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Finances of the Nation

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SURVEY OF PROVINCIAL AND TERRITORIAL BUDGETS, 2020-21

For almost 60 years, the Canadian Tax Foundation published an annual monograph, Finances of the Nation, *and its predecessor,* The National Finances. *In a change of format, the 2014* Canadian Tax Journal *introduced a new "Finances of the Nation" feature, which presents annual surveys of provincial and territorial budgets and topical articles on taxation and public expenditures in Canada. This article surveys the 2020-21 provincial and territorial budgets.*

The underlying data for the Finances of the Nation *monographs and for the articles in this journal will be published online in the near future.*

KEYWORDS: BUDGETS ■ PROVINCIAL TAXES ■ TERRITORIAL ■ GOVERNMENT FINANCE ■ GOVERNMENT EXPENDITURES ■ PROGRAM BUDGETING

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INTRODUCTION

This article has two distinct parts. First, it sets out tables and charts that show aggregate figures related to projected 2020-21 budget or fiscal update revenues and expenditures for the various provinces and territories, as well as tables that show corporate income tax rates, personal income tax brackets and rates, and other matters. Second, the article summarizes the projected budget or fiscal update revenues and expenditures in tabular form and also summarizes the tax changes in narrative form, for each province and territory.

SUMMARY INFORMATION

What a year 2020 turned out to be. We heard political leaders telling us to social distance and stay home, and that unprecedented times called for unprecedented measures. These unprecedented measures will leave a mark on provincial and territorial finances for years to come.

Most of the provinces and territories brought down their 2020-21 fiscal-year budgets between January and March 2020. However, it was soon evident that these budgets did not properly account for the impact of COVID-19, and seven provinces issued significant revisions to their budgets by way of economic and fiscal updates delivered later in the year. Several provinces delayed the issuance of their 2020-21 fiscal-year budget while they prioritized the development of an action plan for COVID-19. At the end of 2020, after all budgets and fiscal updates had been delivered, every province in Canada was, unsurprisingly, forecasting a substantial budgetary deficit for the 2020-21 fiscal year.

The territories delivered their budgets early in 2020, with the Northwest Territories and Yukon forecasting a budgetary surplus and Nunavut forecasting a deficit. A fiscal update address delivered by the Northwest Territories Finance Minister Caroline Wawzonek on October 16, 2020 indicated that the forecasted budgetary surplus for the 2020-21 fiscal year would decrease from $203 million to $60 million as a result of COVID-19.[1] On September 23, 2020, Nunavut released a supplemental appropriation for operations, maintenance, and capital that budgeted an additional $23 million in expenditures not accounted for in the 2020 budget, further increasing the forecasted deficit of $30 million in the 2020 budget. On October 1, 2020, Yukon also released supplementary estimates showing a revised deficit of $32 million instead of the $4 million surplus initially forecasted for the 2020-21 fiscal year.[2] As a result, the only jurisdiction in Canada forecasting a budgetary surplus for the 2020-21 fiscal year is the Northwest Territories.

Many provinces and territories were also hesitant to issue medium-term fiscal outlooks in their budgets or fiscal updates, given that the end of the COVID-19 pandemic was nowhere in sight. Among the few that attempted to look ahead, Saskatchewan is the only province that is forecasting an expected return to a budgetary surplus, in fiscal year 2024-25.

In British Columbia, the provincial election held on October 24, 2020 delivered a majority government to the incumbent New Democratic Party. British Columbia's Fall 2020 Economic & Fiscal Update, issued on December 17, 2020, shows a projected deficit in the 2020-21 fiscal year of $13.6 billion and does not provide an estimate of the surplus or deficit forecast for future fiscal years. British Columbia's outlook assumes that

> provincial, national, and global economic activity does not return to pre-pandemic levels by the end of the next year [2021]. It is assumed that a return to pre-pandemic levels will occur between late 2022 and early 2023, once there is a large-scale global immunization campaign well underway and an easing of global travel restrictions.[3]

1 Northwest Territories, Caroline Wawzonek: Fiscal Update, Ministers' Statements and Speeches, October 16, 2020 (www.gov.nt.ca/en/newsroom/caroline-wawzonek-fiscal-update).

2 Yukon, "2020-21 Supplementary Estimates No. 1 Financial Summary," October 1, 2020 (yukon.ca/en/2020-21-supplementary-estimates-no-1-financial-summary).

3 British Columbia, Ministry of Finance, Fall 2020 Economic & Fiscal Update, December 17, 2020, at 45.

Alberta's economy struggles to recover from the 2015-16 recession, and COVID-19 does not improve the province's path to recovery. Alberta's 2020-21 Mid-Year Fiscal Update and Economic Statement, issued on November 24, 2020, shows a projected deficit of $21.3 billion in the 2020-21 fiscal year and does not provide an estimate of the surplus or deficit forecast for future fiscal years. Alberta's 2020 budget had initially continued implementation of the government's plan to return to a balanced budget by the 2022-23 fiscal year. However, the mid-year fiscal update indicates "that government cannot adhere to the plan to balance the budget in 2022-23."[4]

In Saskatchewan, the provincial election held on October 26, 2020 delivered a fourth consecutive majority government to the Saskatchewan Party. Saskatchewan's 2020-21 First Quarter Budget Update and Medium-Term Outlook, issued on August 27, 2020, shows a projected deficit of $2.1 billion in the 2020-21 fiscal year and provides a medium-term outlook indicating that the province expects its economy to return to its pre-crisis levels in 2022. However, the government warns that "[a]ny variation from this expected path of recovery—either to the upside or downside—will alter fiscal balances over the medium term."[5] A budgetary surplus of $125 million is forecasted for the 2024-25 fiscal year in the province's medium-term outlook. However, the first quarter budget update, issued before the election, does not factor in numerous tax changes and incentives announced in late 2020 to fulfill election promises.

Manitoba's 2020/21 Mid-Year Report—Fiscal and Economic Update, issued on December 17, 2020, shows a projected deficit of $2.0 billion in the 2020-21 fiscal year and does not provide a medium-term fiscal outlook. In previous budgets, the government committed to returning to budgetary balance through spending restraint, but COVID-19 throws a wrench into that plan. However, Manitoba's fiscal update does reaffirm the commitment to balance and states that "the province's fiscal strategy continues to be refined as we work towards Budget 2021 over the coming months. Furthermore, legislative work to amend the Fiscal Responsibility and Taxpayer Protection Act continues to present a path for Manitoba's fiscal recovery."[6]

Ontario's 2020 budget, issued on November 5, 2020, shows a projected deficit of $38.5 billion, one of the largest budgetary deficits in the province's history. The medium-term outlook forecasts continued deficits in the 2021-22 and 2022-23 fiscal years of $33.1 billion and $28.2 billion, respectively, and shows no timeline for a return to a balanced budget. Ontario's Fiscal Sustainability, Transparency and Accountability Act, 2019[7] (FSTAA) requires that the government plan for a balanced

4 Alberta, Treasury Board and Ministry of Finance, 2020-21 Mid-Year Fiscal Update and Economic Statement, November 24, 2020, at 11.

5 Saskatchewan, Ministry of Finance, Budget Update 20-21, First Quarter Budget Update and Medium-Term Outlook, August 27, 2020, at 4.

6 Manitoba, Department of Finance, 2020/21 Mid-Year Report—Fiscal and Economic Update, December 17, 2020, at 15.

7 SO 2019, c. 7, schedule 30.

budget. However, in extraordinary circumstances, the government can plan for a deficit, as long as (1) doing so is consistent with the principles governing Ontario's fiscal policy and (2) the government can provide a rationale for its decision to allow a deficit. The Ontario government is proposing amendments to the FSTAA to pause the requirement to include a recovery plan in the 2020 budget. Accordingly, Ontario is going "to continue assessing the volatile and uncertain economic situation and put forward a longer-term outlook and path to balance the budget, based on the most recent data, when the health and economic situation stabilizes."[8]

The Quebec government's Update on Québec's Economic and Financial Situation—Fall 2020, issued on November 12, 2020, shows a projected deficit of $338 million in the 2020-21 fiscal year, which includes the application of a stabilization reserve and excludes any deposits of dedicated revenues in the Generations Fund, a fund dedicated exclusively to repaying the provincial debt. The medium-term outlook forecasts deficits in the 2021-22 and 2022-23 fiscal years of $5.3 billion and $3.8 billion, respectively, when deposits of dedicated revenues in the Generations Fund are excluded. Quebec has a Balanced Budget Act[9] (BBA) that requires any budgetary surplus to be allocated to a stabilization reserve, which can be used when the province forecasts a budgetary deficit. At March 31, 2020, the stabilization reserve's balance was approximately $12 billion. The entire balance of the stabilization reserve was applied to the 2020-21 budget. If the application of the stabilization reserve from the BBA were excluded, Quebec would be reporting a deficit of $12.3 billion for the 2020-21 fiscal year. The government indicates that "[p]ublic finances will continue to be under pressure in 2021-2022"[10] and that it "will have to control spending growth while maintaining funding for services"[11] to ensure that the budget is balanced within five years as required by the BBA. Prior to these comments, Quebec announced a wide variety of tax incentives and changes in the 2020 budget that was released on March 10, 2020.

The Atlantic provinces are all reporting significant budgetary deficits for the 2020-21 fiscal year, relative to the surpluses and deficits reported in recent years. Prince Edward Island's budget, issued on June 17, 2020, includes a medium-term outlook showing forecasts of continued deficits in the 2021-22 and 2022-23 fiscal years. The provincial election held in New Brunswick on September 14, 2020 delivered a majority government to the incumbent Progressive Conservative Party. However, no new tax measures or incentives were announced after the election.

In 2019, there were significant discussions and developments in the provincial and territorial jurisdictions with respect to carbon pricing. Alberta, Ontario, and Saskatchewan appealed to the Supreme Court of Canada to rule on the constitutionality

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8 Ontario, Ministry of Finance, 2020 Ontario Budget, November 5, 2020, at 10.

9 CQLR c. E-12.00001.

10 Quebec, Finances Québec, Update on Québec's Economic and Financial Situation—Fall 2020, November 12, 2020, at A.25.

11 Ibid.

of the Greenhouse Gas Pollution Pricing Act[12] (the federal carbon tax legislation). The Supreme Court completed hearings in September 2020. British Columbia, Manitoba, Quebec, and New Brunswick all had intervenor status in the cases and made submissions as part of the hearings. In a 6-3 decision released in March 2021, the Supreme Court ruled that the carbon-pricing regime is constitutional.[13] The majority noted that the carbon-pricing regime imposes a regulatory charge rather than a tax. Despite the court's ruling, Manitoba has indicated that it will move forward with its own legal challenge of the carbon-pricing regime, noting that its legal challenge is based on different grounds.

Overall, the budgets as delivered were neither good news nor bad news for most taxpayers: most of the tax changes made either created, extended, or improved tax credits targeting very specific initiatives, or increased the basic personal amount. However, with almost all jurisdictions reporting a budgetary deficit in the 2020-21 fiscal year, provincial and territorial governments will be under pressure to either raise further revenue or reduce spending in an effort to return to a balanced budget. With tax revenues making up the majority of provincial and territorial revenues, significant tax changes are likely to be announced in the upcoming budgets.

Table 1 aggregates the projected revenue and expenditure items in each province and territory for the 2020-21 fiscal year. The figures reflect the budget and fiscal update summaries presented in the second part of this article. The different jurisdictions' projections are not strictly comparable, owing in part to accounting differences across the provinces and territories.[14] This is especially true for the 2020-21 fiscal year as a result of potential variations in the reporting of COVID-19 expenditures and federal revenues received for a safe restart of the economy, as well as differences in the timing of the issuance of budget projections or fiscal updates. However, the placement of the various jurisdictions' figures in a single table illustrates trends and distinctions that are intended to stimulate discussion. The provinces and territories are listed in table 1 in descending order based on each jurisdiction's budget or fiscal update projection of its expected tax revenue.

Figure 1 presents similar information and includes surpluses and deficits at the right of the figure. Each projected revenue source amount is shown as a percentage of total revenues, and the projected surplus or deficit is shown as a percentage of total expenditures. Figure 2 shows projected tax revenues by source as a percentage of total revenues. Figure 3 shows projected expenditures by spending category as a percentage of total expenditures, and health-care expenditures per capita.

12 SC 2018, c. 12, section 186.

13 *Reference re Greenhouse Gas Pollution Pricing Act*, 2021 SCC 11.

14 For a discussion of accounting differences between Canadian jurisdictions, see Colin Busby and William B.P. Robson, *Credibility on the (Bottom) Line: The Fiscal Accountability of Canada's Senior Governments, 2013*, C.D. Howe Institute Commentary no. 404 (Toronto: C.D. Howe Institute, March 2014). For a reconciliation of changes in the Alberta budget, see Ron Kneebone and Margarita Wilkins, "Recent Changes to Provincial Government Budget Reporting in Alberta" (2018) 10:1 *SPP Communiqué* [University of Calgary School of Public Policy] 1-8 (http://dx.doi.org/10.11575/sppp.v11i0.43275).

TABLE 1 Provincial and Territorial Revenues and Expenditures, Projections,[a] Fiscal Year 2020-21

Province/territory	Tax revenue	Federal transfers	Other sources of revenue[b]	Total revenues	Total expenditures	Adjustments[c]	Surplus/ (deficit)
				millions of dollars			
Ontario	97,462	33,360	20,252	151,074	(187,042)	2,500	(38,468)
Quebec[d]	70,505	30,296	17,932	118,733	(127,080)	8,009	(338)
British Columbia	31,234	12,680	13,510	57,424	(70,067)	(1,000)	(13,643)
Alberta	18,227	11,337	11,850	41,414	(60,743)	(2,000)	(21,329)
Manitoba	7,478	5,811	4,076	17,365	(19,413)		(2,048)
Saskatchewan	7,203	3,152	3,692	14,047	(16,177)		(2,130)
Nova Scotia	5,593	4,273	1,544	11,410	(12,324)	135	(779)
New Brunswick	4,740	3,745	1,502	9,987	(10,286)		(299)
Newfoundland and Labrador	3,733	1,482	1,914	7,129	(8,967)		(1,838)
Prince Edward Island	1,062	1,007	224	2,293	(2,416)	50	(173)
Northwest Territories	277	1,785	124	2,186	(1,896)	(87)	203
Nunavut	145	1,837	366	2,348	(2,328)	(50)	(30)
Yukon	132	1,117	277	1,526	(1,522)		4

a The amounts shown are taken from the province's or territory's budget or fiscal update, whichever was released later in the year. See table 10 for further details.

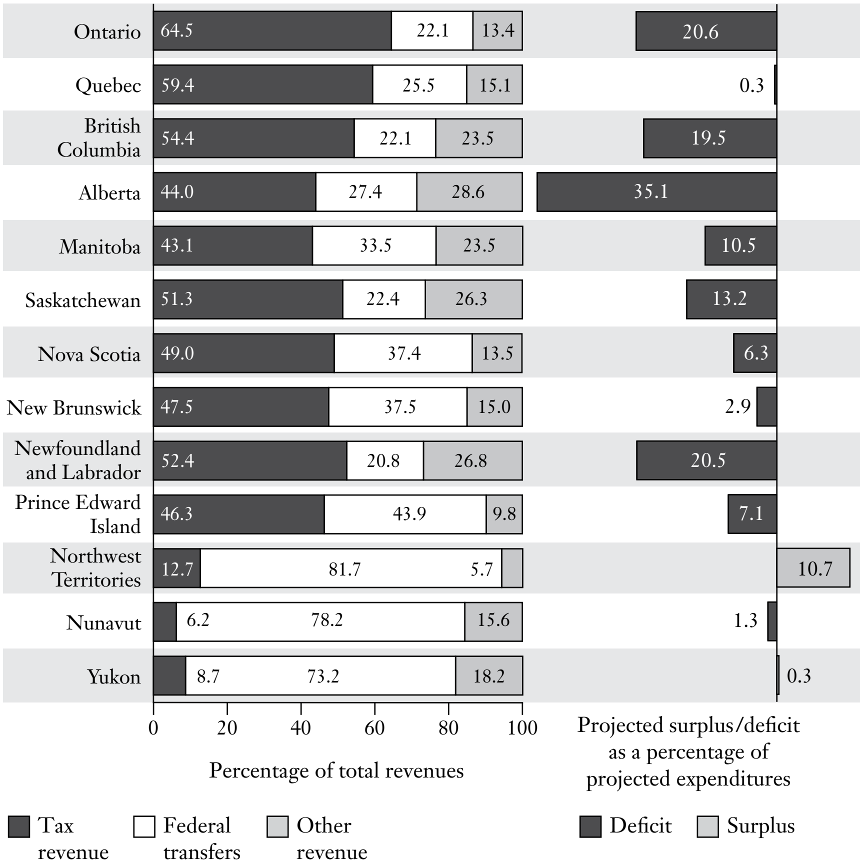
b Other sources of revenue included resource royalties; premiums, fees, and licences; commercial Crown corporation transfers; and investment income.

c Adjustments included consolidation numbers (in some cases) and transfers to and from reserve funds.

d Taxfilers in Quebec qualify for the Quebec abatement, which reduces their federal income tax by 16.5 percentage points. Of this amount, 13.5 percentage points relates to opting-out arrangements for certain federal-provincial programs, such as hospital care and social welfare, where Quebec increased its personal income taxes by an equivalent amount. Quebec receives the value through increased provincial tax revenue, while other provinces receive the corresponding amounts in cash. The remaining 3.0 percentage points relates to the youth allowances recovery, which the federal government recovers each year from Quebec. None of the amounts presented in this table and elsewhere in this article are adjusted for the Quebec abatement.

