

## 2021 Manitoba Budget Highlights

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On April 7, 2021, the Province of Manitoba unveiled its 2021 budget. To the relief of many, the budget does not increase corporate or personal income tax rates. There are however, a number of other significant changes which include new, enhanced, and extended corporate and personal tax credits, new rebates on the education property tax, as well as changes in the requirements for certain retailers to collect and remit provincial sales tax.



### **Health and Post-Secondary Education Tax Levy**

Effective January 1, 2022, this credit, frequently referred to as “payroll tax”, will have increased thresholds as follows:

- i. An increase in the exemption threshold for a business’ annual payroll from \$1.5 million to \$1.75 million.
- ii. An increase in the annual payroll range subject to the 4.3% tax rate to payroll between \$1.75 million and \$3.5 million, from \$1.5 million and \$3 million.
- iii. An increase in the threshold where the 2.15% tax applies on total payroll, from over \$3 million, to over \$3.5 million.

### **RST**

#### Removal of RST on personal care services

- Effective December 1, 2021, there will be an RST exemption on certain personal services including hair services, non-medical skin care and aesthetician services, and spa and body modification services.

#### Streaming Services

- Effective December 1, 2021 streaming service providers will be required to collect and remit RST.

#### Online marketplaces and accommodation platforms

- Effective December 1, 2021 online marketplaces will be required to collect and remit RST sales of taxable goods sold by third parties on the online marketplaces' platforms. Similarly, online accommodation platforms will also be required to collect and remit RST on the booking of certain accommodations in Manitoba.

## **Tax Credits**

### *Enhancements*

#### Interactive Digital Media Tax Credit

- Effective 2021, eligible activities for this credit have been expanded to include add-on digital media and complimentary content and services (such as downloadable content).

#### Small Business Venture Capital Tax Credit

- Effective 2021, this non-refundable tax credit will be enhanced, where the maximum eligible investment by an investor will be increased by \$50,000, from \$450,000 to \$500,000 and where the maximum annual tax credit that can be claimed will be increased by \$52,500, from \$67,500 to \$120,000.

#### Film and Video Production Tax Credit

- The frequent filming bonus of 10% will be suspended so that companies eligible for the bonus on March 31, 2020, will retain their eligibility status until March 31, 2022, at which point the bonus will resume.

### *Extensions*

#### Cultural Industries Printing Tax Credit

- Extended by one year, to December 31, 2022.

#### Community Enterprise Development Tax Credit

- Extended by one year, to December 31, 2022.

#### Book Publishing Tax Credit

- Has been made permanent.

#### Interactive Digital Media Tax Credit (IDMTC)

- Has been made permanent.

### *New Credit*

#### New Teaching Expense Tax Credit

- Effective as of 2021, the budget introduces a new 15% refundable tax credit for educators' eligible teaching supplies not reimbursed by their employer.

## Rebate

### Education Property Tax Rebate

- The province will begin phasing out education property taxes in 2021 and will provide the following rebates for property owners:
  - For commercial property owners - a rebate of 10% of the total of the school division special levy and the education support levy payable.
  - For residential owners and farm property owners - a rebate of 25% of the school division special levy and the community revitalization levy payable.
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