provincial Sales Tax
576	465	465	393	495		Gasoline Tax
0	0	0	0	0		Carbon Tax Credit
<u>8,332</u>	<u>7,283</u>	<u>7,513</u>	<u>7,098</u>	<u>6,321</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
8,586	5,834	8,346	5,025	8,953		Mortgage Costs
3,640	14,050	13,234	13,000	10,193		Child Care
2,185	3,628	3,723	4,300	3,874		Utilities
1,846	2,015	2,123	1,709	2,942		Auto Insurance
<u>16,257</u>	<u>25,527</u>	<u>27,426</u>	<u>24,034</u>	<u>25,962</u>		<u>Total Costs</u>
<u>24,589</u>	<u>32,810</u>	<u>34,939</u>	<u>31,132</u>	<u>32,283</u>		Total Taxes and Basic Household Costs (National Average \$33,627)
QC	NB	NS	PE	NL	<b>Two-Earner Family of 5: \$75,000</b>	
6,217	3,564	3,904	3,891	3,046		Provincial Income Tax
1,530	0	0	0	0		Health Premiums
<u>7,747</u>	<u>3,564</u>	<u>3,904</u>	<u>3,891</u>	<u>3,046</u>		<u>Subtotal PIT and Premiums</u>
0	-250	0	0	0		Family/Employment Tax Credits
-3,779	0	0	0	0		Child Benefits
5,171	3,945	3,060	3,885	3,139		Property Taxes
0	0	0	0	0		Property Tax Credits
2,617	2,698	2,191	1,554	2,407		Provincial Sales Tax
576	465	465	393	495		Gasoline Tax
<u>12,332</u>	<u>10,422</u>	<u>9,621</u>	<u>9,723</u>	<u>9,087</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
14,400	8,519	10,685	7,509	14,151		Mortgage Costs
5,460	21,076	20,295	19,500	15,227		Child Care
3,641	6,046	6,205	7,166	6,457		Utilities
1,846	2,015	2,123	1,709	2,942		Auto Insurance
<u>25,347</u>	<u>37,656</u>	<u>39,308</u>	<u>35,884</u>	<u>38,777</u>		<u>Total Costs</u>
<u>37,679</u>	<u>48,078</u>	<u>48,929</u>	<u>45,607</u>	<u>47,864</u>		Total Taxes and Basic Household Costs (National Average \$47,980)

Sums may not add due to rounding.