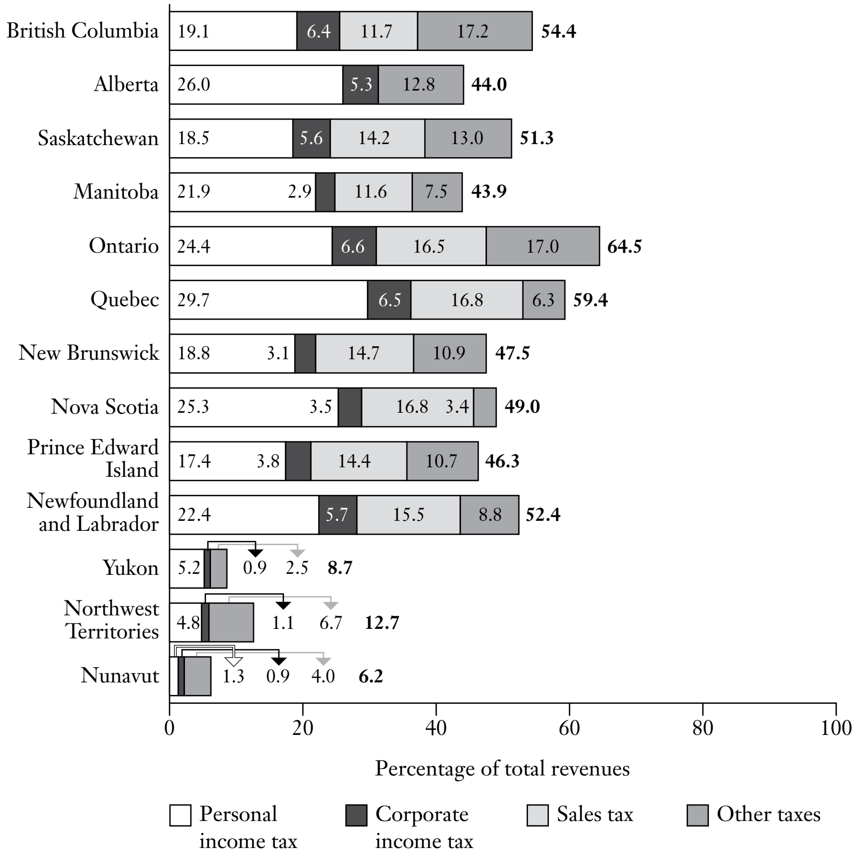
Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24.

FIGURE 1 Projected Provincial and Territorial Revenues by Source, as a Percentage of Total Revenues, and Projected Surplus/Deficit as a Percentage of Projected Expenditures, Fiscal Year 2020-21



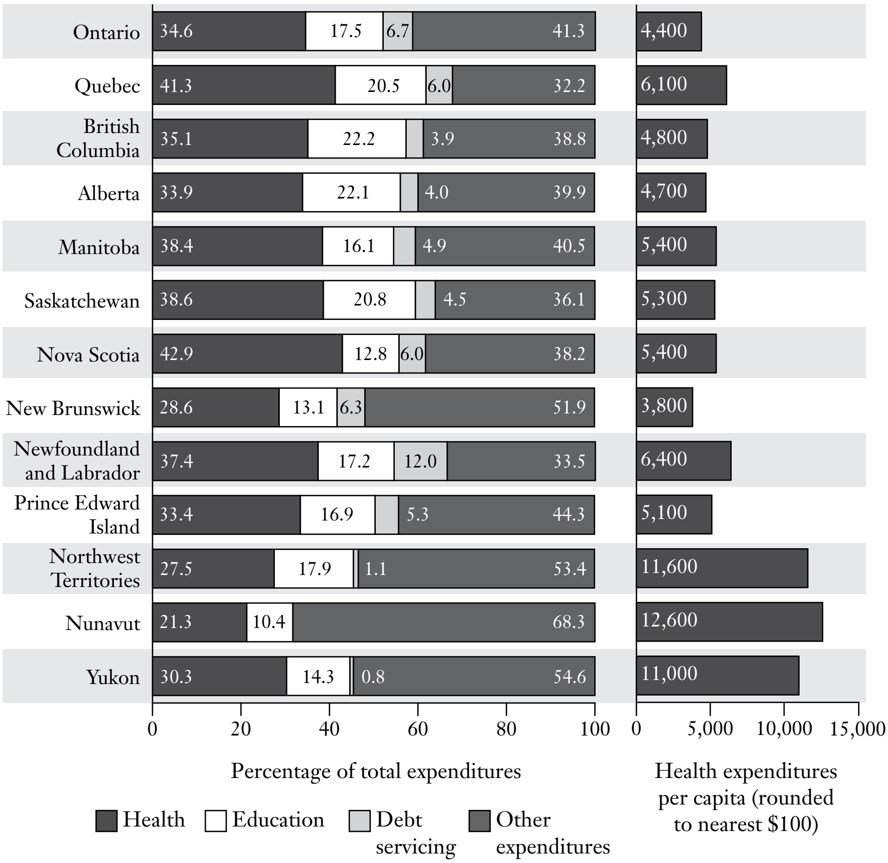
Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24 and the data summary in table 1.

FIGURE 2 Projected Provincial and Territorial Tax Revenues by Source as a Percentage of Total Revenues, Fiscal Year 2020-21



Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24.

FIGURE 3 Projected Provincial and Territorial Expenditures by Spending Category as a Percentage of Total Expenditures, Fiscal Year 2020-21



Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 4 and 12-24.

The provinces and territories have the primary responsibility for education, health, and social services expenditures. Across all jurisdictions, health-care expenditures for the 2020-21 fiscal year averaged 36.5 percent of total expenditures, as shown in table 2. For example, for the 2020-21 fiscal year, Ontario projected health-care and long-term-care expenditures of $64,646 million or 34.56 percent of total expenditures ($187,042 million, as shown in table 16). The decrease in the average compared to the average of approximately 39 percent for the 2019-20 fiscal year can be attributed to the increased amount of total expenditures in 2020-21. In contrast, in the territories, projected spending on health care in 2020-21 accounted for 21.31 percent of total expenditures for Nunavut, 27.53 percent for the Northwest Territories, and 30.29 percent for Yukon. However, on a per capita basis, the results for the territories vis-à-vis Ontario appeared to reverse. These trends are reflected in table 3, which sets out the health-care expenditures (as projected in the 2014-15 to 2020-21 budgets) as a percentage of total expenditures and per capita in Ontario and the territories.

Table 4 sets out the health-care expenditure projections for all the provinces and territories for 2020-21 as a percentage of total expenditures and per capita. Again, these amounts may not be strictly comparable, given accounting differences in the way COVID-19-related health-care expenditures are reported. Some provinces and territories have carved out COVID-19-related health-care expenditures into separate line items that are not reflected in the health-care expenditures reported in this table.

Table 5 shows the provincial and territorial surpluses and deficits since the (revised) budget projections for 2015-16[15] and also shows figures set out in the most recently issued 2020-21 budgets or fiscal updates for planned or targeted surpluses or deficits for up to the ensuing four fiscal years. Owing to uncertainty resulting from COVID-19, most provinces and territories did not provide planned or targeted surpluses or deficits in their most recently issued budget or fiscal update. Every jurisdiction that provided a projection planned for deficits in the upcoming fiscal years, except for Saskatchewan, which (as noted earlier) plans a return to surplus by the 2024-25 fiscal year.

On the basis of budget projections in the tables set out in the second part of this article, projected aggregate income tax revenue in the 2020-21 budgets or fiscal updates of all provinces and territories was $107.2 billion from personal income tax and $26.0 billion from corporate income tax, for total revenue of $133.2 billion from income tax. Projected aggregate sales tax revenue was $60.4 billion, for a total of $86.4 billion from sources other than personal income tax (that is, corporate income tax and sales tax). Thus, as has been the case since 2014, in 2020-21 the provinces and territories expected to collect more tax revenue from personal income

15 See Vivien Morgan, "Survey of Provincial and Territorial Budgets 2015-16," Finances of the Nation feature (2016) 64:1 *Canadian Tax Journal* 147-206, at 150, table 1.

TABLE 2 Provincial and Territorial Health-Care Expenditures, Budget Projections, Fiscal Years 2017-18 to 2020-21

	Health-care expenditures				Percentage of total expenditures			
Province/territory	2017-18	2018-19	2019-20	2020-21[a]	2017-18	2018-19	2019-20	2020-21[a]
				millions of dollars				
Ontario	53,763	61,678[b]	63,831[c]	64,646	38.12	38.13[b]	38.97[c]	34.56
Quebec	40,223	43,013	45,433	52,459	38.78	39.57	40.19	41.28
British Columbia	20,747	21,651	22,983	24,595	40.01	40.38	39.44	35.10
Alberta	21,449	22,057	22,105	20,616	39.10	39.26	39.10	33.94
Manitoba	6,681	6,751	6,651	7,460	39.17	38.75	38.05	38.43
Saskatchewan	5,627	5,765	5,888	6,248	38.02	39.46	39.28	38.62
Nova Scotia	4,214	4,367	4,639	5,285	40.02	40.09	41.62	42.88
New Brunswick	2,679	2,770	2,828	2,946	28.56	28.81	28.79	28.64
Newfoundland and Labrador	2,768	2,985	3,021	3,352	34.10	35.72	35.85	37.38
Prince Edward Island	640	710	750	808	35.32	35.79	34.11	33.44
Northwest Territories	423	462	496	522	25.00	26.97	27.52	27.53
Yukon	451	431	443	461	35.18	32.21	30.88	30.29
Nunavut	353	414	467	496	18.03	18.81	21.54	21.31

Note: Owing to accounting differences between provinces and territories, direct comparison of the above numbers is not strictly appropriate. This is especially true for the 2020-21 fiscal year as a result of potential variations in the reporting of COVID-19 expenditures and differences in timing of the issuance of budget projections or fiscal updates.

a The amounts shown are taken from the province's or territory's budget or fiscal update, whichever was released later in the year. See table 10 for further details.

b Numbers are from Ontario, Ministry of Finance, 2018 Fall Economic Outlook and Fiscal Review, November 15, 2018.

c Numbers are from Ontario, Ministry of Finance, 2019 Fall Economic Outlook and Fiscal Review, November 6, 2019.

Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24. See those tables for further details.

TABLE 3 Health-Care Expenditures in Ontario and the Territories as a Percentage of Total Expenditures and per Capita, 2014-15 to 2020-21

	Health-care expenditures as a percentage of total expenditures				Health-care expenditures per capita	
Fiscal year	Ontario	Nunavut	Northwest Territories	Yukon	Ontario	Territorial (Nunavut, Northwest Territories, Yukon) range
	percent				*dollars*	
2020-21	34.56	21.31	27.53	30.29	4,400	11,000-12,600
2019-20	38.97	21.54	27.52	30.88	4,400	10,900-12,000
2018-19	38.13	18.81	26.97	32.21	4,300	10,400-11,200
2017-18	38.12	18.03	25.00	35.18	3,800	9,500-12,100
2016-17	38.67	19.48	24.70	37.97	3,700	9,100-12,300
2015-16	38.49	20.07	24.70	30.32	3,700	9,100-10,200
2014-15	38.39	20.29	24.30	29.60	3,700	8,600-9,200

Sources: Numbers for 2014-15 through 2018-19 are from Vivien Morgan, "Survey of Provincial and Territorial Budgets, 2014-15," Finances of the Nation feature (2015) 63:1 *Canadian Tax Journal* 157-215; "Survey of Provincial and Territorial Budgets, 2015-16," Finances of the Nation feature (2016) 64:1 *Canadian Tax Journal* 147-206; "Survey of Provincial and Territorial Budgets, 2016-17," Finances of the Nation feature (2017) 65:1 *Canadian Tax Journal* 87-145; "Survey of Provincial and Territorial Budgets, 2017-18," Finances of the Nation feature (2018) 66:1 *Canadian Tax Journal* 37-109; and "Survey of Provincial and Territorial Budgets, 2018-19," Finances of the Nation feature (2019) 67:1 *Canadian Tax Journal* 81-160. Numbers for 2019-20 are from David Lin, "Survey of Provincial and Territorial Budgets, 2019-20," Finances of the Nation feature (2020) 68:1 *Canadian Tax Journal* 185-250. Numbers for 2020-21 are from this article. The population data were taken from Statistics Canada, as of the end of 2020. Because the budget numbers were estimated and the population data were taken at slightly different dates, the per capita numbers are rounded to the nearest hundred dollars.

tax than from corporate income tax and sales tax combined. The difference in revenue collected from personal income tax compared to corporate income tax and sales tax combined is substantial in 2020-21, as a result of the impact of COVID-19 on businesses, as well as reductions in corporate income tax rates in several jurisdictions. In comparison, the 2020-21 federal fall economic statement projected $162.1 billion of revenue from personal income tax, $39.2 billion from corporate income tax, and $9.9 billion from non-resident income tax, for a total of $211.2 billion from income tax, plus $29.4 billion from sales tax[16]—for a total of $78.5 billion from sources other than personal income tax (corporate income tax, non-resident income tax, and sales tax). The trend of personal income tax raising twice as much

16 Canada, Department of Finance, *Supporting Canadians and Fighting COVID-19: Fall Economic Statement 2020*, November 30, 2020, at 127, table A1.6.

TABLE 4 Health-Care Expenditures as a Percentage of Total Expenditures and per Capita, Budget Projections or Fiscal Updates, 2020-21

Province/territory	Health-care expenditures	Population	Health-care expenditures as a percentage of total expenditures	Health-care expenditures per capita
	millions of dollars	*'000s*	%	*dollars*
British Columbia	24,595	5,147.7	35.10	4,800
Alberta	20,616	4,421.9	33.94	4,700
Saskatchewan	6,248	1,178.7	38.62	5,300
Manitoba	7,460	1,379.3	38.43	5,400
Ontario	64,646	14,374.0	34.56	4,400
Quebec	52,459	8,574.6	41.28	6,100
New Brunswick	2,946	781.5	28.64	3,800
Nova Scotia	5,285	979.4	42.88	5,400
Prince Edward Island	808	159.6	33.44	5,100
Newfoundland and Labrador	3,352	522.1	37.38	6,400
Northwest Territories	522	45.2	27.53	11,600
Yukon	461	42.1	30.29	11,000
Nunavut	496	39.4	21.31	12,600

Note: Owing to accounting differences between provinces and territories, direct comparison of the above numbers is not strictly appropriate. This is especially true for the 2020-21 fiscal year as a result of variations in the reporting of COVID-19 expenditures and differences in timing of the issuance of budget projections or fiscal updates.

Sources: Table 2; and population data from Statistics Canada table 17-10-0005-01 (formerly CANSIM table 051-0001), "Population Estimates on July 1st, by Age and Sex" (https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000501).

revenue as corporate income tax, non-resident income tax, and goods and services tax (GST) combined continues in fiscal 2020-21. The federal fall economic statement also shows a similar dip in federal corporate income tax revenues that the provinces and territories are forecasting as a result of "[l]ower corporate profitability and general economic weakness due to . . . COVID-19."[17] See table 6 for a tabular and detailed presentation. Table 6A shows the projected tax revenues for each province and territory as detailed in the 2020-21 budgets or fiscal updates, including total and per capita amounts.

Table 7 shows the corporate income tax rates in the provinces and territories for 2020.

From a personal income tax perspective, most jurisdictions have established a higher tax rate bracket for high income earners over the past decade: British Columbia (for 2014, 2015, and from 2018 onward), Ontario (from 2012), Quebec

17 Ibid., at 128.

TABLE 5 Revised, Projected, and Planned Provincial and Territorial Surpluses and Deficits, 2015-16 and Onward

Province/territory	2015-16 budget [revised]	2016-17 budget [revised]	2017-18 budget [revised]	2018-19 budget [revised]	2019-20 budget [revised]	2020-21 budget[a]	2021-22 plan	2022-23 plan	2023-24 plan	2024-25 plan
					millions of dollars					
British Columbia	730 [379]	1,458 [2,737]	246 [151]	219 [374]	274 [1,354]	(13,643)				
Alberta	(6,118) [(6,492)]	(10,421) [(3,077)]	(10,344) [(9,066)]	(8,802) [(6,711)]	(8,704) [12,152]	(21,239)	(15,524)	(9,865)		
Saskatchewan	107 [(427)]	(434) [(1,289)]	(685) [(595)]	(365) [(380)]	34 [(319)]	(2,130)	(1,350)	(855)	(340)	125
Manitoba	(422) [(1,012)]	(911) [(890)]	(840) [(775)]	(521) [(470)]	(360) [(325)]	(2,048)				
Ontario	(8,512) [(5,686)]	(4,306) [(1,000)]	nil	(14,544) [(7,435)]	(9,024) [(8,672)]	(38,468)	(33,100)	(28,200)		
Quebec	1,586 [1,431]	2,028 [2,292]	2,488 [850]	904 [5,606]	2,504 [2,638]	(338)	(5,266)	(3,781)		
New Brunswick	(477) [(466)]	(231) [(249)]	(192) [(152)]	(189) [5]	23 [98]	(299)				
Nova Scotia	(98) [(71)]	17 [150]	21 [26]	29 [28]	34 [41]	(779)				
Prince Edward Island[b]	28) [(28)]	(35) [(17)]	0.6 [1]	2 [14]	2 [(4)]	(173)	(70)	(38)		

(Table 5 is concluded on the next page.)

TABLE 5 Concluded

Province/territory	2015-16 budget [revised]	2016-17 budget [revised]	2017-18 budget [revised]	2018-19 budget [revised]	2019-20 budget [revised]	2020-21 budget[a]	2021-22 plan	2022-23 plan	2023-24 plan	2024-25 plan
					millions of dollars					
Newfoundland and Labrador	(1,093)	(1,830)	(778)	(683)	1,924	(1,838)				
	[(2,093)]	[(1,717)]	[(2,042)]	[(521)]	[1,114]					
Northwest Territories	147	119	167	23	60	203				
	[110]	[155]	[75]	[40]	[(70)]					
Yukon	23	9	7	(5)	(6)	4				
	[14]	[(8)]	[6]	[(7)]	[(19)]					
Nunavut	23	(11)	23	(54)	(34)	(30)				
	[(14)]	[(11)]	[(67)]	[(105)]	[(56)]					

a The amounts shown are taken from the province's or territory's budget or fiscal update, whichever was released later in the year. See table 10 for further details.

b Prince Edward Island's accounting for the 2016-17 fiscal year was changed; reclassifications for the preceding year appear in appendix III of the estimates.

Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24.

