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## **PROVINCIAL INCOME TAXES TO BE REDUCED BY \$48 MILLION JAN. 1, PROVINCE TO ACCELERATE CORPORATE TAX CUTS**

### **Manitoba to Raise Minimum Wage**

Manitobans and Manitoba businesses will receive a \$48-million tax break effective Jan. 1, while Manitoba's minimum wage will increase 35 cents April 1, 2006, and another 40 cents April 1, 2007, Labour and Immigration Minister Nancy Allan announced today.

"Since 1999, we have introduced an aggressive strategy to reduce provincial personal and business taxes which together will save taxpayers over \$500 million annually and represent the largest tax cut plan in Manitoba's history. We have also increased the minimum wage in each of the last five years for an increase of over 20 per cent," said Allan. "Our government is delivering on our commitment to reduce taxes in a responsible manner and adjust the minimum wage in an economically sustainable manner."

The province has announced there will be \$48 million in additional tax relief in 2006. The general Corporation Income Tax rate that was previously scheduled to be reduced to 14.5 per cent from 15 per cent July 1 will be advanced to take effect Jan. 1. By accelerating the corporate tax cut, a further \$6 million will go back into Manitoba businesses.

The province will also cut personal income taxes by reducing the middle bracket rate to 13.5 per cent from 14 per cent and will reduce the small business income tax rate to 4.5 per cent from five per cent Jan 1.

"The personal income tax cut is worth \$30 million, the general corporate rate cut is worth \$12.5 million and the small business rate cut is worth \$5.3 million," said Allan. "By accelerating our corporate tax cuts, companies will be able to take advantage of the lower rates sooner than previously announced. While other provinces were cancelling or postponing tax reductions, we have kept and exceeded our commitment."

Since 1999, the government has:

- reduced the middle bracket rate to 13.5 per cent from 16.2 per cent,
- reduced the small business rate to 4.5 per cent from eight per cent,
- reduced the general Corporation Income Tax rate to 14.5 per cent from 17 per cent,
- doubled the small business tax rate threshold to \$400,000 from \$200,000,
- increased the Farmland School Tax Rebate to 60 per cent,
- broadened the Manufacturing Investment Tax Credit,
- increased the Manitoba Research and Development Tax Credit to 20 per cent from 15 per cent,
- enhanced the Film and Video Production Tax Credit,
- increased the Education Property Tax Credit from \$250 to \$400, and
- cut the Education Support Levy by 69 per cent.

The government is also committed to the following tax reductions during the current mandate:

- reducing the middle bracket income tax rate further to 13 per cent from 13.5 per cent,
- reducing the small business tax rate further to four per cent from 4.5 per cent in 2007, and
- reducing the general business rate further to 14 per cent in 2007.

The most recent increases in Manitoba's minimum wage were 25 cents an hour each in April 2001, 2002, 2003, 2004 and 2005 bringing the rate to the present \$7.25 an hour. The next increase will bring the minimum wage to \$7.60 an hour.

Manitoba's position continues to be in the middle of rates among Canadian jurisdictions. Rates in other jurisdictions as of Dec. 1 were: Nunavut, \$8.50; Northwest Territories, \$8.25; British Columbia, \$8; Quebec, \$7.60; Ontario, \$7.45; Yukon, \$7.20; Saskatchewan, \$7.05; Alberta, \$7; Prince Edward Island, \$6.80; Nova Scotia, \$6.80; New Brunswick, \$6.30; and Newfoundland and Labrador, \$6.25. Ontario has already announced that it will raise its minimum wage to \$8 in 2007 while Saskatchewan has announced that it will raise its minimum wage to \$7.95 in 2007.

“The incremental increase of the minimum wage along with the important tax cuts for businesses announced today make it more manageable for an employer to do business while still allowing the government to increase the purchasing power of low-income earners,” said Allan. “Our rate will continue to remain in the middle of rates among Canadian jurisdictions.”

Allan also released the report of the Minimum Wage Board public review. It can be viewed at <http://www.gov.mb.ca/labour/standards/>

The board, appointed to advise the minister on the minimum wage, consists of a chair and an equal number of employee and employer representatives. The Minimum Wage Board was tasked with developing minimum wage recommendations for Manitoba.

“The Minimum Wage Board actively sought input from stakeholders and the general public,” said Allan. “The board received many submissions from stakeholders and the general public during the consultation process and I would like to thank the board members for their hard work and to everyone who took the time to provide us with their input and ideas.”

BACKGROUND INFORMATION ATTACHED

## TAX REDUCTIONS SINCE 1999

<b>TAX RATES</b>	<b>1999</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>% decrease</b>
Middle Personal Income Tax	16.6 %	14 %	13.5 %	n/a	-19
Corporate Income Tax	17.0 %	15 %	14.5 %	14 %	-18
Small Business Income Tax	8.0 %	5 %	4.5 %	4 %	-50

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