

TAXATION CHANGES – 2017 BUDGET

The following taxation changes were announced by Manitoba Finance Minister Cameron Friesen in his Budget Address on April 11, 2017.

PERSONAL TAX MEASURES

Tuition Fee Income Tax Rebate

The Rebate is being phased out commencing in 2017.

Effective for the 2017 tax year, the annual cap on the Rebate that an individual graduate can claim is now the lesser of Manitoba income tax payable, 10% of tuition fees, or \$500 (reduced from \$2,500).

The Rebate is being fully eliminated for the 2018 tax year at which time no Rebate credits will be claimable. Any unclaimed credits that existing graduates may have accumulated will lapse.

Advance Tuition Fee Income Tax Rebate

The Advance is eliminated effective for tuition and ancillary fees paid in relation to a school term that begins after April 2017.

Primary Caregiver Tax Credit

Effective for the 2017 tax year, the annual Credit claimable by a caregiver is capped at a maximum of \$1,400. The limit of three care recipients is removed but the maximum credit cannot exceed \$1,400. Previously, an approved caregiver could claim up to 3 separate care recipients per year at \$1,400 each, allowing for a maximum total claimable amount of \$4,200 per year.

Eligibility for claims under this Credit now begins in the year that the application for this program is submitted to the assessing authority (i.e., a Regional Health Authority or Department of Families). Starting on April 12, 2017, retroactive claims for years prior to 2017 are not permitted. However, if an application is submitted in 2017 but the Credit is not claimed until 2019, the caregiver can claim the Credit for 2017 and 2018.

Political Contributions Tax Credit

Effective starting with the 2018 tax year, the Political Contributions Tax Credit is enhanced by increasing the maximum eligible contribution from \$1,275 to \$2,325. This will result in an increase in the total available annual credit from \$650 to \$1,000, as follows:

	<u>Contribution</u>	<u>Tax Credit</u>	<u>Maximum Credit</u>	<u>Cumulative Credit (and Maximum)</u>
2017 (current)	0 to \$400	75.0%	\$300	\$300
	\$401 to \$750	50.0%	\$175	\$475
	\$751 to \$1,275	33.3%	\$175	\$650
Effective 2018	0 to \$400	75.0%	\$300	\$300
	\$401 to \$750	50.0%	\$175	\$475
	\$751 to \$2,325	33.3%	\$525	\$1,000

For further information on the **Tuition Fee Income Tax Rebate, Advance Tuition Fee Income Tax Rebate, Primary Caregiver Tax Credit, and Political Contributions Tax Credit** contact:

**Manitoba Tax Assistance Office,
Manitoba Finance**
Telephone 204-948-2115
Toll-free 1-800-782-0771
Fax 204-948-2263

E-mail tao@gov.mb.ca

BUSINESS TAX MEASURES**Research and Development Tax Credit**

Effective for eligible expenditures made after April 11, 2017, the Credit is reduced from 20% to 15%.

This change does not impact eligibility for unused credits on qualifying scientific research and development expenditures made by corporations before April 12, 2017.

Manufacturing Investment Tax Credit

Effective for qualifying property acquired after April 11, 2017, the non-refundable portion of the Credit is reduced from 2% to 1%.

This change does not impact eligibility for unused credits on qualifying property acquired before April 11, 2017. In addition, the 8% refundable Credit is not impacted by this change.

This Credit, scheduled to expire on December 31, 2017, is extended to December 31, 2020.

Paid Work Experience Tax Credit

Effective starting with the 2017 tax year, Crown corporations and other provincial government entities are no longer eligible for this Credit.

This does not impact the eligibility of all other qualified entities.

Co-operative Development Tax Credit This Credit is eliminated for contributions made after April 11, 2017.

This does not impact unused credits on eligible financial contributions previously made by co-operatives and credit unions towards co-operative development in Manitoba before April 12, 2017, which are available to be carried forward.

Odour Control Tax Credit This Credit is eliminated for expenditures made after April 11, 2017.

This does not impact unused credits on eligible expenditures made by businesses before April 12, 2017 that invested in capital property to control nuisance odours from the use or production of organic waste, which are available to be carried forward.

Nutrient Management Tax Credit This Credit is eliminated for expenditures made after April 11, 2017.

This does not impact unused credits on eligible expenditures made by agricultural producers that invested in capital property to enhance water quality protection before April 12, 2017, which are available to be carried forward.

Riparian Tax Credit This Credit is eliminated effective immediately.

This does not impact eligibility for unused credits on five-year commitments made before April 12, 2017 by farm operators and livestock producers to protect a strip along a waterway on agricultural land.