TABLE 6 Comparison of Projected Revenues from Personal and Corporate Income Tax, Sales Tax, and Non-Resident Tax—Federal, Provincial, and Territorial Jurisdictions, 2014-15 to 2020-21

	Federal						Provincial and territorial				
Fiscal year	PIT (1)	CIT (2)	Non-resident tax (3)	Sales tax (4)	Income tax (1 + 2 + 3)	Non-PIT (2 + 3 + 4)	PIT (5)	CIT (6)	Sales tax (7)	Income tax (5 + 6)	Non-PIT (6 + 7)
						millions of dollars					
2014-15	137.8	37.0	5.7	31.3	180.5	74.0	86.5	26.5	53.3	113.0	79.8
2015-16	143.4	36.9	6.2	32.7	186.5	75.8	90.4	28.0	55.5	118.4	83.5
2016-17	151.8	39.5	6.5	34.6	197.8	80.6	93.9	28.3	53.4	122.2	81.7
2017-18	152.1	43.6	6.9	35.1	202.6	85.6	99.3	31.0	57.7	130.3	88.7
2018-19	161.4	47.3	8.3	37.7	217.0	93.3	99.9	34.2	64.6	134.0	98.8
2019-20	170.4	46.3	9.7	40.8	226.4	96.8	105.8	35.8	67.1	141.5	102.8
2020-21	162.1	39.2	9.9	29.4	211.2	78.5	107.2	26.0	60.4	133.2	86.4

CIT = corporate income tax; PIT = personal income tax.

Sources: Numbers for 2014-15 through 2018-19 are from Vivien Morgan, “Survey of Provincial and Territorial Budgets, 2014-15,” Finances of the Nation feature (2015) 63:1 *Canadian Tax Journal* 157-215; “Survey of Provincial and Territorial Budgets, 2015-16,” Finances of the Nation feature (2016) 64:1 *Canadian Tax Journal* 147-206; “Survey of Provincial and Territorial Budgets, 2016-17,” Finances of the Nation feature (2017) 65:1 *Canadian Tax Journal* 87-145; “Survey of Provincial and Territorial Budgets, 2017-18,” Finances of the Nation feature (2018) 66:1 *Canadian Tax Journal* 37-109; and “Survey of Provincial and Territorial Budgets, 2018-19,” Finances of the Nation feature (2019) 67:1 *Canadian Tax Journal* 81-160. Numbers for 2019-20 are from David Lin, “Survey of Provincial and Territorial Budgets, 2019-20,” Finances of the Nation feature (2020) 68:1 *Canadian Tax Journal* 185-250. Numbers for 2020-21 are from this article and from Canada, Department of Finance, *Supporting Canadians and Fighting COVID-19: Fall Economic Statement 2020*, November 30, 2020, at 127, table A1.6.

TABLE 6A Projected Tax Revenues for Provinces and Territories,[a] by Category and per Capita, 2020-21

Province/territory	PIT	CIT	Sales tax	Other	Total	Per capita
	millions of dollars					*dollars*
British Columbia	10,964	3,673	6,746	9,851	31,234	6,100
Alberta	10,753	2,188	na	5,286	18,227	4,100
Saskatchewan	2,605	781	1,996	1,821	7,203	6,100
Manitoba	3,726	498	1,977	1,277	7,478	5,400
Ontario	36,901	9,941	24,879	25,741	97,462	6,600
Quebec	35,298	7,667	20,002	7,538	70,505	8,200
New Brunswick	1,877	308	1,468	1,087	4,740	6,100
Nova Scotia	2,889	396	1,916	392	5,593	5,700
Prince Edward Island	400	86	330	246	1,062	6,700
Newfoundland and Labrador	1,595	408	1,105	625	3,733	7,100
Northwest Territories	106	25	na	146	277	6,100
Yukon	80	14	na	38	132	3,100
Nunavut	31	21	na	93	145	3,700
Total and per capita average	107,225	26,006	60,419	57,635	266,229	6,500

CIT = corporate income tax; PIT = personal income tax.

a The amounts shown are taken from the province's or territory's budget or fiscal update, whichever was released later in the year. See table 10 for further details.

Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24. Population data are from Statistics Canada, table 17-10-0005-01 (formerly CANSIM table 051-0001), "Population Estimates on July 1st, by Age and Sex" (https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000501).

(from 2013), Nova Scotia (from 2010), and Alberta, New Brunswick, Newfoundland and Labrador, and Yukon (all from 2015). Ontario also imposes a surtax and additional surtax on high income earners. Newfoundland and Labrador imposed a temporary deficit reduction levy that increased with higher tax brackets and was in effect until December 31, 2019. In 2020, British Columbia created a new top personal income tax bracket imposing provincial tax at 20.5 percent on taxable income exceeding $220,000. In 2019, the top personal income tax rate in British Columbia was 16.8 percent on taxable income exceeding $153,900. The new tax bracket results in an increase in the top combined federal and provincial personal tax rate in British Columbia from 49.8 percent to 53.5 percent.

Manitoba and Prince Edward Island have not established a higher tax rate bracket for high income earners, given that in both provinces the highest marginal tax rate applies at relatively lower levels of income. However, Prince Edward Island imposes a surtax on high income earners.

In 2020, other than the new top personal income tax bracket introduced in British Columbia, there were no changes made to provincial or territorial personal

TABLE 7 Provincial and Territorial Corporate Income Tax Rates, 2020

Province/territory	General rate	M & P rate	Small business rate	Small business limit[a]
		percent		*dollars*
British Columbia	12.0	12.0	2.0	500,000
Alberta	10.0/8.0[b]	10.0/8.0[b]	2.0	500,000
Saskatchewan[c]	12.0	10.0	2.0	600,000
Manitoba	12.0	12.0	0.0	500,000
Ontario	11.5	10.0[d]	3.2[e]	500,000
Quebec[f]	11.5	11.5	5.0 or 4.0	500,000
New Brunswick	14.0	14.0	2.5	500,000
Nova Scotia[g]	16.0/14.0	16.0/14.0	3.0/2.5	500,000
Prince Edward Island	16.0	16.0	3.0[h]	500,000
Newfoundland and Labrador	15.0	15.0	3.0	500,000
Northwest Territories	11.5	11.5	4.0	500,000
Yukon	12.0	2.5	2.0 or 1.5[i]	500,000
Nunavut	12.0	12.0	3.0	500,000

M & P = manufacturing and processing.

a The small business limit is reduced by the greater of $0.10 ($0.12 in Saskatchewan) for every $1.00 of taxable capital employed in Canada in the preceding year by the Canadian-controlled private corporation (CCPC) on an associated basis in excess of $10 million, and $5.00 ($6.00 in Saskatchewan) for every $1.00 of passive investment income earned by the CCPC on an associated basis in excess of $50,000 (except in Ontario and New Brunswick). This business limit is shared by all associated CCPCs.

b As previously announced, in the 2019 budget, Alberta's general rate, which also applies to M & P corporations, decreased from 11 percent to 10 percent effective January 1, 2020. In response to the COVID-19 pandemic, the implementation of scheduled reductions to the general rate in future years was accelerated. As a result, Alberta's general rate decreased again from 10 percent to 8 percent effective July 1, 2020.

c Saskatchewan restored its general rate to 12 percent and its M & P rate to 10 percent as of July 1, 2017, and the small business threshold was raised to $600,000 after 2017; the combined federal and Saskatchewan rate applicable to income between $500,000 and $600,000 is 17 percent.

d In Ontario, the M & P rate applies to income from manufacturing, processing, farming, mining, logging, and fishing operations carried on in Canada and allocated to the province.

e Ontario's small business rate decreased from 3.5 percent to 3.2 percent effective January 1, 2020.

f As previously announced in the 2018 budget, Quebec's general rate decreased from 11.6 percent to 11.5 percent and the small business rate decreased from 6.0 percent to 5.0 percent effective January 1, 2020. Small businesses in the primary and manufacturing sectors are subject to a net 4.0 percent small business rate after an additional deduction.

g Nova Scotia's 2020 budget reduced the general rate, which also applies to M & P corporations, from 16 percent to 14 percent and the small business rate from 3.0 percent to 2.5 percent effective April 1, 2020.

h As previously announced in the 2019 budget, Prince Edward Island's small business rate decreased from 3.5 percent to 3.0 percent effective January 1, 2020.

i In Yukon, the 1.5 percent rate applies to M & P income of a CCPC up to the small business limit.

Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24.

tax rates and brackets and an adjustment for inflation in provinces and territories where this is applicable. Saskatchewan's 2020 budget indicated that the government intended to reintroduce automatic annual indexation of personal income tax system amounts for inflation starting in 2021. Once automatic annual indexation is introduced by Saskatchewan, there will be only three provinces remaining in Canada that do not index personal income tax amounts for inflation: Alberta, Nova Scotia, and Prince Edward Island. Continuing the trend from 2019, provinces and territories that wanted to reduce personal income taxes for their residents in 2020 generally did so by providing new targeted tax credits or by increasing the basic personal amount to allow all taxpayers to benefit from a tax reduction.

Surtaxes are sometimes applied in addition to regular provincial or territorial personal income tax. All federal, provincial, and territorial marginal personal income tax rates on ordinary income and interest, as well as surtaxes, are shown in graphic form in figure 4 as a function of taxable income. Table 8 sets out the provincial and territorial personal income tax brackets and rates for 2020.

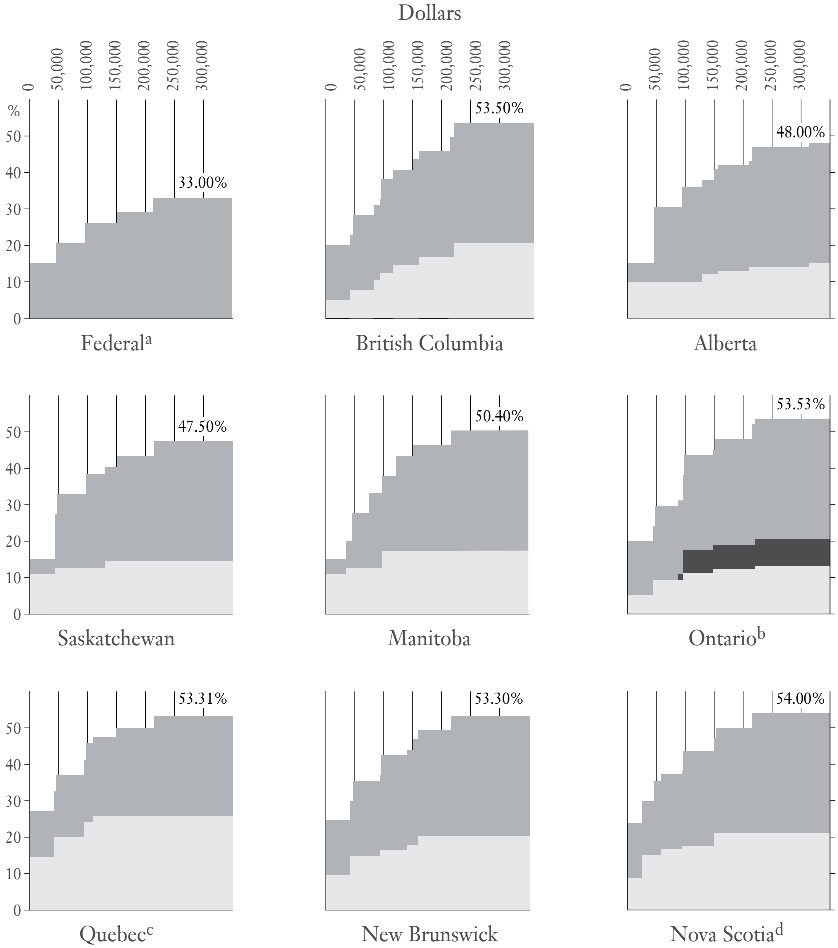
Table 9 shows the sales tax rates in each jurisdiction for 2020. British Columbia, Saskatchewan, and Manitoba imposed a separate provincial sales tax (PST). Ontario and the Atlantic provinces—Newfoundland and Labrador, Nova Scotia, New Brunswick, and Prince Edward Island—are harmonized sales tax (HST) participating provinces, which harmonize sales taxes with the federal GST. Quebec has its own Quebec sales tax (QST), which applies in a manner similar to the GST. Alberta and the three territories do not impose sales taxes. In 2019, Manitoba reduced its PST rate to 7 percent effective July 1, 2019. Manitoba's 2020 budget proposed a further reduction to the PST rate from 7 percent to 6 percent, to be effective on July 1, 2020, as a way of returning to Manitobans revenues collected under a proposed new green levy. However, as a result of COVID-19, both the green levy and the PST reduction were deferred until further notice and were not implemented in 2020. Accordingly, there were no changes to provincial or territorial sales tax rates effected in 2020.

PROVINCIAL AND TERRITORIAL BUDGETS BY JURISDICTION

Table 10 summarizes the various dates for the 2020-21 budgets and fiscal updates, if applicable, in each province and territory, the name and title of the person who announced the budget or fiscal update, and the announced estimated surplus or deficit.

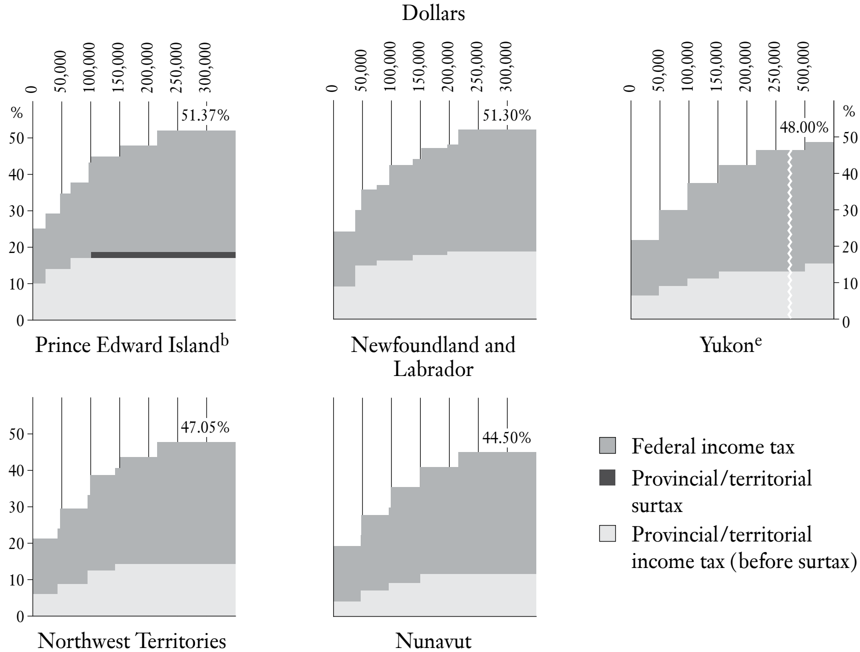
Table 11 sets out the research and development (R & D) tax credits in each province and territory available in 2020. The 2019 Alberta budget eliminated the province's R & D tax credit for all expenditures incurred after December 31, 2019; accordingly, the Alberta scientific research and experimental development (SR & ED) tax credit will no longer be available from 2020 onward. However, in late 2020, Alberta's recovery plan introduced the innovation employment grant, which is similar to the province's discontinued R & D tax credit and will be available effective

FIGURE 4 Personal Income Tax Marginal Rates Applicable to Taxable Income, 2020



(Figure 4 is concluded on the next page.)

FIGURE 4 Concluded



a The federal basic personal amount is reduced when when a taxpayer's net income is $150,473 or more. The federal rates presented do not reflect this clawback of the basic personal amount.

b Surtax calculations assume that the only credit claimed by the taxpayer is the basic personal amount.

c Federal income tax has been reduced by 16.5 percentage points to reflect the provincial abatement.

d Nova Scotia's basic personal amount is increased by up to $3,000 if taxable income is under $75,000. The provincial rates do not reflect the tax savings from an increased basic personal amount.

e The Yukon basic personal amount is reduced when a taxpayer's net income is $150,473 or more. The territorial tax rates presented do not reflect this clawback of the basic personal amount.

Source: Data compiled by the author.

TABLE 8 Provincial and Territorial Personal Income Tax Brackets and Rates, 2020

Province/territory	Tax bracket	Rate	Surtax (percentage of regular tax) and top combined rate[a]
	dollars	*percent*	
British Columbia[b]	0 to 41,725	5.06	
	over 41,725 to 83,451	7.70	
	over 83,451 to 95,812	10.50	
	over 95,812 to 116,344	12.29	
	over 116,344 to 157,748	14.70	
	over 157,748 to 220,000	16.80	
	over 220,000	20.50	Top combined rate of 53.50%
Alberta[c]	0 to 131,220	10.00	
	over 131,220 to 157,464	12.00	
	over 157,464 to 209,952	13.00	
	over 209,952 to 314,928	14.00	
	over 314,928	15.00	Top combined rate of 48.00%
Saskatchewan[c]	0 to 45,225	10.50	
	over 45,225 to 129,214	12.50	
	over 129,214	14.50	Top combined rate of 47.50%
Manitoba	0 to 33,389	10.80	
	over 33,389 to 72,164	12.75	
	over 72,164	17.40	Top combined rate of 50.40%
Ontario	0 to 44,740	5.05	Surtax equal to 20% of basic provincial tax greater than $4,830
	over 44,740 to 89,482	9.15	Additional surtax equal to 36% of basic provincial tax greater than $6,182
	over 89,482 to 150,000	11.16	
	over 150,000 to 220,000	12.16	
	over 220,000	13.16	Top combined rate of 53.53%
Quebec	0 to 44,545	15.00	
	over 44,545 to 89,080	20.00	
	over 89,080 to 108,390	24.00	
	over 108,390	25.75	Top combined rate of 53.31%
New Brunswick	0 to 43,401	9.68	
	over 43,401 to 86,803	14.82	
	over 86,803 to 141,122	16.52	
	over 141,122 to 160,776	17.84	
	over 160,776	20.30	Top combined rate of 53.30%
Nova Scotia[c]	0 to 29,590	8.79	
	over 29,590 to 59,180	14.95	
	over 59,180 to 93,000	16.67	
	over 93,000 to 150,000	17.50	
	over 150,000	21.00	Top combined rate of 54.00%

(Table 8 is concluded on the next page.)