## 2015 Comparison of Taxes and Basic Household Costs

<b>Two-Earner Family of 4: \$76,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	2,771	3,483	3,064	<b>5,405</b>	2,402
Health Premiums	1,728	0	0	<b>0</b>	750
<b>Subtotal PIT and Premiums</b>	<b>4,499</b>	<b>3,483</b>	<b>3,064</b>	<b>5,405</b>	<b>3,152</b>
Family/Employment Tax Credits	0	-1,439	0	<b>0</b>	0
Child Benefits	0	0	0	<b>0</b>	0
Property Taxes	4,131	3,103	3,750	<b>4,127</b>	4,766
Property Tax Credits	-570	0	0	<b>-700</b>	0
Provincial Sales Tax	1,149	0	1,007	<b>1,834</b>	2,574
Gasoline Tax	635	360	450	<b>420</b>	441
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>9,844</b>	<b>5,507</b>	<b>8,271</b>	<b>11,087</b>	<b>10,933</b>
Mortgage Costs	29,394	17,203	14,969	<b>12,318</b>	24,764
Utilities	2,923	3,551	3,515	<b>2,742</b>	3,684
Auto Insurance	2,714	2,599	1,929	<b>1,970</b>	7,300
<b>Total Costs</b>	<b>35,031</b>	<b>23,353</b>	<b>20,413</b>	<b>17,030</b>	<b>35,748</b>
<b>Total Taxes and Basic Household Costs</b> (National Average \$33,536)	<b>44,875</b>	<b>28,860</b>	<b>28,684</b>	<b>28,117</b>	<b>46,681</b>
<b>Senior Couple: \$60,000</b>	BC	AB	SK	MB	ON
Provincial Income Tax	1,384	1,061	1,614	<b>3,211</b>	1,410
Health Premiums	1,566	0	0	<b>0</b>	600
<b>Subtotal PIT and Premiums</b>	<b>2,950</b>	<b>1,061</b>	<b>1,614</b>	<b>3,211</b>	<b>2,010</b>
Property Taxes	3,594	2,516	2,597	<b>3,127</b>	3,029
Property Tax Credits	-845	0	0	<b>-1,170</b>	-465
Provincial Sales Tax	891	0	750	<b>1,445</b>	2,346
Gasoline Tax	423	240	300	<b>280</b>	294
<b>Total Provincial Taxes, Credits and Premiums</b>	<b>7,014</b>	<b>3,817</b>	<b>5,261</b>	<b>6,893</b>	<b>7,214</b>
Utilities	1,754	2,131	2,109	<b>1,645</b>	2,210
Auto Insurance	1,353	2,464	992	<b>1,074</b>	10,480
<b>Total Costs</b>	<b>3,107</b>	<b>4,595</b>	<b>3,101</b>	<b>2,719</b>	<b>12,690</b>
<b>Total Taxes and Basic Household Costs</b> (National Average \$12,814)	<b>10,121</b>	<b>8,412</b>	<b>8,362</b>	<b>9,612</b>	<b>19,404</b>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	<b>Two-Earner Family of 4: \$76,000</b>	
6,268	5,322	5,682	5,876	4,645		Provincial Income Tax
<u>1,530</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		Health Premiums
<u>7,798</u>	<u>5,322</u>	<u>5,682</u>	<u>5,876</u>	<u>4,645</u>		<u>Subtotal PIT and Premiums</u>
0	-136	0	0	0		Family/Employment Tax Credits
-2,397	0	0	0	0		Child Benefits
5,171	3,945	3,060	3,885	3,139		Property Taxes
0	0	0	0	0		Property Tax Credits
3,058	3,382	2,991	2,015	2,899		Provincial Sales Tax
<u>576</u>	<u>465</u>	<u>465</u>	<u>393</u>	<u>495</u>		<u>Gasoline Tax</u>
<u>14,206</u>	<u>12,977</u>	<u>12,197</u>	<u>12,169</u>	<u>11,178</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
14,400	8,519	10,685	7,509	14,151		Mortgage Costs
3,641	6,046	6,205	7,166	6,457		Utilities
<u>1,846</u>	<u>2,015</u>	<u>2,123</u>	<u>1,709</u>	<u>2,942</u>		<u>Auto Insurance</u>
<u>19,887</u>	<u>16,580</u>	<u>19,013</u>	<u>16,384</u>	<u>23,550</u>		<u>Total Costs</u>
<u>34,093</u>	<u>29,557</u>	<u>31,210</u>	<u>28,553</u>	<u>34,728</u>		Total Taxes and Basic Household Costs (National Average \$33,536)

QC	NB	NS	PE	NL	<b>Senior Couple: \$60,000</b>	
3,579	2,839	2,899	3,494	2,254		Provincial Income Tax
<u>1,430</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		Health Premiums
<u>5,009</u>	<u>2,839</u>	<u>2,899</u>	<u>3,494</u>	<u>2,254</u>		<u>Subtotal PIT and Premiums</u>
3,083	2,701	2,390	2,600	1,986		Property Taxes
0	0	0	0	0		Property Tax Credits
2,544	2,927	2,428	1,700	2,641		Provincial Sales Tax
<u>384</u>	<u>310</u>	<u>310</u>	<u>262</u>	<u>330</u>		<u>Gasoline Tax</u>
<u>11,020</u>	<u>8,776</u>	<u>8,027</u>	<u>8,056</u>	<u>7,211</u>		<u>Total Provincial Taxes, Credits and Premiums</u>
2,185	3,628	3,723	4,300	3,874		Utilities
1,161	2,021	2,338	1,913	3,491		Auto Insurance
<u>3,346</u>	<u>5,649</u>	<u>6,061</u>	<u>6,213</u>	<u>7,365</u>		<u>Total Costs</u>
<u>14,366</u>	<u>14,425</u>	<u>14,088</u>	<u>14,269</u>	<u>14,576</u>		Total Taxes and Basic Household Costs (National Average \$12,814)

Sums may not add due to rounding.

