

NOVA SCOTIA BUDGET BULLETIN

FOR THE FISCAL YEAR 2008–09



Tax Relief for Nova Scotians

The province of Nova Scotia will hold the line on corporate taxes, proceed with promised tax reductions, and introduce new tax relief in 2008 and 2009. These measures will save Nova Scotians \$97 million in 2008 and \$138 million in 2009.

Since 2006, the province has introduced new tax relief measures that have reduced personal income taxes by more than \$30 million.

New Income Tax Measures for 2008 and 2009

2008–2009 Budget—New Tax Measures	Estimated Tax Relief in 2008 (from these credits)	Estimated Tax Relief in 2009 (from these credits)
Volunteer Firefighters and Ground Search and Rescue Tax Credit	\$3.9 million	\$5.3 million
Healthy Living Tax Credit	\$3.3 million	\$8.6 million
Transit Tax Credit	—	\$1.5 million
Film and Digital Media Tax Credits	\$15.5 million	\$17.3 million

- The Volunteer Firefighters Tax Credit, introduced in the 2007–2008 budget, will be expanded to include ground search and rescue volunteers. Like volunteer firefighters, ground search and rescue volunteers will be eligible for a \$375 refundable tax credit in 2008 and a \$500 refundable tax credit in 2009. Program details for ground search and rescue volunteers will be developed this year. The volunteer tax credits will have an estimated value of \$3.9 million in 2008 taxation year.
- The Healthy Living Tax Credit for children's sport and recreational activities was introduced in 2005, providing a credit on up to \$150 in registration fees for eligible children's fitness activities. The maximum expense was increased to \$500 in 2006.

Starting in 2009, the Healthy Living Tax Credit for sport and recreational activity registration fees will be extended to all Nova Scotians. The maximum expenditure per individual will be \$500, encouraging all Nova Scotians to participate in healthy lifestyles through fitness. Once fully implemented, the expanded tax credit is expected to save Nova Scotians over \$8 million per year.

The Department of Health Promotion and Protection will soon be extending the list of eligible organizations to include those that provide fitness opportunities for adults.

- Starting in 2009, the province will match the Federal Transit Tax Credit. This non-refundable tax credit is calculated at the lowest personal income tax rate for the year (8.79 per cent) and deducted from the amount of provincial tax owed.

As announced in the fall, the 2008–2009 budget also enhances the competitiveness of Nova Scotia’s film and digital media industries by increasing corporate tax credits that support these industries:

- The base film tax credit for productions commencing after September 30, 2007, will increase to 50 per cent of eligible salaries paid to Nova Scotia labour up to 25 per cent of total production costs. In addition, the bonus for filming in the eligible geographic area will increase to 10 per cent of eligible salaries up to 5 per cent of total production costs.

- The province’s digital media tax credit will increase to 50 per cent of eligible salaries up to 25 per cent of total production costs for expenditures incurred after December 31, 2007. In addition, the bonus for producing in the eligible geographic area will increase to 10 per cent of eligible salaries up to 5 per cent of total production costs.

The province’s film industry and digital media tax credits are worth an estimated \$15 million per year.

Other Tax Changes in 2008 and 2009

Implementing Previously Announced Tax Measures

	Estimated Tax Relief in 2008	Estimated Tax Relief in 2009
Basic personal amount and other credits	\$32.3 million	\$48.4 million
Graduate Tax Credit	\$14.3 million	\$14.3 million
Large Corporations Tax Reduction	\$28.0 million	\$42.8 million

Personal Amounts and Credits

The 2006–2007 budget established a scheduled series of increases in personal income tax credits. The value of these tax credit changes will depend on each family’s individual circumstances.

The basic personal amount, a credit against personal income tax, will increase from \$7,481 in 2007 to \$7,731 in 2008 and by a total of \$1,000 through 2010.

Other Nova Scotia personal tax credits, such as the spousal, disability, pension, and age amounts, are also increasing by 13.8 per cent over four years.

For the 2008 taxation year, the growth in these credits will save Nova Scotia taxpayers \$32 million relative to 2006 credits. In 2009, the savings will be \$48 million relative to 2006 credits.

Starting in 2011, the basic personal amount, non-refundable tax credits, and personal income tax brackets will be indexed.

Graduate Tax Credits

The Graduate Tax credit introduced in 2006 will increase from \$1,000 to \$2,000 in 2008. The increased graduate tax credit is expected to save new graduates over \$14 million in taxes for the 2008 tax year.

Large Corporations Tax

The province continues to phase in changes to promote a more competitive corporate tax environment. The province’s Large Corporations Tax (LCT) on capital of non-financial institutions will decline from 0.225 per cent to 0.2 per cent on July 1, 2008. The tax rate will continue to decline until the elimination of the LCT in 2012. Relative to its peak of 0.3 per cent in 2005, the reduced LCT rate will save Nova Scotia businesses an estimated \$28 million in the 2008 tax year and \$42.8 million in the 2009 tax year.