TABLE 8 Concluded

Province/territory	Tax bracket	Rate	Surtax (percentage of regular tax) and top combined rate[a]
	dollars	*percent*	
Prince Edward Island[c]	0 to 31,984	9.80	Surtax equal to 10% of basic provincial tax in excess of $12,500
	over 31,984 to 63,969	13.80	
	over 63,969	16.70	Top combined rate of 51.37%
Newfoundland and Labrador	0 to 37,929	8.70	
	over 37,929 to 75,858	14.50	
	over 75,858 to 135,432	15.80	
	over 135,432 to 189,604	17.30	
	over 189,604	18.30	Top combined rate of 51.30%
Northwest Territories	0 to 43,957	5.90	
	over 43,957 to 87,916	8.60	
	over 87,916 to 142,932	12.20	
	over 142,932	14.05	Top combined rate of 47.05%
Yukon	0 to 48,535	6.40	
	over 48,535 to 97,069	9.00	
	over 97,069 to 150,473	10.90	
	over 150,473 to 500,000	12.80	
	over 500,000	15.00	Top combined rate of 48.00%
Nunavut	0 to 46,277	4.00	
	over 46,277 to 92,555	7.00	
	over 92,555 to 150,473	9.00	
	over 150,473	11.50	Top combined rate of 44.50%

a The top federal rate, used to arrive at the top combined rate, is 33 percent.
b British Columbia's 2020 budget introduced a new top personal income tax bracket of 20.5 percent for taxable income exceeding $220,000 effective January 1, 2020.
c Not indexed for inflation. Saskatchewan's personal income tax rates were frozen at 2018 levels for 2019 and 2020. Saskatchewan's 2020 budget announced that the government intended to reintroduce automatic annual indexation for inflation effective 2021.

Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24.

TABLE 9 Provincial and Territorial Sales Tax Rates, Percent, 2020

Province/territory	GST or federal portion of HST	Provincial portion of HST	PST and QST	Combined[a]
British Columbia	5		7	12
Alberta	5			5
Saskatchewan	5		6	11
Manitoba	5		7[b]	12
Ontario	5	8		13
Quebec	5		9.975	14.975
New Brunswick	5	10		15
Nova Scotia	5	10		15
Prince Edward Island	5	10		15
Newfoundland and Labrador	5	10		15
Northwest Territories	5			5
Yukon	5			5
Nunavut	5			5

GST = goods and services tax; HST = harmonized sales tax; PST = provincial sales tax; QST = Quebec sales tax.

a The rates shown do not yield comparable tax burdens for all jurisdictions. For example, GST and HST allow input tax credits for underlying taxes, eliminate sales tax on exports, and also cover a wider range of goods and services than PST.

b Manitoba's 2020 budget proposed a reduction in the PST rate to 6 percent effective July 1, 2020; however, this was subsequently deferred until further notice.

Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24.

TABLE 10 Provincial and Territorial Surplus/(Deficit) Projections, Fiscal Year 2020-21

Province/territory	Budget or economic update date	Finance minister	Projected surplus/ (deficit)
			millions of dollars
British Columbia	February 18, 2020	Carole James[a]	227
	December 17, 2020[b]	Selina Robinson	(13,643)
Alberta	February 27, 2020	Travis Towes[c]	(6,810)
	November 24, 2020[d]	Travis Towes[c]	(21,329)
Saskatchewan	June 15, 2020	Donna Harpauer	(2,426)
	August 27, 2020[e]	Donna Harpauer	(2,130)
Manitoba	March 19, 2020	Scott Fielding	(220)
	December 17, 2020[f]	Scott Fielding	(2,048)
Ontario	March 25, 2020[g]	Rod Phillips	(20,510)
	November 5, 2020	Rod Phillips	(38,468)
Quebec	March 10, 2020	Eric Girard	2,729
	November 12, 2020[h]	Eric Girard	(338)
New Brunswick	March 10, 2020	Ernie Steeves[i]	92
	May 21, 2020[j]	Ernie Steeves[i]	(299)
Nova Scotia	February 25, 2020	Karen Casey[k]	55
	December 17, 2020[l]	Karen Casey[k]	(779)
Prince Edward Island	June 17, 2020	Darlene Compton[m]	(173)
Newfoundland and Labrador	September 30, 2020	Siobhan Coady[n]	(1,838)
Northwest Territories	February 25, 2020	Caroline Wawzonek	203
Yukon	March 5, 2020	Sandy Silver[o]	4
Nunavut	February 19, 2020	George Hickes	(30)

a Minister of finance and deputy premier.
b British Columbia, Ministry of Finance, Fall 2020 Economic & Fiscal Update, December 17, 2020. Both the budget and the economic update figures are listed in the British Columbia summary, table 12.
c President of the Treasury Board and minister of finance.
d Alberta, Treasury Board and Ministry of Finance, 2020-21 Mid-Year Fiscal Update and Economic Statement, November 24, 2020. Both the budget and the fiscal update figures are listed in the Alberta summary, table 13.
e Saskatchewan, Ministry of Finance, Saskatchewan Budget Update 20-21, First Quarter Budget Update and Medium-Term Outlook, August 27, 2020. Both the budget and the budget update figures are listed in the Saskatchewan summary, table 14.
f Manitoba, Department of Finance, 2020/21 Mid-Year Report—Fiscal and Economic Update, December 17, 2020. Both the budget and the fiscal update figures are listed in the Manitoba summary, table 15.
g Ontario, Ministry of Finance, March 2020 Economic and Fiscal Update, Ontario's Action Plan 2020: Responding to COVID-19, March 25, 2020. Both the economic update and the budget figures are listed in the Ontario summary, table 16.
h Quebec, Finances Québec, Update on Québec's Economic and Financial Situation—Fall 2020, November 12, 2020. Both the budget and the economic update figures are listed in the Quebec summary, table 17.

(Table 10 is concluded on the next page.)

TABLE 10 Concluded

i Minister of Finance and Treasury Board.
j New Brunswick, Department of Finance and Treasury Board, Fiscal and Economic Update, May 21, 2020. Both the budget and the fiscal update figures are listed in the New Brunswick summary, table 18.
k Minister of Finance and Treasury Board and deputy premier.
l Nova Scotia, Department of Finance and Treasury Board, Forecast Update, December 17, 2020. Both the budget and forecast update figures are listed in the Nova Scotia summary, table 19.
m Minister of finance and deputy premier.
n Minister of finance and deputy premier.
o Premier and minister of finance.

Source: Based on provincial and territorial budget documents or fiscal updates cited in the source notes for tables 12-24.

January 1, 2021. The table details rates and indicates whether the credit is refundable and otherwise eligible for a carryforward period. In some cases, the credit is also available to an individual. An article in this feature in 2017 focused on the policy behind these subsidies from an economics viewpoint.[18]

The second part of this article shows, for each province and territory, selected fiscal figures, highlights of tax changes, and a narrative summary of tax changes with accompanying tables. The figures for any particular jurisdiction are difficult to compare across jurisdictions. Where relevant, and where the information is accessible, notes that refer to differences in accounting and/or presentation are appended to the tables; it is beyond the scope of this article to analyze differing accounting practices of each jurisdiction and the differences in those practices between jurisdictions. Notes to each table also refer to the jurisdiction's significant resource revenue, if any. The "tax highlights" box at the beginning of each provincial/territorial section contains some of the more important tax changes and, where possible, lists them in order of precedence. The narrative summaries of tax changes are categorized under the following eight headings:

1. ***Corporate income tax:*** rates, credits, deductions, inclusions, reporting, business income matters, and other items.
2. ***Personal income tax:*** rates, credits, deductions, inclusions, and other items. This category may include the taxation of unincorporated businesses.
3. ***Sales tax:*** HST, GST, PST, QST.
4. ***Excise taxes:*** alcohol, tobacco, cannabis, and carbon taxes.
5. ***Resource-related matters:*** resource deductions, credits, royalties, and other items.

18 Daria Crisan and Kenneth J. McKenzie, "Tax Subsidies for R & D in Canada" (2017) 65:4 *Canadian Tax Journal* 951-81.

TABLE 11 Provincial and Territorial Research and Development (R & D) Tax Credits, 2020[a]

Province/territory	R & D tax credit rate (%)	Is credit refundable?	Unused credits: Carryback (taxation years)	Unused credits: Carryforward (taxation years)	Who can claim the credit?
Alberta[b]	na	na	na	na	
British Columbia					
Qualifying CCPC[c]	10	✓	na	na	Corporation[d]
Other corporation	10	✗	3	10	Corporation
Manitoba	15	✓[e]/✗	3	20	Corporation
New Brunswick	15	✓	na	na	Corporation
Newfoundland and Labrador	15	✓	na	na	Corporation and individual
Northwest Territories	na	na	na	na	
Nova Scotia	15	✓	na	na	Corporation
Nunavut	na	na	na	na	
Ontario					
Innovation tax credit[f]	8	✓	na	na	Corporation
Business research institute tax credit[g]	20	✓	na	na	Corporation
R & D tax credit	3.5	✗	3	20	Corporation
Prince Edward Island	na	na	na	na	
Quebec[h]					
R & D wage tax credit[i]	14 to 30	✓	na	na	Corporation and individual
University R & D tax credit[j]	14 to 30	✓	na	na	Corporation and individual
Private partnership pre-competitive tax credit[k]	14 to 30	✓	na	na	Corporation and individual
Tax credit on fees paid to a research consortium	14 to 30	✓	na	na	Corporation and individual
Saskatchewan[l]					
Qualifying CCPC[m]	10	✓	na	na	Corporation
Other corporation	10	✗	3	10	Corporation
Yukon	15[n]	✓	na	na	Corporation and individual

(Table 11 is continued on the next page.)

TABLE 11 Continued

CCPC = Canadian-controlled private corporation.

a Provincial and territorial tax credits are government assistance for federal tax purposes and thus reduce expenditures eligible for the federal R & D deduction and federal tax credit.

b In the 2019 budget, the Alberta government withdrew the R & D tax credit. Eligible expenses incurred after December 31, 2019 will no longer qualify for any Alberta R & D tax credit in 2020. Alberta's recovery plan released in late 2020 announced a new innovation employment grant, which is similar to the previous Alberta R & D tax credit and will be available effective January 1, 2021.

c British Columbia's refundable R & D tax credit is 10 percent of the lesser of (1) eligible BC R & D expenditures and (2) the federal R & D expenditure limit (to a maximum annual credit of $300,000).

d When R & D is carried on by a partnership, the R & D credit can generally be claimed by corporate partners except in Newfoundland and Labrador, Quebec, and Yukon, where an individual partner can also claim the credit. However, the credit cannot ever be claimed from a partnership that carries on its R & D in other provinces, such as Ontario (except for certain programs).

e Manitoba's credit is (1) fully refundable for eligible R & D expenditures incurred in Manitoba by a corporation that has a Manitoba permanent establishment and a contract with a qualifying research institute, and (2) 50 percent refundable for in-house R & D expenditures.

f The Ontario innovation tax credit is available on up to $3 million of expenditures for a corporation that has taxable income under $500,000 and taxable capital under $25 million (to a maximum annual credit of $240,000). A corporation is eligible for a partial credit if its taxable income is over $500,000 but less than $800,000 or its taxable capital is between $25 million and $50 million. All current expenditures are eligible. Taxable income and taxable capital thresholds are set in the previous year on a worldwide associated basis.

g The Ontario business research institute tax credit applies to 20 percent of qualifying payments (up to $20 million annually on an associated basis) to an Ontario eligible research institute (to a maximum annual credit of $4 million).

h For all Quebec R & D tax credits, the following rates and conditions apply:

1. Quebec Canadian-controlled corporations that have fewer than $50 million in assets can claim the 30 percent rate on up to $3 million of R & D wages and/or eligible R & D expenditures for each credit; if assets held are between $50 million and $75 million, the rate is gradually reduced to 14 percent, which is the rate for all other taxpayers. The rates are higher in certain cases. Asset thresholds are set in the previous year on a worldwide associated basis (consolidated).
2. The tax credit rate is 14 percent for Quebec corporations controlled by non-residents. Asset thresholds do not apply.
3. An exclusion threshold is allocated among the Quebec R & D tax credits proportionally to the amount of eligible expenditures of each R & D tax credit. For each R & D tax credit, the eligible R & D expenditures are reduced by the allocated exclusion, which varies depending on the company's assets: the exclusion is
   a. $50,000 for a corporation whose assets are $50 million or less,
   b. an amount that increases linearly between $50,000 and $225,000 for a corporation whose assets are between $50 million and $75 million, and
   c. $225,000 for a corporation whose assets are $75 million or more.

Asset thresholds are set in the previous year and are not on an associated basis.

i A payment may be eligible for the Quebec R & D wage tax credit if the payment was made to (1) an arm's-length subcontractor (up to 50 percent of the payment) or (2) a non-arm's-length subcontractor (100 percent for wages paid and 50 percent of a payment to an arm's-length subcontractor if the payment was made under the non-arm's-length contract).

(Table 11 is concluded on the next page.)

TABLE 11 Concluded

j Quebec's university R & D tax credit may be available on 80 percent of a payment to an eligible entity such as a university, a public research centre, or a research consortium.
k For the Quebec private partnership pre-competitive tax credit, a qualified expenditure may include (1) wages paid relating to R & D, (2) 80 percent of a payment to an arm's-length subcontractor (generally excluding a university, a public research centre, and a research consortium contract), (3) payment for some materials, or (4) payment for an overhead (or proxy) amount.
l Saskatchewan's total refundable and non-refundable tax credits are capped at $1 million per taxation year.
m Saskatchewan's refundable R & D tax credit is 10 percent of the lesser of (1) eligible Saskatchewan R & D expenditures and (2) $1 million in qualifying expenditures (maximum annual refundable credit is $100,000).
n Yukon's rate is 20 percent for R & D expenditures made to Yukon College.

Source: Based on table 11 in David Lin, "Survey of Provincial and Territorial Budgets, 2019-20," Finances of the Nation feature (2020) 68:1 *Canadian Tax Journal* 185-250, at 209-11, updated by the author to include changes for 2020.

6. ***Real estate taxes:*** land transfer taxes and property taxes.
7. ***Pensions:*** includes proposed studies.
8. ***Other:*** a catchall category that includes corporate capital tax, general anti-avoidance rule and other anti-avoidance initiatives, partnership and trust matters not covered above, and other items.

These categories have been selected for organizational purposes and for ease of reference only. Some categories may overlap (for example, categories 1, 2, 4, and 5).

British Columbia (Table 12)

Tax Highlights

- New top personal income tax bracket introduced
- Various corporate and personal tax credits extended

Tax Changes

1. Corporate Income Tax

No changes to corporate income tax rates were announced.

The training tax credit for employers was extended for three years, to the end of 2022.

The farmers' food donation corporate tax credit was extended three years, to the end of 2023.

The administration of the production services tax credit was changed. Effective July 1, 2020, corporations intending to claim the tax credit must notify the certifying authority of their intent within 60 days of first incurring an eligible expenditure.

TABLE 12 Projected Revenues and Expenditures, British Columbia, Fiscal Year 2020-21

	February 2020	December 2020
	millions of dollars	
Total revenues	60,585	57,424
Total expenditures	(60,058)	(70,067)
Reserve	(300)	(1,000)
Surplus/(deficit)	227	(13,643)
Revenue sources		
Personal income tax	11,771	10,964
Corporate income tax	4,739	3,673
Sales tax	7,905	6,746
Other taxes	10,929	9,851
Total tax revenue	35,344	31,234
Federal transfers	9,963	12,680
Other revenues	15,278	13,510
Total revenues	60,585	57,424
Expenditures		
Education	15,178	15,558
Health	24,285	24,595
Debt servicing	2,723	2,724
Other expenditures	17,872	27,190
Total expenditures	60,058	70,067

Notes: Expenditure figures were estimated by function. Revenue includes net income of commercial Crown corporations. Sales tax includes provincial sales tax (PST), harmonized sales tax (HST)/PST housing transition tax, and HST related to prior years. COVID-19 expenditures presented in the fall economic and fiscal update, which includes pandemic response and economic recovery expenditures in both health care and education, were presented as separate contingency line items and are included within "other expenditures" in this table.

Sources: British Columbia, Ministry of Finance, 2020 Budget, February 18, 2020; and Fall 2020 Economic & Fiscal Update, December 17, 2020.

Also, effective February 19, 2020, the accreditation certificate fee for the tax credit is increased to $10,000.

On September 17, 2020, the government presented its economic recovery plan,[19] which introduced, among other measures, a temporary PST program. Corporations may apply to receive a refund equal to the amount of PST paid between September 17, 2020 and September 30, 2021 on the acquisition of qualifying machinery and equipment. Applications for the program will be accepted online starting on April 1, 2021.

19 British Columbia, "StrongerBC for Everyone: BC's Economic Recovery Plan," September 17, 2020 (news.gov.bc.ca/files/StrongerBC_BCs-Economic-Recovery-Report.pdf).

The economic recovery plan also introduced the BC increased employment incentive (IEI). The IEI is a temporary refundable tax credit for employers, calculated as 15 percent of the amount of the employer's qualifying BC remuneration that exceeds the employer's base BC remuneration. Put simply, the IEI encourages employers to create new jobs or increase the pay of their existing low-income or medium-income employees, since the tax credit is awarded if BC remuneration is higher in the fourth quarter of 2020 than in the third quarter of 2020. Applications for the IEI will be accepted online starting in March 2021.

2. Personal Income Tax

The 2020 budget introduced a new top personal income tax bracket, effective January 1, 2020. Taxable income exceeding $220,000 is subject to a provincial personal income tax rate of 20.5 percent. As a result of this change, the charitable donation tax credit is increased to 20.5 percent for charitable donations over $200 in respect of the individual's income that is subject to the new top personal income tax rate.

The training tax credit for apprentices was extended for three years, to the end of 2022.

The farmers' food donation tax credit was extended for three years, to the end of 2023.

3. Sales Tax

The 2020 budget proposed the elimination of the PST exemption for food products for human consumption, for all carbonated beverages that contain sugar, natural sweeteners, or artificial sweeteners. To simplify administration, PST will now apply to all beverages that are dispensed through soda fountains, soda guns, or similar equipment, along with all beverages dispensed through vending machines (except vending machines that dispense only beverages other than sweetened carbonated beverages). These changes were to come into effect on July 1, 2020. However, in response to the COVID-19 pandemic, the government announced on April 1, 2020 that these changes were postponed and would not take effect until April 1, 2021.[20]

The 2020 budget also introduced new PST registration requirements for Canadian sellers of goods, along with Canadian and foreign sellers of software and telecommunication services, if specified BC revenues exceed $10,000. This change was to come into effect on July 1, 2020. However, in response to COVID-19, the government announced on April 1, 2020 that this change was postponed and would not take effect until April 1, 2021.[21] In addition, Canadian sellers of vapour products are required to register for PST if they deliver vapour products to BC consumers, effective July 1, 2020. This change was not postponed in response to COVID-19.