## 2015 Comparison of Taxes and Basic Household Costs Net of Graduate Credits and Tuition Rebates

Single Person (Graduate): \$50,000	BC	AB	SK	MB	ON
Provincial Income Tax	2,184	2,855	3,544	<b>4,435</b>	2,236
Graduate Tuition Credit/Rebate	0	0	-2,000	<b>-2,500</b>	0
Health Premiums	864	0	0	<b>0</b>	600
<u>Subtotal PIT, Credit and Premiums</u>	<u>3,048</u>	<u>2,855</u>	<u>1,544</u>	<u><b>1,935</b></u>	<u>2,836</u>
Property Taxes	3,594	2,516	2,597	<b>3,127</b>	3,029
Property Tax Credits	-570	0	0	<b>-700</b>	-25
Provincial Sales Tax	786	0	509	<b>1,126</b>	1,675
Gasoline Tax	423	240	300	<b>280</b>	294
<u>Total Provincial Taxes, Credits and Premiums</u>	<u>7,281</u>	<u>5,611</u>	<u>4,949</u>	<u><b>5,768</b></u>	<u>7,809</u>
Mortgage Costs	24,960	13,949	10,368	<b>8,723</b>	15,739
Utilities	1,754	2,131	2,109	<b>1,645</b>	2,210
Auto Insurance	1,433	1,448	1,079	<b>1,120</b>	3,718
<u>Total Costs</u>	<u>28,147</u>	<u>17,528</u>	<u>13,556</u>	<u><b>11,488</b></u>	<u>21,667</u>
Total Taxes and Basic Household Costs (National Average \$22,697)	<u>35,428</u>	<u>23,139</u>	<u>18,505</u>	<u><b>17,256</b></u>	<u>29,476</u>

Sums may not add due to rounding.

QC	NB	NS	PE	NL	<b>Single Person (Graduate): \$50,000</b>
4,945	4,110	4,623	4,548	3,646	Provincial Income Tax
0	-4,000	0	0	0	Graduate Tuition Credit/Rebate
815	0	0	0	0	Health Premiums
<u>5,760</u>	<u>110</u>	<u>4,623</u>	<u>4,548</u>	<u>3,646</u>	<u>Subtotal PIT, Credit and Premiums</u>
3,083	2,701	2,390	2,600	1,986	Property Taxes
0	0	0	0	0	Property Tax Credits
2,097	2,440	2,124	1,385	1,765	Provincial Sales Tax
384	310	310	262	330	Gasoline Tax
<u>11,324</u>	<u>5,561</u>	<u>9,446</u>	<u>8,796</u>	<u>7,726</u>	<u>Total Provincial Taxes, Credits and Premiums</u>
8,586	5,834	8,346	5,025	8,953	Mortgage Costs
2,185	3,628	3,723	4,300	3,874	Utilities
1,054	1,131	1,199	933	1,542	Auto Insurance
<u>11,825</u>	<u>10,593</u>	<u>13,268</u>	<u>10,258</u>	<u>14,369</u>	<u>Total Costs</u>
<u>23,149</u>	<u>16,154</u>	<u>22,714</u>	<u>19,054</u>	<u>22,095</u>	<b>Total Taxes and Basic Household Costs</b> <b>(National Average \$22,697)</b>

Sums may not add due to rounding.

## NOTES

Provincial taxes, credits and premiums, and benefits are based on information available as of April 1, 2015. Unless noted, other data has not been updated.