Data Processing Investment Tax Credits These Credits are eliminated effective immediately.

This does not impact credits earned but which remain unused and eligible to be carried forward by corporations or partnerships for qualified property purchased or leased before April 12, 2017.

Neighbourhoods Alive! Tax Credit This Credit is eliminated effective immediately.

For further information on the **Research and Development Tax Credit, Manufacturing Investment Tax Credit, Data Processing Investment Tax Credit, and Neighbourhoods Alive! Tax Credit** contact:

**Finance Research Division,
Manitoba Finance**
Telephone 204-945-3757
Fax 204-945-5051

E-mail: feedbackfin@gov.mb.ca

For further information on the **Paid Work Experience Tax Credit, Odour Control Tax Credit, Nutrient Management Tax Credit, and Riparian Tax Credit** contact:

**Manitoba Tax Assistance Office,
Manitoba Finance**
Telephone 204-948-2115
Toll-free 1-800-782-0771
Fax 204-948-2263

E-mail tao@gov.mb.ca

For further information on the **Co-operative Development Tax Credit** contact:

**Manitoba Growth
Enterprise and Trade**
Telephone 204-945-8468 in Winnipeg
Toll-free 1-800-282-8069
Fax 204-945-1193

E-mail: kristine.seier@gov.mb.ca

TAX CREDIT EXTENSIONS

Manufacturing Investment Tax Credit	This Credit, scheduled to expire on December 31, 2017, is extended to December 31, 2020.
Mineral Exploration Tax Credit	This Credit, scheduled to expire on December 31, 2017, is extended to December 31, 2020.
Book Publishing Tax Credit	This Credit, scheduled to expire on December 31, 2017, is extended to December 31, 2018.
Interactive Digital Media Tax Credit	This Credit, scheduled to expire on December 31, 2019, is extended to December 31, 2022.

For further information on the extension of these tax credits contact:

**Finance Research Division,
Manitoba Finance**
Telephone 204-945-3757
Fax 204-945-5051

E-mail: feedbackfin@gov.mb.ca

RETAIL SALES TAX

Simplified formula for underground cabling	<p>Purchasers of underground cable installation services performed outside of a building are required to self assess sales tax on the portion of the contract that relates to the cable installation and hook up service.</p> <p>If these services are not separately identified on the invoice from the earthwork portion, purchasers can use a simplified formula of 10% of the total contract price (excluding GST) when self assessing the sales tax payable.</p>
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CORPORATION CAPITAL TAX

Annual instalment Corporations with less than \$5,000 in tax payable in a fiscal year will no longer be required to file an annual instalment for fiscal years ending after April 30, 2017.

Instead, any tax owing can be remitted when filing their annual Corporation Capital Tax Return.

The quarterly instalment requirement remains unchanged for corporations with tax payable greater than \$5,000 in a fiscal year.

Capital tax deduction The capital tax deduction is eliminated effective for fiscal years ending after April 30, 2017.

TOBACCO TAX

Driver's licence suspension In addition to any penalty or fine, a justice will be able to suspend a person's driver's licence if a vehicle is used by that person in committing a tobacco tax offence.

INSURANCE COMPANIES PREMIUM TAX

Change in administration Effective January 1, 2018, the administration of *The Insurance Corporations Tax Act* and the fire prevention fund tax will be transferred to Taxation Division.

As a result of this change, taxpayers will no longer be required to make quarterly instalments for the 2018 taxation year, and will remit their taxes when filing their annual return in March 2019. Taxation Division's online tax filing system will be available to browse the account status and file and pay their annual returns.

Taxpayers are to continue to file their instalments and annual return for the 2017 taxation year with the Financial Institutions Regulation Branch.

Further information will be provided later this year prior to the transfer in administration of the tax.

Further information on retail sales tax, corporation capital tax and tobacco tax may be obtained from Manitoba Finance – Taxation Division:

Winnipeg Office
Manitoba Finance
Taxation Division
101 - 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone (204) 945-5603
Manitoba Toll Free 1-800-782-0318
Fax (204) 948-2087

Westman Regional Office
Manitoba Finance
Taxation Division
314, 340 - 9th Street
Brandon, Manitoba R7A 6C2
Fax (204) 726-6763

E-mail: MBTax@gov.mb.ca

TAXATION DIVISION ONLINE SERVICES

Our Web site at manitoba.ca/finance/taxation provides tax forms and publications about taxes administered by Taxation Division, and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting the Taxation Division.

Our online service at manitoba.ca/TAXcess provides a simple, secure way to apply for, and to file, pay and view your Taxation Division tax accounts.