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20 British Columbia, Ministry of Finance, "COVID 19—Sales Tax Changes," *Tax Notice 2020-002*, April 1, 2020 (www2.gov.bc.ca/assets/download/C7A2D4038D324A989CF963A8CF320542).

21 Ibid.

The 2020 budget announced changes to specific rules relating to PST exemptions and refunds. The exemptions for machinery and equipment purchased or leased by qualifying manufacturers and resource industry businesses for use in pollution control or waste management are amended to eliminate restrictions regarding the location at which the machinery and equipment are used. Electric aircraft are now exempt from PST. In addition, a refund is added for PST paid for non-electric aircraft obtained for the purpose of converting the aircraft to operate solely on electricity, as well as for the related parts and related services obtained for the same purpose. Also, real property contractors who perform value-added work on goods and then install those goods in real property outside British Columbia can apply for a refund of the PST paid on those goods. All of these changes are effective February 19, 2020.

4. *Excise Taxes*

At the end of 2019, the BC government announced that the rate of PST on sales of vapour products would increase from 7 percent to 20 percent, effective January 1, 2020. Vapour products include vaping devices, vaping cartridges, vaping parts and accessories, and vaping substances.[22]

The 2020 budget indicated that effective April 1, 2020, the BC carbon tax rates for 2020 and 2021 would be increased to be aligned with the federal carbon-pricing backstop methodology. The refund rates for international fuel tax agreement licensees would also be adjusted to reflect the alignment of the BC carbon tax with the federal carbon-pricing backstop methodology. However, in response to COVID-19, the government announced on April 1, 2020 that the carbon tax rate changes originally scheduled for April 1, 2020 and April 1, 2021 would be delayed by a full year, until April 1, 2021 and April 1, 2022, respectively.[23] Carbon tax rates will remain at their current level until March 31, 2021. The refund rates for international fuel tax agreement licensees will also remain at current rates until further notice.

The 2020 budget also introduced a default tax of 29.5 cents per heated tobacco product (a product that contains tobacco and is designed to be heated, but not combusted, in a tobacco heating unit to produce a vapour for inhalation).

5. *Resource-Related Matters*

The 2020 budget announced that the new mine allowance would be extended for five years to the end of 2025 to be effective on a date to be specified by regulation.

22 British Columbia, Ministry of Finance, "Notice to Sellers of Vapour Products: PST Rate Increase to 20%," *Provincial Sales Tax (PST) Notice 2019-005*, November 2019 (www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/notice-2019-005-sellers-vapour-products-pst-rate-increase.pdf).

23 Supra note 20.

6. Real Estate Taxes

The 2020 budget announced that a new exemption from additional property transfer tax would be introduced for qualifying Canadian-controlled limited partners to be effective on a date to be specified by regulation. The 2020 budget indicated that the threshold for the phaseout of the homeowner grant is decreased from $1,650,000 to $1,525,000 for the 2020 tax year, a change that was previously announced on January 3, 2020.

The 2020 budget introduced a change that will give municipalities the flexibility to create a distinct municipal tax rate for designated port properties when the municipal major industry tax rate is below the upper tax rate threshold; however, this new tax rate for designated port properties cannot be higher than the municipality's 2017 major industry tax rate. This change is effective for the 2020 tax rate.

Effective for the 2021 property tax year, the port land valuation regulation under the Assessment Act will be amended to increase the annual land valuation from consumer price index (CPI) inflation to CPI inflation plus 1 percentage point.

The average residential class school property tax increased in 2020 by the province's inflation rate in the previous year in accordance with longstanding policy in place since 2003. Rates were to be set when revised assessment roll data became available in the spring.

Non-residential school property tax rates increased in 2020 by inflation plus tax on new construction, except for the rate for the industrial property classes, in accordance with longstanding policy in place since 2005. Rates were to be set when revised assessment roll data became available in the spring. However, in response to COVID-19, the government reduced the school property tax rates for commercial properties (classes 4, 5, 6, 7, and 8) for the 2020 tax year by 50 percent.[24]

The single rural area residential property tax rate increased in 2020 by the province's inflation rate in the previous year, in accordance with longstanding policy. Similarly, rural area non-residential property tax rates increased by inflation plus the tax on new construction. Rates were to be set when revised assessment data became available in the spring.

7. Pensions

No changes were announced.

8. Other

The 2020 budget introduced a number of technical amendments to various tax acts, including the Income Tax Act, the Land Tax Deferment Act, the Provincial Sales Tax Act, and the Property Transfer Tax Act, for clarity and certainty.

In 2019, Alberta, Ontario, and Saskatchewan appealed to the Supreme Court of Canada to rule on the constitutionality of the federal Greenhouse Gas Pollution

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24 British Columbia, Ministry of Finance, "New COVID-19 Supports for Businesses, Local Governments," *News Release*, April 16, 2020 (news.gov.bc.ca/releases/2020FIN0020-000703).

Pricing Act (the carbon tax). British Columbia had intervenor status in the cases. The Supreme Court completed hearings in September 2020, and in March 2021 it ruled that the carbon-pricing regime is constitutional.

Alberta (Table 13)

Tax Highlights

- Acceleration of previously announced general corporate tax rate reductions
- New R & D refundable tax credit, effective 2021
- Introduction of vaping products tax

Tax Changes

1. Corporate Income Tax

In 2019, Alberta enacted legislation (the Alberta Corporate Tax Amendment Act) implementing scheduled reductions in the general corporate tax rate to take effect in the 2020-2022 taxation years. In accordance with the act, on January 1, 2020, the general corporate tax rate was reduced from 11 percent to 10 percent. The rate was to be further reduced from 10 percent to 9 percent on January 1, 2021 and from 9 percent to 8 percent on January 1, 2022. Manufacturing and processing corporations in Alberta pay tax at the general corporate tax rate and will benefit from the announced reductions.

On June 29, 2020, the government unveiled Alberta's recovery plan,[25] which accelerated the scheduled rate reductions. As a result, the general corporate tax rate was reduced from 10 percent to 8 percent effective July 1, 2020.

Alberta's recovery plan also announced the innovation employment grant (IEG) to support small and medium-sized businesses that invest in R & D. The IEG effectively replaces Alberta's previous SR & ED tax credit, which was discontinued as of December 31, 2019. The IEG is a refundable tax credit, calculated as 8 percent of the corporation's eligible R & D expenditures incurred in a taxation year plus a 12 percent incremental amount for the corporation's eligible R & D expenditures incurred in the taxation year that exceeds its base amount of expenditures. The base amount of expenditures is generally the corporation's average eligible R & D expenditures for the two immediately preceding taxation years. Eligible R & D expenditures for the IEG will be the same as those that qualify for the federal SR & ED tax incentive program. Similar to the previous SR & ED tax credit, the annual expenditure limit for the IEG is $4 million, and a phaseout of the expenditure limit exists when the taxable capital of the corporation in the prior taxation year is between $10 million and $50 million. The IEG comes into effect on January 1, 2021.

25 Alberta, "Alberta's Recovery Plan," June 29, 2020 (www.alberta.ca/recovery-plan.aspx).

TABLE 13 Projected Revenues and Expenditures, Alberta, Fiscal Year 2020-21

	February 2020	November 2020
	millions of dollars	
Total revenues	49,979	41,414
Total expenditures	(56,039)	(60,743)
Reserve for crude-by-rail and contingency/disaster assistance	(750)	(2,000)
Surplus/(deficit)	(6,810)	(21,329)
Revenue sources		
Personal income tax	12,566	10,753
Corporate income tax	4,539	2,188
Sales tax	na	na
Other taxes	5,782	5,286
Total tax revenue	22,887	18,227
Federal transfers	9,110	11,337
Other revenues	17,982	11,850
Total revenues	49,979	41,414
Expenditures		
Education	13,448	13,448
Health	20,616	20,616
Debt servicing	2,505	2,413
Other expenditures	19,470	24,266
Total expenditures	56,039	60,743

Notes: The budget was presented on a fully consolidated basis, which includes school boards, universities and colleges, health entities, and the Alberta Innovates corporations. The presentation of "education" expenditures was updated in the current year to include expenditures for post-secondary education. The government issued a fiscal plan update on March 20, 2020 that indicated that it was revising the 2020 budget to provide an additional $500 million in the 2020-21 fiscal year to the Ministry of Health for the provincial response to the COVID-19 pandemic, in addition to the $20,616 million of health expenditures previously forecasted in the 2020 budget. Other expenditures presented in the November fiscal update and economic statement include $4,843 million of COVID-19-related spending, with $3,534 million being allocated to operating expenses (including $1,006 million for health and $276 million for education), $607 million to capital grants, and $702 million to inventory consumption (for personal protective equipment). The government did not present revised expenditures by ministry in the November fiscal update and economic statement; as a result, the "ordinary" (pre-COVID-19) education and health expenditures are assumed to be the same as presented in the 2020 budget.

Sources: Alberta, Treasury Board and Ministry of Finance, 2020 Budget, Budget Plan, February 27, 2020; Fiscal Plan 2020-23 Update, March 20, 2020; and 2020-21 Mid-Year Fiscal Update and Economic Statement, November 24, 2020.

2. Personal Income Tax

As announced in the 2019 budget, the Alberta child and family benefit (ACFB) came into effect on July 1, 2020, replacing the Alberta family employment tax credit and the Alberta child benefit. The amount that families can receive depends on the number of children under the age of 18, the family's employment income, and the family's net income. The ACFB includes a base component and a working component. The maximum combined annual benefit is $5,120. The value of the base component ranges from $1,330 to $3,325, depending on the number of children, and begins to phase out when family net income exceeds $24,467. The base component is fully phased out when family net income exceeds approximately $41,000. The working component starts to phase in when family employment income exceeds $2,760 and rises by 15 percent as that income increases, to a maximum of $681 to $1,795, depending on the number of children. The working component phases out when family net income exceeds $41,000 and is fully phased out when family net income reaches $61,000. The ACFB is paid quarterly, and the amounts are non-taxable.

No new changes to personal income tax were announced in 2020; however, given the substantial decreases to the general corporate tax rate effected in 2020, the change to decrease the Alberta dividend tax credit has also been accelerated to maintain integration of the tax system. This change effectively increases the taxes that individuals in Alberta will pay on eligible dividends received on or after January 1, 2021.

3. Sales Tax

No changes were announced with respect to a PST. Alberta does not impose a general tax on retail sales.

Alberta does, however, impose a tourism levy of 4 percent on temporary accommodation rentals. As announced in the 2019 budget, the government intends to extend the tourism levy to apply to the rental of all short-term rentals listed in online marketplaces, by removing the current exemption for establishments with fewer than four bedrooms available for rent. A new exemption will be introduced for properties that are not listed in any online marketplace where the purchase price of the rental is less than $30 per day or $210 per week, or the operator has annual gross revenue from the rental of temporary accommodations in Alberta of less than $5,000. Online marketplaces will be authorized to collect and remit the tourism levy on behalf of operators. The 2020 budget indicated that the changes were expected to take effect in the spring of 2020 and that additional details would be provided at that time. This measure was included in the Fiscal Measures and Taxation Act, 2020, which received royal assent on March 20, 2020. At the time of writing, no additional details on the tourism levy had been provided by the government.

Furthermore, in 2020, the government recognized the exceptional circumstances and challenges that temporary accommodation providers in Alberta were facing and announced that operators could retain all amounts collected from persons paying the tourism levy on accommodations purchased between March 1, 2020 and March 31, 2021. However, operators must continue to report the amounts of tourism levy collected during the abatement period by continuing to file tourism levy returns.[26]

4. Excise Taxes

The 2020 budget announced the government's intention to implement a 20 percent vaping products tax on the retail sales price of vaping products, which will apply to all vaping liquids (including cannabis liquids) as well as vaping devices. Online sales to Albertans from other jurisdictions will be subject to the vaping products tax, but Alberta retailers will not be required to collect the tax on online sales that they make to individuals in other jurisdictions. The 2020 budget indicated that the date of implementation for the vaping products tax, as well as other details, would be announced with the introduction of the legislation and regulations later in 2020. However, at the time of writing, legislation to effect these changes had not yet been introduced.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

The 2020 budget indicated that education property tax rates will increase by 3.1 percent in 2020-21 to account for population and inflation adjustment. The residential/farmland rate will increase from $2.56 per $1,000 of equalized assessment to $2.64 per $1,000 of equalized assessment. The non-residential rate will increase from $3.76 per $1,000 of equalized assessment to $3.88 per $1,000 of equalized assessment.

However, on March 23, 2020, the government announced that it would cancel the increase in the education property tax announced in the 2020 budget, because of the COVID-19 crisis.[27]

7. Pensions

No changes were announced.

8. Other

In 2019, Alberta, Ontario, and Saskatchewan appealed to the Supreme Court of Canada to rule on the constitutionality of the federal Greenhouse Gas Pollution Pricing Act (the carbon tax). The Supreme Court completed hearings in September 2020, and in March 2021 it ruled that the carbon-pricing regime is constitutional.

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26 Alberta, Treasury Board and Ministry of Finance, "Tourism Levy Special Notice Vol. 7 No. 11: Extension of Tourism Levy Abatement," December 7, 2020 (https://open.alberta.ca/publications/tourism-levy-special-notice-vol-7-no-11-extension-of-tourism-levy-abatement).

27 Alberta, "Additional Financial Support for Albertans and Employers," March 23, 2020 (www.alberta.ca/release.cfm?xID=699045A66118C-FA03-F4F5-959455E3316B8564).

Saskatchewan (Table 14)

Tax Highlights

- New tax credits for resource businesses and reintroduction of indexation of the personal income tax system to inflation
- New temporary PST rebate for new home construction
- Post-election amendments providing a temporary reduction in the small business corporate tax rate and new personal income tax credits

Tax Changes

1. Corporate Income Tax

No changes to corporate income taxes were announced in the 2020 budget. However, after the 2020 Saskatchewan election, on December 7, 2020, the government introduced legislation that provides for a temporary reduction to the small business corporate income tax rate. The legislation proposes the following changes: a decrease in the tax rate, from 2 percent to 0 percent, effective October 1, 2020; an increase, from 0 percent to 1 percent, effective July 1, 2022; and a further increase, from 1 percent to 2 percent, effective July 1, 2023. The small business limit of $600,000 remains unchanged.[28] This measure received royal assent on December 10, 2020.

2. Personal Income Tax

The 2018 budget temporarily froze tax rate reductions; thus, personal tax rates were frozen at 2018 levels: 10.5, 12.5, and 14.5 percent. The 2020 budget announced the government's intention to reintroduce automatic annual indexation of the personal income tax system for inflation starting with the 2021 taxation year.

After the 2020 Saskatchewan election, the government introduced legislation for numerous commitments made in the election campaign. Legislation for a new Saskatchewan home renovation tax credit was introduced on December 3, 2020, which provides homeowners with a 10.5 percent tax credit on up to $20,000 of eligible expenses incurred between October 1, 2020 and December 31, 2022 for the renovation of a Saskatchewan taxpayer's principal residence located in Saskatchewan. All renovations must be substantially completed by December 31, 2022 to qualify for the tax credit. Total qualified expenses incurred between October 1, 2020 and December 31, 2021 in excess of $1,000 but not more than $12,000 (representing a maximum claim of $11,000) can be claimed on the individual's 2021 tax return. Total qualified expenses incurred between January 1, 2022 and December 31, 2022 in excess of $1,000 but not more than $10,000 (representing a maximum claim of

28 Saskatchewan, "Lower Taxes for Small Businesses Will Help Economic Recovery," December 7, 2020 (www.saskatchewan.ca/government/news-and-media/2020/december/07/lower-taxes-for-small-businesses-will-help-economic-recovery).

TABLE 14 Projected Revenues and Expenditures, Saskatchewan, Fiscal Year 2020-21

	June 2020	August 2020
	millions of dollars	
Total revenues	13,649	14,047
Total expenditures	(16,075)	(16,177)
Surplus/(deficit)	(2,426)	(2,130)
Revenue sources		
Personal income tax	2,605	2,605
Corporate income tax	781	781
Sales tax	1,996	1,996
Other taxes	1,821	1,821
Total tax revenue	7,203	7,203
Federal transfers	2,787	3,152
Other revenues	3,659	3,692
Total revenues	13,649	14,047
Expenditures		
Education	3,362	3,365
Health	6,176	6,248
Debt servicing	718	725
Other expenditures	5,819	5,839
Total expenditures	16,075	16,177

Notes: Saskatchewan's summary budget presentation includes government core operations, government service organizations (such as ministries, boards of education, and health regions), and government business enterprises (such as Crown corporations). "Other revenues" include non-renewable resource revenue of $997 million for fiscal year 2020-21. Debt servicing is for general debt.

Sources: Saskatchewan, Ministry of Finance, 2020 Budget, June 15, 2020; and Budget Update 20-21, First Quarter Budget Update and Medium-Term Outlook, August 27, 2020.

$9,000) can be claimed on the individual's 2022 tax return.[29] This measure received royal assent on December 10, 2020.

The government also announced that the defunct active families benefit will be reinstated as part of the 2021-22 budget and will be available retroactively to January 1, 2021.[30]

29 Saskatchewan, "New Tax Credit Makes Home Renovations More Affordable," December 3, 2020 (www.saskatchewan.ca/government/news-and-media/2020/december/03/new-tax-credit-makes-home-renovations-more-affordable).

30 Saskatchewan, "Making Life More Affordable for Saskatchewan People in 2021," December 31, 2020 (www.saskatchewan.ca/government/news-and-media/2020/december/31/making-life-more-affordable-for-saskatchewan-people-in-2021).

3. Sales Tax

On March 18, 2020, when tabling 2020-21 estimates, the government announced a PST rebate for new home construction of up to 42 percent of the PST paid on a new house contract up to $350,000, excluding the land, for new homes purchased after March 31, 2020 and before April 1, 2023.[31]

The 2020 budget indicated that measures would be implemented to ensure that non-resident businesses fairly collect PST on their Saskatchewan sales, but did not provide any additional information on these measures or when they would be effective.