**Auto insurance** coverage includes: \$2 million Third Party Liability; a \$500 All Perils Deductible; accident benefits and \$2 million Standard Policy Form #44 family protection coverage for those jurisdictions without no-fault injury coverage; and La Société de l'Assurance Automobile du Québec injury protection in Montréal. Rates were provided by the Insurance Corporation of British Columbia for BC, SGI Canada for SK, and Manitoba Public Insurance (MPI) for MB. Rates for cities in other provinces are the average of the quotes from 10 private insurers providing coverage in those provinces. Discounts for second or multiple vehicles, where available, are not included in the auto insurance calculations. Rebates issued by MPI or other insurers are also excluded. Auto insurance for the 2010 Dodge Grand Caravan SE and the 2003 Chevrolet Malibu are used in these examples.

**Child-care costs** are based on annual parent fees paid, less subsidies, for preschool aged children, typically over two years of age and under six years of age, for 260 days or 12 months per year. MB, PE and QC are the only provinces with regulated maximum parent fees. Fees for other provinces are those obtained from provincial offices and online.

**Gasoline tax** is based on the annual consumption of 2,000 litres for the single-vehicle family and 3,000 litres for the two-vehicle families. The gasoline tax includes all provincial levies on gas, including carbon tax and sales tax.

**Health premiums** are annual premiums for hospital insurance and medical services in provinces which levy them. Quebec's Prescription Drug Plan and Progressive Health Contribution are included.

**Mortgage costs** are based on average home prices for a detached bungalow and an executive detached two-storey from the Royal LePage House Price Survey – Fourth Quarter 2014, with one-half of the home price being financed over 25 years at a one-year closed mortgage rate of 3.2%.

**Net child benefits** represent provincial programs comparable to the Canada Child Tax Benefit for families with children.

**Property taxes** are based on the estimated taxes for a sample detached bungalow from the Saskatchewan 2015 Budget Paper "2015 Intercity Comparison of Taxes, Utilities and Housing." Property taxes for the detached bungalow have been proportionally adjusted to arrive at taxes for the executive detached two-storey.

**Provincial income tax** is calculated for: a single renter with a disability and \$25,000 earned income; a single parent with one preschool child who rents, and has \$30,000 in total income; two family profiles with \$60,000 and \$75,000 of total income, respectively; and for the senior couple, both receiving the Old Age Security Pension and each spouse splitting private pension income. Where applicable, incomes are inclusive of the Universal Child Care Benefit (UCCB). For the single parent, UCCB is treated as taxable income of the dependent child. The two family profiles include two or three preschool children, and two income earners (one spouse earns 60% of the family income, while the other spouse earns 40%). Personal non-refundable credits used include the CPP/QPP and EI contribution credits. For the single parent, child-care costs net of subsidies for each province have been deducted from income. For two-earner families, eligible child-care costs have been deducted from the income of the spouse with the lower income. Gross QC personal income tax has been reduced by the 16.5% abatement for federal income tax. Refundable sales tax credits and provincial tax reductions and rebates have been deducted from income tax payable. Property tax credits for renters are included in income tax, but property tax credits for homeowners are shown separately.

**Rent** is taken from Canada Mortgage and Housing Corporation's October 2012 Rental Market Survey inflated to 2014 values using each province's Consumer Price Index, and is based on the average one-bedroom apartment rent for each urban centre.



**Provincial sales tax** is based on an average expenditure basket for each level of total income from the "2011 Survey of Household Spending (Statistics Canada and Statistics Canada's estimates of household income) inflated to 2014 values using each province's Consumer Price Index.

**Transit fares** are based on adult monthly pass rates in effect during January 2015. The impact of the federal non-refundable public transit tax credit has reduced the cost of transit fees shown for the single individual and "single parent with one child" examples.

**Utilities** are based on the Saskatchewan 2015 Budget Paper "2015 Intercity Comparison of Taxes, Utilities and Housing."

- **Home heating** charges are based on an annual consumption level of 2,800 cubic metres of natural gas for a detached bungalow. Annual consumption for the detached bungalow has been proportionally adjusted for the executive detached two-storey. For the Atlantic provinces, the figures represent the BTU equivalent consumption of fuel oil.
- **Electricity charges** are based on: annual consumption of 8,100 kWh for a detached bungalow; 13,500 kWh for the executive detached two-storey; and 4,584 kWh for rental units.

