

## TAXATION CHANGES – 2003 BUDGET

The following taxation changes were announced by Manitoba Finance Minister Greg Selinger in his Budget Address on April 22, 2003.

### PERSONAL INCOME TAX

**Middle Bracket Tax Rate reduced** Manitoba will reduce the middle bracket rate from 14.9% to 14.0% for the 2004 taxation year. This rate will apply to taxable income between \$30,544 and \$65,000.

**Further information on personal income tax rate reductions, education property tax credits or other non-refundable tax credit amounts may be obtained from Manitoba Finance – Tax Assistance Office:**

309 - 401 York Avenue  
Winnipeg, Manitoba R3C 0P8  
Telephone (204) 948-2115 in Winnipeg  
Manitoba Toll Free 1-800-782-0771  
Fax (204) 948-2263  
E-mail: [TAO@gov.mb.ca](mailto:TAO@gov.mb.ca)

**Manitoba Education Support Levy reduced** The Education Support Levy is a province-wide property tax based levy that goes to local school divisions. Provincially, the 2003 property tax statement will reflect a reduction in the mill rate for residential property from 6.64 mills to 5.28 mills. The new rates will be slightly different for the City of Winnipeg.

**Further information on the Education Support Levy may be obtained from the Schools' Finance Branch - Manitoba Education and Youth:**

511-1181 Portage Avenue  
Winnipeg, Manitoba R3G 0T3  
Telephone: (204) 945-6910  
Fax (204) 948-2000  
E-mail: [mbedu@merlin.mb.ca](mailto:mbedu@merlin.mb.ca)

**Community Enterprise Development Tax Credit introduced** The new Manitoba Community Enterprise Development Tax Credit is a non-refundable 30% personal income tax credit for resident investors. The maximum annual credit is \$9,000 based on \$30,000 of eligible investments. Unused credits may be carried back for 3 years or forward for 7 years. Investments may be in prescribed community enterprises or community development investment pools.

The program will be administered by Manitoba Intergovernmental Affairs.

**Further Information on the Community Enterprise Development Tax Credit may be obtained from Economic Development Initiatives - Manitoba Intergovernmental Affairs:**

Telephone: (204) 945-2427  
Facsimile: (204) 948-2362  
Email: [lprince@gov.mb.ca](mailto:lprince@gov.mb.ca)  
Web Site: [www.gov.mb.ca/ia](http://www.gov.mb.ca/ia)

## **CORPORATION INCOME TAX**

**Manufacturing Investment Tax Credit extended** Manitoba's Manufacturing Investment Tax Credit allows corporations to deduct from their Manitoba Corporation Income Tax, 10% of new manufacturing plant and equipment acquired for first-time use in manufacturing or processing in Manitoba. This measure is extended for an additional 3 years from July 1, 2003 to June 30, 2006. The credit is claimed upon filing of the annual T2 corporation income tax return. The credit is administered on behalf of the province by Canada Customs and Revenue Agency.

The Manufacturing Investment Tax Credit extends the definition of qualified property to include new equipment under class 43.1 purchased after April 22, 2003 to June 30, 2006. Class 43.1 includes (for a firm's own consumption) equipment used to produce energy from renewable sources and equipment that uses energy more efficiently.

**Co-operative Education Tax Credit introduced** A 10% nonrefundable corporation income tax credit is introduced for employers who provide work placements in Manitoba for students enrolled in a recognized post-secondary co-operative education program. This will commence in 2003.

**Small Business Rate - Deposit Guarantee Corporations** Credit union and caisses populaire deposit guarantee corporations in Manitoba will have access to the Manitoba small business corporation income tax rate on their income commencing in 2003.

**Further information on corporation income tax changes may be obtained from Manitoba Finance – Federal-Provincial Relations and Research Division.**

910 - 386 Broadway Avenue  
Winnipeg, Manitoba R3C 3R6  
Telephone (204) 945-3757  
Fax (204) 945-5051  
E-mail: [fedprov@gov.mb.ca](mailto:fedprov@gov.mb.ca)  
Web Site: [www.gov.mb.ca/finance/fedprov](http://www.gov.mb.ca/finance/fedprov)

**Riparian Tax Credit extended** The Manitoba Riparian Tax Credit is extended for one year, allowing agricultural operators to apply for the credit during the 2003 calendar year. New participants commit to maintain specific management practices on riparian land throughout the 2004 to 2006 calendar years to receive a tax credit benefit in each of those years.

Eligibility is also extended to include land adjacent to Order 7 drains (Red and Assiniboine Rivers).

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Winnipeg, Manitoba R3C 0P8  
Telephone (204) 948-2115 in Winnipeg  
Manitoba Toll Free 1-800-782-0771  
Fax (204) 948-2263  
E-mail: [TAO@gov.mb.ca](mailto:TAO@gov.mb.ca)

#### RETAIL SALES TAX

**Exemption for manure slurry tanks and lagoon liners extended** The exemption for manure slurry tanks and lagoon liners that are purchased for use in farm livestock operations has been extended to June 30, 2005.

**Exemption for straw pellets** To promote the use of straw as a value-added resource, effective April 22, 2003, the exemption for firewood used for heating or cooking will now include straw pellets.

#### TOBACCO TAX

**Rate increased** Effective midnight April 22, 2003, the tax rate on tobacco products increased as follows:

	<b>New Tax Rate</b>	<b>Previous Tax Rate</b>
Cigarettes (each)	15.5¢	14.5¢
Fine Cut (per gram)	14.5¢	13.2¢
Raw Leaf (per gram)	13.0¢	11.9¢
Cigars (each)	60% of retail price	45% of retail price

### **CORPORATION CAPITAL TAX**

**Exemption changed to a deduction** Effective for fiscal years commencing after January 1, 2004, the \$5 million corporation capital tax exemption has been changed to a \$5 million deduction. By changing the exemption to a deduction, taxable corporations will not pay tax on their first \$5 million of capital.

Associated corporations will be required to share one deduction.

**Bankers' Acceptances** An amendment clarifies that Bankers' Acceptances are included in the calculation of the taxable capital of a corporation.

### **GASOLINE AND MOTIVE FUEL TAXES**

**Two-year refund period provided for fuel taxes** Effective April 22, 2003, a two-year refund period will be provided for fuel tax refunds, consistent with the two-year refund periods under other provincial taxation statutes.

**Further information on provincial taxes may be obtained from Manitoba Finance – Taxation Division:**

**Winnipeg Office**

101 - 401 York Avenue  
Winnipeg, Manitoba R3C 0P8  
Telephone (204) 945-5603  
Manitoba Toll Free 1-800-782-0318  
Fax (204) 948-2087  
E-mail: [MBTax@gov.mb.ca](mailto:MBTax@gov.mb.ca)  
Web Site: [www.gov.mb.ca/finance/taxation](http://www.gov.mb.ca/finance/taxation)

**Westman Regional Office**

311, 340 - 9th Street  
Brandon, Manitoba R7A 6C2  
Telephone (204) 726-6153  
Manitoba Toll Free 1-800-275-9290  
Fax (204) 726-6763

**For specific wording of the law, please refer to the applicable Act and Regulations.**