4. Excise Taxes

No changes were announced.

5. Resource-Related Matters

The 2020 budget introduced the Saskatchewan chemical fertilizer incentive, which provides a non-refundable, non-transferable 15 percent tax credit on capital expenditures valued at $10 million or more for newly constructed or expanded eligible chemical fertilizer production facilities in Saskatchewan.[32] The incentive was retroactively dated to accommodate projects that have already been initiated and is effective November 1, 2017. Applications for conditional approval for the incentive must be received before December 31, 2026 to be eligible. The 2020 budget also extends the manufacturing and processing exporter tax incentive by three years, to 2022.

The 2020 budget also introduced the oil infrastructure investment program, a SaskFirst new growth tax incentive to be administered by the Ministry of Energy and Resources. This program provides transferable royalty/freehold production tax credits for qualified projects at a rate of 20 percent of eligible program costs and is open to new or expanded pipelines. Applications are accepted from April 8, 2020 to March 31, 2025.[33]

6. Real Estate Taxes

No changes were announced.

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31 Saskatchewan, "2020-21 Estimates Provide Key Investments," March 18, 2020 (www.saskatchewan.ca/government/news-and-media/2020/march/18/budget-2020).

32 Saskatchewan, "Saskatchewan Chemical Fertilizer Incentive Launched," July 27, 2020 (www.saskatchewan.ca/government/news-and-media/2020/july/27/fertilizer-incentive-launched).

33 Saskatchewan, "Oil Infrastructure Investment Program (OIIP)" (www.saskatchewan.ca/business/agriculture-natural-resources-and-industry/oil-and-gas/oil-and-gas-incentives-crown-royalties-and-taxes/oil-infrastructure-investment-program).

7. Pensions

No changes were announced.

8. Other

In 2019, Alberta, Ontario, and Saskatchewan appealed to the Supreme Court of Canada to rule on the constitutionality of the federal Greenhouse Gas Pollution Pricing Act (the carbon tax). The Supreme Court completed hearings in September 2020, and in March 2021 it ruled that the carbon-pricing regime is constitutional.

Manitoba (Table 15)

Tax Highlights

- Proposed new reduction in PST with the introduction of a provincial carbon tax that was deferred because of the COVID-19 crisis
- Extension of various business tax credits
- Elimination of probate fees

Tax Changes

1. Corporate Income Tax

The 2020 budget increased the exemption threshold for the health and post-secondary education tax levy from $1.25 million to $1.50 million of annual remuneration. In addition, the threshold below which employers pay a reduced rate on the levy is raised from $2.5 million to $3.0 million. Both changes are effective January 1, 2021.

The 2020 budget provided a Manitoba production company bonus of 8 percent on top of the existing 30 percent cost-of-production credit for principal photography under the film and video production tax credit, resulting in a total cost-of-production credit of up to 38 percent. This is effective for principal photography that begins after May 31, 2020 and is available for qualifying producers of eligible Manitoba productions and co-productions.

The 2020 budget also increased the existing child-care spaces limit from 208 spaces to 682 spaces for the purposes of the child-care centre development tax credit for eligible corporations. The maximum daily amount that can be charged is eliminated, allowing eligible corporations to partner with for-profit child-care centres and permitting non-profit child-care centres to establish parent fees to support their business. This change is effective March 20, 2020. All other aspects of the tax credit remain unchanged.

The 2020 budget extended several business tax credits. The manufacturing investment tax credit, which was scheduled to expire on December 31, 2020, is now extended indefinitely, with no fixed expiry date. The mineral exploration tax credit, which was scheduled to expire on December 31, 2020, was extended for three years, to December 31, 2023. The cultural industries printing tax credit, which was scheduled to expire on December 31, 2020, was extended by one year, to December 31,

TABLE 15 Projected Revenues and Expenditures, Manitoba, Fiscal Year 2020-21

	March 2020	December 2020
	millions of dollars	
Total revenues	17,737	17,365
Total expenditures	(17,957)	(19,413)
In-year adjustments/lapse	nil	nil
Surplus/(deficit)	(220)	(2,048)
Revenue sources		
Personal income tax	3,982	3,726
Corporate income tax	639	498
Sales tax	2,021	1,977
Other taxes	1,615	1,277
Total tax revenue	8,257	7,478
Federal transfers	5,136	5,811
Other revenues	4,344	4,076
Total revenues	17,737	17,365
Expenditures		
Education	3,003	3,134
Health	6,819	7,460
Debt servicing	1,001	959
Other expenditures	7,134	7,860
Total expenditures	17,957	19,413

Notes: The summary budget's government reporting entity included core government, Crown corporations, government business entities, and public-sector organizations. The amount indicated as the health expenditure is for health, seniors, and active living expenditures. In-year adjustments/lapse may represent an increase in revenue and/or a decrease in expenditures. The 2020 budget notes that the 2019-20 budget has been restated to be consistent with the 2020-21 budget presentation. This appears to include a reclassification of the 2019-20 education expenditure, which has been restated as $2,945 million (previously reported as $4,560 million in the 2019-20 budget).

Sources: Manitoba, Department of Finance, 2020 Budget, March 19, 2020; and 2020/21 Mid-Year Report—Fiscal and Economic Update, December 17, 2020.

2021. The community enterprise development tax credit, which was scheduled to expire on December 31, 2020, was extended by one year, to December 31, 2021. The refundable portion of the manufacturing investment tax credit is reduced from 7 percent to 6 percent, to parallel the retail sales tax change effective for qualifying property acquired and available for use after June 30, 2020.

The 2020 budget eliminated the requirement for tax rebate discounters to be registered with the province of Manitoba, and the associated registration fees were eliminated. However, Manitoba discounters must still register with the Canada Revenue Agency, consistent with the practice in other provinces.

2. Personal Income Tax

Pursuant to the 2016 budget, the personal income tax brackets and basic personal amount were indexed to inflation starting in 2017. The 2020 budget confirmed that indexation will continue in 2020. The basic personal amount for 2020 is $9,838. The 2020 budget also changed provisions of the primary caregiver tax credit to require renewal every three years.

3. Sales Tax

The 2020 budget provided for a 1 percentage point reduction in the PST, from 7 percent to 6 percent effective July 1, 2020, as a means of returning revenues collected by the new green levy, which was to come into effect on the same date. (See the excise taxes section below for details.) Accordingly, the PST rate charged on electricity used by manufacturing, mining, and oil well operators in Manitoba would also decrease from 1.4 percent to 1.2 percent effective July 1, 2020. The PST rate charged on mixed uses of electricity and natural gas used for home heating, heating and cooling of farm buildings, and operating farm grain dryers would decrease from 1.4 percent to 1.2 percent effective July 1, 2020. The PST rate on mobile, modular, and ready-to-move homes would decrease from 4.0 percent to 3.5 percent effective July 1, 2020. The prorated vehicle tax rates for commercial trucking would be adjusted for the lower general PST rate of 6 percent effective July 1, 2020. Furthermore, the preparation of personal income tax returns would be exempted from PST effective October 1, 2020. However, later in 2020, the government announced that the introduction of the green levy was deferred until further notice. Accordingly, the PST rate reductions set out above have also been deferred until further notice.[34]

4. Excise Taxes

The 2020 budget introduced a green levy at a flat rate of $25 per tonne of carbon dioxide equivalent emissions, effective July 1, 2020, which would apply to gas, liquid, and solid fuel products intended for combustion (referred to as fuels) and consumed in Manitoba. The green levy is 5.30 cents per litre for gasoline, 6.74 cents per litre for diesel, 4.74 cents per cubic metre for natural gas, and 3.87 cents per litre for propane. Various exemptions are provided for agricultural process emissions, marked fuels, and output-based pricing system entities. The 2020 budget also confirmed that PST will not apply to the green levy.

The 2020 budget also increased tobacco tax rates effective July 1, 2020. The following tobacco tax rates were changed: for cigarettes, from 30.0 cents per cigarette to 30.5 cents per cigarette; for fine-cut tobacco, from 45.5 cents per gram to

34 Manitoba, *Information Bulletin no. 120*, "Taxation Changes—2020 Budget," July 2020 (www.gov.mb.ca/finance/taxation/pubs/bulletins/2020budget.pdf).

46.0 cents per gram; for raw-leaf tobacco, from 27.5 cents per gram to 28.0 cents per gram; and for other tobacco products, from 29.0 cents per gram to 29.5 cents per gram.

However, later in 2020, the government announced that the introduction of the green levy and the tobacco tax increase that were scheduled to be effective on July 1, 2020 were deferred until further notice.[35]

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

The 2020 budget introduced a made-in-Manitoba green levy with an associated PST reduction, which was supposed to take effect on July 1, 2020 to replace the federal backstop carbon tax. More information is provided in the excise taxes section. The proposed green levy is a flat rate of $25 per tonne of carbon dioxide equivalent emissions. However, as the federal carbon pollution price increases through to 2022, a question remains as to whether the federal government will step in and implement a federal backstop carbon tax to top up Manitoba's green levy. The premier of Manitoba said that "our flat made-in-Manitoba Green Levy will return all of the money and more to Manitobans with the second-lowest PST in Canada."[36]

The 2020 budget also eliminated probate fees payable on the value of a deceased individual's estate effective November 6, 2020 (the day on which the 2020 budget bill received royal assent).

In 2019, Alberta, Ontario, and Saskatchewan appealed to the Supreme Court of Canada to rule on the constitutionality of the federal Greenhouse Gas Pollution Pricing Act (the carbon tax). Manitoba had intervenor status in the cases. The Supreme Court completed hearings in September 2020, and in March 2021 it ruled that the carbon-pricing regime is constitutional. Despite the court's ruling, Manitoba has indicated that it will move forward with its own legal challenge of the carbon-pricing regime, noting that its legal challenge is based on different grounds.

35 Ibid.

36 Manitoba, "Manitoba To Implement Flat $25-Per-Tonne Green Levy, PST Will Be Reduced to Six Per Cent," *News Release*, March 5, 2020 (news.gov.mb.ca/news/index.html?item=46904).

Ontario (Table 16)

Tax Highlights

- No new changes to corporate income tax or personal income tax rates
- Various tax measures targeted at small businesses
- New seniors' home safety tax credit introduced for individuals for 2021

Tax Changes

1. *Corporate Income Tax*

On January 1, 2020, the small business corporate tax rate was reduced from 3.5 percent to 3.2 percent, as previously announced in the 2019 fall economic outlook and fiscal review.[37]

On March 25, 2020, Ontario delivered a 2020 economic and fiscal update[38] that included several tax measures. The 2020 update retroactively raised the employer health tax (EHT) exemption for private-sector employers with total annual Ontario remuneration of less than $5 million, from $490,000 to $1 million for 2020. The exemption will revert to $490,000 on January 1, 2021. The 2020 update also introduced a regional opportunities investment tax credit, which provides Canadian-controlled private corporations (CCPCs) that make a qualifying investment in specified regions of Ontario with a 10 percent refundable tax credit. Qualifying investments are eligible expenditures for capital property included in class 1 and class 6 in the computation of capital cost allowance (CCA). The tax credit is available for eligible expenditures in excess of $50,000 up to a limit of $500,000 if the capital property becomes available for use on or after March 25, 2020.

The 2020 budget announced that the government would make the increase in the EHT exemption, initially announced in the 2020 fiscal update, a permanent change. The exemption will not revert to $490,000 on January 1, 2021. As a result of the permanent increase, the government announced that the next scheduled adjustment to the EHT exemption for inflation would be moved to January 1, 2029. Furthermore, the government announced that the threshold payroll amount beyond which employers are required to pay EHT instalments would be doubled, from $600,000 to $1.2 million.

The government acknowledged that COVID-19 has disrupted production activity in the cultural industries. The 2020 budget proposes to temporarily extend some timelines and amend some requirements for the following cultural media tax credits: the Ontario film and television tax credit, the Ontario production services tax credit, the Ontario interactive digital media tax credit, and the Ontario book publishing tax credit.

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37 Ontario, Ministry of Finance, 2019 Fall Economic Outlook and Fiscal Review, November 6, 2019.

38 Ontario, Ministry of Finance, March 2020 Economic and Fiscal Update, Ontario's Action Plan 2020: Responding to COVID-19, March 25, 2020.

TABLE 16 Projected Revenues and Expenditures, Ontario, Fiscal Year 2020-21

	March 2020	November 2020
	millions of dollars	
Total revenues	156,266	151,074
Total expenditures	(174,276)	(187,042)
Reserve	2,500	2,500
Surplus/(deficit)	(20,510)	(38,468)
Revenue sources		
Personal income tax	37,316	36,901
Corporate income tax	15,170	9,941
Sales tax	29,078	24,879
Other taxes	26,625	25,741
Total tax revenue	108,189	97,462
Federal transfers	26,345	33,360
Other revenues	21,732	20,252
Total revenues	156,266	151,074
Expenditures		
Education	31,893	32,659
Health	67,844	64,646
Debt servicing	13,199	12,456
Other expenditures	61,340	77,281
Total expenditures	174,276	187,042

Notes: The figures include amounts for government business enterprises. Expenditures were shown by ministry. Health expenditures include expenditures from the Ministry of Health and the Ministry of Long-Term Care, which were reported separately for the first time in the projections for fiscal year 2020-21. Debt servicing is net of interest capitalized during construction of tangible capital assets of $234 million for fiscal year 2020-21, as presented in the 2020 economic and fiscal update and the 2020 budget. Other expenditures presented in the 2020 budget include $8,346 million of one-time COVID-19-related spending, which includes one-time COVID-19 health sector spending of $3.1 billion and a COVID-19 health contingency fund of $5.3 billion.

Sources: Ontario, Ministry of Finance, March 2020 Economic and Fiscal Update, Ontario's Action Plan 2020: Responding to COVID-19, March 25, 2020; and 2020 Budget, November 5, 2020.

The government also proposed to extend the reporting period for claiming the Ontario R & D tax credit to parallel the extension of the reporting deadlines for federal R & D claims. Corporations with taxation year-ends from September 13, 2018 to December 31, 2018 would have an additional six months to file their tax credit claim, and corporations with taxation year-ends from January 1, 2019 to June 29, 2019 would have until December 31, 2020 to file their claim.

2. Personal Income Tax

The 2020 budget contained only one change to Ontario's personal income tax system. The government introduced the seniors' home safety tax credit in the 2020 budget. This is a temporary refundable tax credit that would apply for the 2021 taxation year. The value of the tax credit is 25 percent of up to $10,000 in eligible expenses for a principal residence in Ontario and must be shared by the people who share a home (for example, spouses and common-law partners). Eligible expenses generally include any expenses paid or payable in 2021 to the extent that they relate to renovations that improve safety and accessibility, or help a senior to be more functional or mobile at home. To qualify, the improvements must be made to the claimant's principal residence in Ontario or to a residence in Ontario that the claimant reasonably expects to become his or her principal residence within 24 months after the end of 2021.

The 2020 budget provided information about minor technical amendments to be made to the Taxation Act, 2007 that relate to personal income taxes. The adoption expenses tax credit can continue to be used in calculating the amount of tax payable by a spouse or common-law partner when determining the amount of tax credits that can be transferred to a taxpayer from the spouse or common-law partner. The low-income individuals and families tax credit, introduced in the 2019 budget, continues not to affect the calculation of the Ontario surtax. The community food program donation tax credit for farmers continues to be the last credit to apply in calculating an individual's Ontario income tax.

3. Sales Tax

No changes were announced.

4. Excise Taxes

In the 2020 budget, the government indicated that it would be freezing tax rates applying to beer until March 1, 2022 and proposed to retroactively cancel the increase in basic tax rates for wines legislated to occur on June 1, 2020. The government issued an order under the Financial Administration Act during the state of emergency (owing to COVID-19) that prevents the increase from being applied between June 1, 2020 and December 31, 2020.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

In the 2020 economic and fiscal update,[39] the government announced that the planned property tax reassessment for 2021 will be postponed. The 2020 update noted that the postponement provides an opportunity for the government to potentially reflect any advice received through the property assessment and taxation review that was being undertaken at the time of the update.

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39 Ibid.

The 2020 budget announced that the government will lower business education tax rates across the province to 0.88 percent for both commercial and industrial properties beginning in 2021. Furthermore, the 2020 budget proposed an amendment, beginning in 2021, that would allow municipalities to adopt a new optional property subclass for small business properties, so that municipalities can target tax relief by reducing property taxes for small business owners. The 2020 budget also indicated that the government would consider matching these municipal property tax reductions by reducing the provincial property tax to provide further support to small businesses, but a formal commitment to this measure was not provided in the 2020 budget.

7. Pensions

The 2020 budget contained proposed amendments to the Pension Benefits Act to support the continued development of a target benefit pension plan framework and to reintroduce certain unproclaimed provisions of the Pension Benefits Act that were scheduled for automatic repeal in 2020.

8. Other

In 2019, Alberta, Ontario, and Saskatchewan appealed to the Supreme Court of Canada to rule on the constitutionality of the federal Greenhouse Gas Pollution Pricing Act (the carbon tax). The Supreme Court completed hearings in September 2020, and in March 2021 it ruled that the carbon-pricing regime is constitutional.

QUEBEC (TABLE 17)

Tax Highlights

- Introduction of a variety of tax credits and deductions for corporations
- Introduction of a new tax credit for caregivers to replace current caregiver credits

Tax Changes

1. Corporate Income Tax

As presented in the 2018 budget, effective January 1, 2020, the general corporate tax rate is reduced from 11.6 percent to 11.5 percent, and the net small business corporate tax rate is reduced from 6.0 percent to 5.0 percent. Furthermore, the additional deduction for small businesses in the primary and manufacturing sectors is reduced from 2.0 percent to 1.0 percent in 2020.

The 2020 budget introduced a wide variety of new tax credits for corporations and made minor changes to existing tax credits. A new tax credit for investments and innovation ("the C3i") will be available to qualified corporations that acquire specified property (manufacturing or processing equipment, computer equipment, or certain management software packages) after March 10, 2020 and before January 1, 2025. The C3i is meant to promote investment in regions in Quebec where the

TABLE 17 Projected Revenues and Expenditures, Quebec, Fiscal Year 2020-21

	March 2020	November 2020
	millions of dollars	
Total revenues	121,295	118,733
Total expenditures	(118,566)	(127,080)
Provision for economic risks and other support	nil	(4,000)
Stabilization reserve	nil	12,009
Surplus/(deficit)	2,729	(338)
Revenue sources		
Personal income tax	35,435	35,298
Corporate income tax	8,530	7,667
Sales tax	22,961	20,002
Other taxes	5,555	7,538
Total tax revenue	72,481	70,505
Federal transfers	25,692	30,296
Other revenues	23,122	17,932
Total revenues	121,295	118,733
Expenditures		
Education	25,734	26,083
Health	47,760	52,459
Debt servicing	8,266	7,573
Other expenditures	36,806	40,965
Total expenditures	118,566	127,080

Notes: The figures were presented on a consolidated basis, showing general fund plus consolidated entities. The figures shown for expenditures were presented by department, except for debt servicing. The surplus/(deficit) presented excludes deposits of dedicated revenues in the Generations Fund, a fund dedicated exclusively to repaying Quebec's debt.

Sources: Quebec, Finances Québec, 2020 Budget, Budget Plan, March 10, 2020; and Update on Québec's Economic and Financial Situation—Fall 2020, November 12, 2020.

economic vitality index is low. As a result, the rate of the C3i will range from 10 percent to 20 percent, depending on the region in Quebec where the investment is made. The refundability of the C3i depends on the total assets and gross income of the qualified corporation. The C3i is fully refundable for qualified corporations if their total assets or gross income does not exceed $50 million and becomes completely non-refundable when either total assets or gross income is equal to or greater than $100 million. For qualified corporations with total assets or gross income over $50 million but not more than $100 million, the C3i will be partially refundable, with the refundability percentage being reduced proportionately as total assets or gross income increases. The expenses eligible for the C3i cannot exceed a cumulative limit of $100 million. The C3i replaces the former tax credit for investments in manufacturing and processing equipment in Quebec. However, since there is overlap in properties that may qualify for the C3i and the tax credit for investments, a qualified corporation can elect to claim the tax credit for investments in respect of the expense if the corporation has never previously claimed the C3i on any specified properties.

To encourage the competitiveness of Quebec businesses and foster the retention of intellectual properties developed in Quebec, the 2020 budget introduced the incentive deduction for the commercialization of innovations in Quebec (IDCI) for any taxation year of a corporation beginning after December 31, 2020. The IDCI provides a deduction in calculating the taxable income of qualifying innovative corporations to reduce the effective provincial corporate tax rate on taxable income attributable to qualified intellectual property assets to a rate as low as 2 percent. The basic corporate income tax rate is currently 11.5 percent in Quebec, meaning that the IDCI provides a deduction of up to 9.5 percent of taxable income attributable to qualified intellectual property. A qualifying innovative corporation is a corporation (except a corporation exempt from tax, a Crown corporation, or a wholly controlled subsidiary of a Crown corporation) that has an establishment in Quebec and carries on a business in Quebec from which it derives income from the commercialization of a qualified intellectual property asset. A qualified intellectual property asset is property that resulted from R & D activities carried out in whole or in part in Quebec that produce inventions protected by patents, plant breeders' rights, or software protected by copyright.

The 2020 budget introduced the synergy capital tax credit to support the growth of innovative businesses. This non-refundable tax credit is available to any corporation (other than a financial institution, a corporation in the real estate sector, or a corporation whose activities consist mainly of granting loans or making investments) that subscribes for shares of the capital stock of a qualified corporation in the life sciences, manufacturing or processing, green technology, artificial intelligence, or information automation technology sectors. The tax credit is calculated at a rate of 30 percent of the investor's eligible investment (not exceeding $750,000) for the year, resulting in a maximum non-refundable tax credit of up to $225,000 annually. The qualified corporation that would like to issue shares of its capital stock to allow an investor to claim this tax credit must be a CCPC that meets certain conditions with respect to size, sector of activity, and scale of activities in Quebec, and must obtain an authorized placement certificate from Investissement Québec prior to the investment. The 2020 budget indicated that Investissement Québec will issue authorized placement certificates for up to $30 million of investments annually. The funds obtained by the qualified corporation from the share subscription must be used to make investments related to the carrying on of the corporation's business. Qualified investors are subject to many conditions in respect of the investment, including a condition that the shares be retained by the investor for a minimum period of 60 months. This non-refundable tax credit may be carried back up to three taxation years or carried forward up to 20 taxation years, but cannot be applied to any taxation year that ended before January 1, 2021. Investissement Québec will begin accepting applications for the issuance of an authorized placement certificate filed after December 31, 2020; accordingly, the synergy capital tax credit will apply for share subscriptions that are eligible investments made after December 31, 2020.

To promote equal access to the labour market for persons with disabilities, the 2020 budget introduced a refundable tax credit for small and medium-sized enterprises that employ persons with a severe and prolonged mental or physical impairment. A qualified corporation is a corporation (other than a corporation exempt from tax, a Crown corporation, or a wholly controlled subsidiary of a Crown corporation) that has an establishment in Quebec, carries on business in Quebec, has paid-up capital of less than $15 million, and has total remunerated hours in excess of 5,000 hours. The refundable tax credit will be equal to the amount of the qualified contributions paid by the corporation in respect of the employees with a severe and prolonged mental or physical impairment and will be available for any taxation year of a qualified corporation ending after December 31, 2019.

The 2020 budget extended the time limit for submitting an application for the initial qualification certificate for the tax holiday for large investment projects in the manufacturing, wholesale trade, warehousing, data processing, date hosting and related services, or development of digital platforms sectors that was announced in the 2013 budget. Prior to the 2020 budget, the application for an initial qualification certificate must have been made before the investment project was carried out and before December 31, 2020. To enable more investment projects to qualify for this tax holiday, the 2020 budget extended the deadline for the application of an initial qualification certificate to December 31, 2024, but the application must still be made before the large investment project is carried out.

The 2020 budget eliminated the exclusion threshold for R & D tax credits for qualified expenditures relating to a university research contract, an eligible research contract entered into with an eligible public research centre, a pre-competitive research project carried out in private partnership, or fees or dues paid to an eligible research consortium. For greater clarity, the elimination of the exclusion threshold does not apply to the R & D salary refundable tax credit, but for the purposes of calculating that tax credit, the rule for the splitting of the exclusion threshold among the various R & D credits will continue to apply as if the definition of reducible expenditures still applied to the other refundable R & D tax credits. This change applies to expenditures incurred by a taxpayer for a taxation year that begins after March 10, 2020.

The 2020 budget also proposed changes to a variety of tax credits for multimedia produced in Quebec. The 2020 budget allows for increased eligibility for the Quebec film or television production refundable tax credit. The conditions defining a film adapted from a foreign format in the case of a film whose primary market is the television market will now also apply to a film whose primary market is the online broadcasting market. Additionally, this credit's higher base rate for French-language films will also apply to French-language films whose primary market is online broadcasting. These changes will apply to a film or a television production for which an application for an advance ruling, or an application for a qualification certificate if no application for an advance ruling was previously filed, is filed with the Société de développement des entreprises culturelles (SODEC) after March 10, 2020.

The 2020 budget increased the refundable tax credit for sound recordings by increasing the limit on the percentage of production costs of the sound recording eligible for this tax credit. The limit of 50 percent of production costs of the sound recording, digital audiovisual recording, or clip eligible for the tax credit is increased to 65 percent for a qualified property for which an application for an advance ruling, or an application for a qualification certificate if no application for an advance ruling was previously filed, is filed with SODEC after March 10, 2020. A similar change was made to the refundable tax credit for the production of performances. The limit of 50 percent of production costs of the performance eligible for the tax credit is increased to 65 percent for any performance whose first eligibility period ends after March 10, 2020 and for which an application for an advance ruling, or an application for a qualification certificate if no application for an advance ruling was previously filed for that period, is filed with SODEC after March 10, 2020.

The 2020 budget also made changes to the definition of the level of activity required for a multimedia title to be recognized by Investissement Québec as an eligible multimedia title for the purposes of both the general component and the specialized component of the refundable tax credit for multimedia titles. A multimedia title may be considered to be controlled by software allowing interactivity if the conditions respecting the user's participation in the action of the title are met for all or substantially all of the action. This change will apply to an application for a certificate filed with Investissement Québec after March 10, 2020 for a taxation year that begins after March 10, 2020.

The 2020 budget narrowed the eligibility criteria for the tax credits for the development of e-business by eliminating "an activity involving the design or development of e-commerce solutions allowing a monetary transaction between the person on behalf of whom the design or development is carried out and that person's customers"[40] as an eligible activity for the purposes of the tax credits. Such an activity may be an eligible activity if it is incidental to an eligible activity relating to the development or integration of information systems or of technology infrastructures. This change applies to a taxation year of a corporation beginning after March 10, 2020.

The 2020 budget also changed the compensation tax for financial institutions. The changes exclude independent loan corporations, independent trust corporations, and independent corporations trading in securities from the calculation of compensation tax for financial institutions, and subject these entities to the compensation tax that is applicable to other persons. Furthermore, the maximum amount subject to the compensation tax for these corporations will be $275 million. These changes will apply as of April 1, 2020.

The 2020 budget extended the income-averaging mechanism and the carry-over period for certified forest producers in respect of a private forest in Quebec.

40 Quebec, Finances Québec, 2020-2021 Québec Budget Summary, March 10, 2020, at 8-9.

The 2020 budget also eliminated three tax measures: the deduction for innovative manufacturing corporations is eliminated for a corporation whose taxation year begins after December 31, 2020; the refundable tax credit relating to information technology integration is eliminated for any application for a certificate submitted after March 10, 2020, in light of the C3i credit; and the tax-free reserve for Quebec shipowners is eliminated as of March 11, 2020. The minister of economy and innovation cannot accept an application for a qualification certificate for the tax-free reserve from a qualified shipowner submitted after March 10, 2020. A qualified shipowner that holds a valid qualification certificate that was previously issued by the minister will continue to be able to deduct the tax-free reserve for qualified shipowners if the shipowner continues to meet the conditions for the reserve.

On June 29, 2020, Finances Québec issued *Information Bulletin* 2020-9,[41] which outlined changes to various fiscal measures. Because COVID-19 has forced some corporations to temporarily cease operating, this could have the effect of reducing or eliminating the small business deduction rate from which those corporations would otherwise have been able to benefit, since the total number of remunerated hours may not exceed 5,000 hours. The information bulletin identifies an amendment to tax legislation to provide for an ad hoc adjustment to the calculation of a corporation's remunerated hours for a given tax year that includes the period from March 15, 2020 to June 29, 2020. Temporary discretionary powers will also be granted to departments and agencies that are responsible for the administration of tax incentive measures to allow them to exceptionally issue a qualification certificate or sectoral document, even though the taxpayer does not meet a sectoral parameter that must be met if the taxpayer can demonstrate that its inability to meet the parameter is directly attributable to measures put in place as a result of COVID-19.

On November 6, 2020, Finances Québec issued *Information Bulletin* 2020-12,[42] which outlined changes to various tax measures. Tax legislation will be amended so that the amount of financial assistance that SODEC grants in accordance with the economic relaunch plan would be considered an excluded amount for the application of the following tax credits for all amounts of assistance granted after March 31, 2020: the refundable tax credit for film dubbing, the refundable tax credit for the production of multimedia environments or events staged outside Quebec, and the refundable tax credit for book publishing.

Furthermore, for the application of the refundable tax credits and other tax incentive measures, the definition of "non-government assistance" currently excludes any amount that was (1) already included in the computation of the taxpayer's income for the year or for a preceding taxation year; (2) deducted in computing

41 Quebec, Finances Québec, *Information Bulletin 2020-9*, "Changes to Various Fiscal Measures," June 29, 2020 (www.finances.gouv.qc.ca/documents/Bulletins/en/BULEN_2020-9-a-b.pdf).

42 Quebec, Finances Québec, *Information Bulletin 2020-12*, "Changes to Various Tax Measures and Harmonization with Certain Federal Tax Measures," November 6, 2020 (www.finances.gouv.qc.ca/documents/Bulletins/en/BULEN_2020-12-a-b.pdf).

any balance of undeducted outlays, expenses, or other amounts for the year or for a preceding taxation year; or (3) an amount received in respect of a restrictive covenant and included in the computation of the income of a person related to the taxpayer. The government indicated this produces a result that does not conform to fiscal policy. Accordingly, a modification to the legislation will remove these exclusions from the definition of non-government assistance for any assistance granted after November 6, 2020.

Finally, the information bulletin indicates that Quebec tax legislation and regulations will be amended to incorporate and harmonize with amendments made to federal tax legislation and regulations with respect to the accelerated investment incentive and an enhanced CCA rate for zero-emission automotive vehicles and equipment that do not already benefit from a temporary enhanced CCA rate of 100 percent.

2. *Personal Income Tax*

The 2020 budget introduced a new refundable tax credit for caregivers, which replaces all four components of the tax credit for informal caregivers of persons of full age. The tax credit for caregivers comprises two components. The first component is universal basic tax assistance of $1,250 (which requires co-residence with the individual receiving the care) and an additional maximum amount of $1,250 (with no co-residence requirement, but subject to clawback). Both amounts require that the individual caregiver provides care to a person aged 18 or older who has a severe and prolonged impairment and needs assistance in carrying out a basic activity of daily living. The additional amount is reduced at a rate of 16 percent for every dollar of income over $22,180 earned in the taxation year by the individual receiving the care ("the care receiver"). The second component of the tax credit for caregivers is universal tax assistance of $1,250 for a caregiver who supports and co-resides with a relative aged 70 or older. The first component of the tax credit will be available to caregivers who provide assistance to any of the following eligible care receivers who have a severe or prolonged impairment and require assistance in carrying out a basic activity of daily living: a spouse over the age of 18 but under the age of 70; a family member over the age of 18, even if he or she is able to live alone; or a person over the age of 18 with no family relationship to the caregiver, provided that a health and social network professional certifies that the caregiver is genuinely involved with the eligible care receiver. For the second component, the eligible care receiver must be a direct ascendant of the caregiver or the caregiver's spouse but cannot be the caregiver's spouse. For the co-residence requirement, the caregiver must have resided with the care receiver for at least 365 consecutive days beginning in the year or the preceding year, including at least 183 days during the year for which the tax credit is claimed. If the care receiver dies, the 183-day requirement will be eliminated for the year of death. The new refundable tax credit for caregivers replaces the tax credit for informal caregivers of persons of full age as of January 1, 2020. Furthermore, the tax credit for respite of caregivers and the tax credit for volunteer respite services will be eliminated as of January 1, 2021. An overlap exists in recognition of the fact that certain individuals may have incurred expenses or provided hours of volunteer services since the beginning of 2020; however, for the 2020 taxation year, an individual will not be able to claim, in respect of the same eligible care receiver, both the tax credit for caregivers and the tax credit for respite expenses or the tax credit for volunteer respite services.

The 2020 budget also announced a simplification of payment of the refundable solidarity tax credit for a surviving spouse. To facilitate the administration of the solidarity tax credit and to allow the surviving spouse to continue to receive the government assistance provided by this tax credit as soon as possible following the death of the spouse, the 2020 budget proposes to eliminate the requirement that a surviving spouse formally apply to Revenu Québec by filing schedule D in order to continue receiving the amounts of the solidarity tax credit to which the couple is entitled for the year of death. Instead, Revenu Québec will pay the surviving spouse the balance of the amounts of the solidarity tax credit determined for the couple via direct deposit when information concerning the spouse's death is transmitted to Revenu Québec. This simplification measure for the surviving spouse will apply in all situations where the death of the spouse claiming the solidarity tax credit occurs on or after July 1, 2020.

Information Bulletin 2020-9 indicates that changes will be made to the refundable tax credit for child-care expenses. This credit is available where child-care expenses are incurred to enable the taxpayer or an eligible spouse to perform the duties of an office or employment, carry on a business, carry on research, attend a qualified educational institution, or actively seek employment. Prior to the change, Revenu Québec's interpretation of "to attend a qualified educational institution" required a virtual presence at a fixed or interactive time, which excluded correspondence courses. Changes will be made to adapt the credit to distance learning and allow for courses offered by a qualified educational institution to be taken at a distance without the need for physical presence or, in the absence of such physical presence, virtual presence at a fixed or interactive time with the professor or the class. Physical presence will remain mandatory for courses offered by a secondary school for the purposes of qualification for the tax credit for child-care expenses. This amendment will apply to child-care expenses incurred after December 31, 2019. A similar change was proposed to the disability supports deduction for expenses incurred after December 31, 2019.

Information Bulletin 2020-12, discussed above, indicates that Quebec tax legislation will be amended to allow a deduction in the computation of a taxpayer's income for any reimbursement of COVID-19 benefits payable by the taxpayer no later than the balance-due date, to parallel changes made to the federal Income Tax Act.

Furthermore, the tax credit for holders of a taxi driver's permit will be reduced to 50 percent of the maximum amount that would have otherwise applied for 2021 and will be eliminated starting in the 2022 taxation year. Tax legislation will also be amended to change the conditions for a taxpayer to be entitled to the tax credit for holders of a taxi driver's permit in 2020 and 2021 as a result of the coming into force of the Act Respecting Remunerated Passenger Transportation by Automobile. The tax credit for holders of a taxi owner's permit will be modified to allow a taxpayer who, as of October 9, 2020, held a taxi owner's permit in force to qualify for the tax credit for any taxation year starting after December 31, 2019.

3. Sales Tax

The 2020 budget reiterated Quebec's determination to see QST collected on movable corporeal property from abroad and indicates that Quebec will work with the federal government to implement harmonized rules for the collection of QST and GST/HST by foreign suppliers in 2021.

4. Excise Taxes

No changes were announced.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

The 2019 budget announced Quebec's intention to standardize the school tax system by establishing a single tax rate applicable to the entire province of Quebec over three years. The 2020 budget proposed an additional reduction in the single school tax rate. Effective July 1, 2020, the school tax rate will be 10.54 cents per $100 of standardized property assessment.

7. Pensions

Bill 68, An Act Mainly To Allow the Establishment of Target Benefit Pension Plans, was introduced on October 7, 2020 and received royal assent on December 11, 2020. Bill 68 amends the Supplemental Pension Plans Act to allow for the establishment of target benefit pension plans by all employers in Quebec and establishes the requirements for target benefit pension plans. Prior to Bill 68, target benefit pension plans were allowed for employers in the pulp and paper industry. Bill 68 also requires established target benefit pension plans in the pulp and paper industry to amend their pension plan structure to comply with the requirements for target benefit pension plans in Bill 68 by December 31, 2023.

8. Other

The 2020 budget announced efforts to strengthen corporate transparency. Quebec will require businesses to declare information on beneficial owners to the Registraire des entreprises du Québec, make it possible to search the enterprise register using the name of a natural person, and prohibit the issuance of subscription warrants or stock options in bearer form.

The 2020 budget also introduced actions to fight tax evasion and abusive tax avoidance by introducing targeted initiatives in sectors where specific problems have been observed. The most notable initiative is facilitating tax compliance in the residential renovation sector by simplifying tax compliance using innovative technological solutions developed by Revenu Québec. This initiative is expected to add revenue of $160 million over five years. Furthermore, Revenu Québec acknowledges the development of new technologies in the financial sector, and the 2020 budget announced the creation of a group bringing together specialists from Revenu Québec, the Autorité des marches financiers, the police forces, and Finances Québec to propose innovative solutions to better regulate the cryptocurrency sector.

In 2019, Alberta, Ontario, and Saskatchewan appealed to the Supreme Court of Canada to rule on the constitutionality of the federal Greenhouse Gas Pollution Pricing Act (the carbon tax). Quebec had intervenor status in the cases. The Supreme Court completed hearings in September 2020, and in March 2021 it ruled that the carbon-pricing regime is constitutional.

New Brunswick (Table 18)

Tax Highlights

- No changes to corporate or personal income tax rates
- Introduction of carbon tax on gasoline and motive fuels

Tax Changes

1. Corporate Income Tax

No changes were announced.

2. Personal Income Tax

No changes were announced.

3. Sales Tax

No changes were announced.

4. Excise Taxes

New Brunswick's carbon tax plan that was accepted by the federal government in 2019 went into effect in 2020. This carbon tax plan resulted in a price on carbon of 6.63 cents per litre of gasoline and 8.05 cents per litre of motive fuel (diesel) effective April 1, 2020.

The 2020 budget proposed a reduction in the provincial gasoline tax from 15.50 cents per litre to 10.87 cents per litre and a reduction in the motive fuel (diesel) tax from 21.50 cents per litre to 15.45 cents per litre. These changes would be effective April 1, 2020 and would result in an effective price on carbon of 2 cents per litre on gasoline and motive fuel (diesel) in 2020-21.

TABLE 18 Projected Revenues and Expenditures, New Brunswick, Fiscal Year 2020-21

	March 2020	May 2020
	millions of dollars	
Total revenues	10,278	9,987
Total expenditures	(10,186)	(10,286)
Contingency reserve	nil	nil
Surplus/(deficit)	92	(299)
Revenue sources		
Personal income tax	1,902	1,877
Corporate income tax	368	308
Sales tax	1,538	1,468
Other taxes	1,136	1,087
Total tax revenue	4,944	4,740
Federal transfers	3,705	3,745
Other revenues	1,629	1,502
Total revenues	10,278	9,987
Expenditures		
Education	1,352	1,351
Health	2,939	2,946
Debt servicing	631	650
Other expenditures	5,264	5,339
Total expenditures	10,186	10,286

Notes: Figures were shown on a main estimates basis. About $324 million of federal transfers was provided in the form of conditional federal grants in the 2020 budget. Expenditure figures were shown by department. Education and health expenditures exclude special-purpose account and special operating agencies expenses.

Sources: New Brunswick, Department of Finance and Treasury Board, 2020 Budget, Budget Plan, March 10, 2020; and Fiscal and Economic Update, May 21, 2020.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

The 2020 budget proposed a reduction in the property tax rate for residential non-owner-occupied properties over a four-year period starting in the 2021 taxation year. The reduction would be phased in as a reduction of 14.04 cents per $100 of assessment each year from 2021 to 2024. Once fully implemented by 2024, the tax rate on residential non-owner-occupied properties would be 56.17 cents per $100 of assessment, representing a 50 percent reduction from the current property tax rate.

The 2020 budget also proposed a reduction in the property tax rate for non-residential properties starting in the 2021 taxation year. The reduction would be phased in as a reduction of 8.25 cents per $100 of assessment each year from 2021 to 2024. Once fully implemented, by 2024 the tax rate on non-residential properties would be $1.8560 per $100 of assessment.

On May 27, 2020, the government announced that it would not proceed with the aforementioned property tax reductions in light of the financial impact of the COVID-19 pandemic.[43]

On November 18, 2020, amendments were introduced to the Assessment Act that proposed to eliminate property tax beginning with the 2020 taxation year for the following local government transit systems: Saint John Transit, Codiac Transpo, and Fredericton Transit.[44]

7. *Pensions*

No changes were announced.

8. *Other*

In 2019, Alberta, Ontario, and Saskatchewan appealed to the Supreme Court of Canada to rule on the constitutionality of the federal Greenhouse Gas Pollution Pricing Act (the carbon tax). New Brunswick had intervenor status in the cases. The Supreme Court completed hearings in September 2020, and in March 2021 it ruled that the carbon-pricing regime is constitutional.

Nova Scotia (Table 19)

Tax Highlights

- Reduction of the general corporate and small business corporate tax rates
- Increases to tobacco tax and introduction of vaping products tax

Tax Changes

1. *Corporate Income Tax*

The 2020 budget announced a reduction of the general corporate income tax rate from 16 percent to 14 percent and a reduction of the small business corporate income tax rate from 3.0 percent to 2.5 percent. The reduced rates are effective April 1, 2020.

The 2020 budget also proposed an extension of two corporate income tax credits. The digital media tax credit and digital animation tax credit were set to expire on December 31, 2020, but the 2020 budget proposed that both tax credits be extended to December 31, 2025.

43 New Brunswick, Department of Finance and Treasury Board, "Proposed Property Tax Reductions Will Not Proceed Due to Impact of COVID-19," *News Release*, May 27, 2020 (www2.gnb.ca/content/gnb/en/departments/finance/news/news_release.2020.05.0305.html).

44 New Brunswick, Department of Finance and Treasury Board, "Property Taxes on Local Government Transit Facilities To Be Eliminated," *News Release*, November 18, 2020 (www2.gnb.ca/content/gnb/en/departments/finance/news/news_release.2020.11.0611.html).

TABLE 19 Projected Revenues and Expenditures, Nova Scotia, Fiscal Year 2020-21

	February 2020	December 2020
	millions of dollars	
Total revenues	11,597	11,410
Total expenditures	(11,616)	(12,324)
Reserve and consolidating adjustments	74	135
Surplus/(deficit)	55	(779)
Revenue sources		
Personal income tax	2,980	2,889
Corporate income tax	542	396
Sales tax	2,004	1,916
Other taxes	665	392
Total tax revenue	6,191	5,593
Federal transfers	3,851	4,273
Other revenues	1,555	1,544
Total revenues	11,597	11,410
Expenditures		
Education	1,479	1,583
Health	4,823	5,285
Debt servicing	758	743
Other expenditures	4,556	4,713
Total expenditures	11,616	12,324

Notes: Revenue source figures were for general revenue fund only with adjustments for consolidation. Expenditure figures were shown by department, general revenue fund. Education expenditures are for "education and early childhood development."

Sources: Nova Scotia, Department of Finance and Treasury Board, 2020 Budget, Budget Plan, February 25, 2020; and Forecast Update, December 17, 2020.

2. *Personal Income Tax*

No changes were announced.

3. *Sales Tax*

No changes were announced.

4. *Excise Taxes*

The 2020 budget proposed increases in the tax rates for all tobacco products sold in Nova Scotia effective February 26, 2020. The tax rate increases from 27.52 cents per unit to 29.52 cents per unit for cigarettes and tobacco sticks; from 26.00 cents per gram to 40.00 cents per gram for fine-cut tobacco; and from 18.52 cents per gram to 40.00 cents per gram for all other tobacco products. The tax rate on cigars increases from 60 percent of the suggested retail selling price to 75 percent of the suggested retail selling price.

The 2020 budget also introduced a new vaping products tax effective September 15, 2020. All vaping substances, including those that do not contain nicotine, will be subject to tax at a rate of 50.00 cents per millilitre. Vaping devices and their components will be subject to tax at a rate of 20 percent of the suggested retail selling price. All retailers, wholesalers, and manufacturers of vaping products must be licensed to sell their products in Nova Scotia effective July 1, 2020.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

No changes were announced.

PRINCE EDWARD ISLAND (TABLE 20)

Tax Highlights

- Small business tax rate reductions continue
- Basic personal tax credit continues to increase

Tax Changes

1. Corporate Income Tax

As previously announced in the 2019 budget, the small business corporate tax rate was decreased from 3.5 percent to 3.0 percent effective January 1, 2020. The 2020 budget proposed a further reduction in the small business corporate tax rate, from 3.0 percent to 2.0 percent, effective January 1, 2021.

2. Personal Income Tax

The 2020 budget proposed an increase in the basic personal amount, from $10,000 to $10,500 for the 2021 tax year. The 2020 budget also proposed an increase in the tax threshold for the low-income tax reduction, from $18,000 to $19,000 for the 2021 tax year.

The 2020 budget introduced a children's wellness tax credit effective January 1, 2021. This tax credit is a $500 non-refundable tax credit for families with children under the age of 18 for the costs of eligible artistic, cultural, recreational, or developmental activities for the children.

3. Sales Tax

No changes were announced.

TABLE 20 Projected Revenues and Expenditures, Prince Edward Island, Fiscal Year 2020-21

	millions of dollars
Total revenues	2,293
Total expenditures	(2,416)
Supplementary appropriation	50
Surplus/(deficit)	(173)
Revenue sources	
Personal income tax	400
Corporate income tax	86
Sales tax	330
Other taxes	246
Total tax revenue	1,062
Federal transfers	1,007
Other revenues	224
Total revenues	2,293
Expenditures	
Education	409
Health	808
Debt servicing	128
Other expenditures	1,071
Total expenditures	2,416

Notes: Revenue and expenditure figures were consolidated. Expenditure figures were shown by department.

Source: Prince Edward Island, Department of Finance, 2020 Budget, Budget Plan, June 17, 2020.

4. *Excise Taxes*

No changes were announced.

5. *Resource-Related Matters*

No changes were announced.

6. *Real Estate Taxes*

No changes were announced.

7. *Pensions*

No changes were announced.

8. *Other*

No changes were announced.

NEWFOUNDLAND AND LABRADOR (TABLE 21)

Tax Highlights

- No changes to corporate or personal income tax rates
- New tax on vaping products and increased tax on tobacco and fuel

Tax Changes

1. Corporate Income Tax

No changes were announced.

2. Personal Income Tax

No changes were announced.

3. Sales Tax

No changes were announced.

4. Excise Taxes

The 2020 budget proposed a new 20 percent tax on vaping products effective January 1, 2021. Tax on tobacco products also was increased, effective October 1, 2020, from 24.5 cents per cigarette to 29.5 cents per cigarette, and from 40 cents per gram to 50 cents per gram for fine-cut tobacco.

The 2020 budget also proposed changes to the gas tax in accordance with scheduled federal increases in the price on carbon. The 2020 budget proposed a reduction of the provincial portion of gas tax on gasoline by 2.0 cents per litre. As a result of the changes, effective October 1, 2020, the price of gasoline in the province would increase by 0.21 cents per litre and tax on diesel would increase by 2.68 cents per litre.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

No changes were announced.

TABLE 21 Projected Revenues and Expenditures, Newfoundland and Labrador, Fiscal Year 2020-21

	millions of dollars
Total revenues	7,129
Total expenditures	(8,967)
Oil revenue risk adjustment	nil
Surplus/(deficit)	(1,838)
Revenue sources	
Personal income tax	1,595
Corporate income tax	408
Sales tax	1,105
Other taxes	625
Total tax revenue	3,733
Federal transfers	1,482
Other revenues	1,914
Total revenues	7,129
Expenditures	
Education	1,539
Health	3,352
Debt servicing	1,073
Other expenditures	3,003
Total expenditures	8,967

Notes: The total revenue figure includes net income of government business enterprises and partnerships. Expenditures were reported by department, except for debt-related expenses. Health expenditure covers “health and community services.” Debt servicing included all “debt expenses.” Expenditures were a combination of current and capital account expenditures by department in the government reporting entity on a consolidated basis.

Source: Newfoundland and Labrador, Department of Finance, 2020 Budget, Budget Plan, September 30, 2020.

Yukon (Table 22)

Tax Highlights

- Reduction of the small business corporate tax rate
- Increase to the basic personal amount for individuals

Tax Changes

1. Corporate Income Tax

The 2020 budget proposed a reduction in the small business corporate tax rate from 2.0 percent to 0.0 percent effective January 1, 2021. The small business investment tax credit program would be expanded in 2020 to allow medium-sized businesses to apply, and the amount of money that a business can raise under the program would be increased. As a result of the changes, the program was renamed the business investment tax credit.

2. Personal Income Tax

The 2020 budget proposed that the basic personal amount would be increased to mirror changes made at the federal level. The increase would be phased in over four years.

3. Sales Tax

No changes were announced.

4. Excise Taxes

No changes were announced.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

To offset the reduction in revenue from the reduction of the small business corporate tax rate, the 2020 budget announced an increase in the insurance premium tax from 2.0 percent to 4.0 percent effective January 1, 2021.

TABLE 22 Projected Revenues and Expenditures, Yukon, Fiscal Year 2020-21

	millions of dollars
Total revenues	1,526
Total expenditures	(1,522)
Reserve	nil
Surplus/(deficit)	4
Revenue sources	
Personal income tax	80
Corporate income tax	14
Sales tax	na
Other taxes	38
Total tax revenue	132
Federal transfers	1,117
Other revenues	277
Total revenues	1,526
Expenditures	
Education	218
Health	461
Debt servicing	12
Other expenditures	831
Total expenditures	1,522

Notes: Expenditure figures for education and health were shown in consolidated and non-consolidated budgets by department. The health figure includes an amount for social services. Non-consolidated reporting was used to reflect the announced surplus/(deficit) figure; the consolidated surplus was reported as $4 million. Consolidated reporting includes territorial corporations. The debt-servicing figure shown represents expenditures on loan programs. Debt servicing is prorated.

The Yukon government signed a devolution agreement with the federal government in 2003 to assume land and resource management responsibilities. Amendments to the resource revenue-sharing arrangement in 2012 ensured that more resource revenue generated in the Yukon would be available for use in the territory.

On October 1, 2020, the Yukon government issued supplementary estimates no. 1, which forecasts a deficit of $32 million for fiscal year 2020-21.

Source: Yukon, Department of Finance, 2020 Budget, Budget Plan, March 5, 2020.

Northwest Territories (Table 23)

Tax Highlights

- No changes to corporate or personal income tax rates

Tax Changes

1. Corporate Income Tax

No changes were announced.

2. Personal Income Tax

No changes were announced.

3. Sales Tax

No changes were announced.

4. Excise Taxes

No changes were announced.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

Property and education mill rates were adjusted for inflation effective April 1, 2020.

7. Pensions

No changes were announced.

8. Other

No changes were announced.

TABLE 23 Projected Revenues and Expenditures, Northwest Territories, Fiscal Year 2020-21

	millions of dollars
Total revenues	2,186
Total expenditures	(1,896)
Infrastructure contribution, deferred maintenance, fund profit/loss	(87)
Surplus/(deficit)	203
Revenue sources	
Personal income tax	106
Corporate income tax	25
Sales tax	na
Other taxes	146
Total tax revenue	277
Federal transfers	1,785
Other revenues	124
Total revenues	2,186
Expenditures	
Education	340
Health	522
Debt servicing	21
Other expenditures	1,013
Total expenditures	1,896

Notes: Figures showed health and education expenditure by department; the education figure was a composite for the Department of Education, Culture, and Employment, and the health figure included social services. The stated surplus was on a non-consolidated basis.

On April 1, 2014, the Northwest Territories took responsibility for the management of its land, water, and non-renewable resources. The Northwest Territories started to receive resource revenues under devolution in 2014-15; half is offset against federal territorial formula financing grants, up to 25 percent of the balance will be shared with aboriginal governments, and 25 percent of the balance will be saved in the Heritage Fund. The Northwest Territories and the federal government signed a devolution agreement on March 11, 2013.

The debt-servicing amount is assumed to be expenditures classified as "interest" in the summary of expenditures.

A fiscal update address delivered by Finance Minister Caroline Wawzonek on October 16, 2020 indicated that the surplus for fiscal year 2020-21 is expected to decrease to $60 million as a result of COVID-19.

Source: Northwest Territories, Department of Finance, 2020 Budget, Budget Plan, February 25, 2020.

Nunavut (Table 24)

Tax Highlights

- No changes to corporate or personal income tax rates

Tax Changes

1. Corporate Income Tax

No changes were announced.

2. Personal Income Tax

No changes were announced.

3. Sales Tax

No changes were announced.

4. Excise Taxes

No changes were announced.

5. Resource-Related Matters

No changes were announced.

6. Real Estate Taxes

No changes were announced.

7. Pensions

No changes were announced.

8. Other

No changes were announced.

TABLE 24 Projected Revenues and Expenditures, Nunavut, Fiscal Year 2020-21

	millions of dollars
Total revenues	2,348
Total expenditures	(2,328)
Supplementary requirements, revolving funds, and contingencies	(50)
Surplus/(deficit)	(30)
Revenue sources	
Personal income tax	31
Corporate income tax	21
Sales tax	na
Other taxes	93
Total tax revenue	145
Federal transfers	1,837
Other revenues	366
Total revenues	2,348
Expenditures	
Education	241
Health	496
Debt servicing	na
Other expenditures	1,591
Total expenditures	2,328

Notes: Main estimates were prepared on a non-consolidated basis. Surplus/(deficit) was shown on a main estimates basis and not the public account basis, which funds revenues and expenditures. Expenditure figures appeared to be shown by department and include both operations and maintenance expenditures and capital expenditures. The budget does not present debt-servicing costs separately in the main estimates, and an amount that represents those costs cannot be reasonably determined.

Nunavut is in the process of negotiating a devolution agreement with the federal government. The territory was officially established in 1999 and was formerly part of the Northwest Territories.

Source: Nunavut, Department of Finance, 2020 Budget, Budget Plan, February 19, 2020.