

MAJOR TAXES in MANITOBA (FEDERAL and PROVINCIAL)

SALES TAXES

Federal Goods and Services Tax

Individuals, businesses and other entities pay the 5% federal Goods and Services Tax (GST) on most goods and services.

Most businesses, including manufacturers and processors, qualify for full input tax credits on the amount of GST paid on purchases made for business purposes where the firm is not the final consumer.

There is also a GST credit for low-income households. The amount of the GST credit depends on a number of factors, including household income, number of dependent children, marital status, among other characteristics.

For more information please contact:

Canada Revenue Agency
Business Enquiries and Registrations
Phone: 1.800.959.5525
Website: www.cra-arc.gc.ca

Manitoba Retail Sales Tax

The Retail Sales Tax is an 8% tax applied to the retail sale or rental of most goods and certain services in Manitoba. The tax is calculated on the selling price, before the federal GST (Goods and Services Tax) is applied.

For detailed information, please contact:

Manitoba Finance: Taxation Division
Phone: 204.945-5603 or 1.800.782.0318
Website: www.gov.mb.ca/finance/taxation

PAYROLL TAXES

Federal Canada Pension Plan

The Canada Pension Plan (CPP) is a federally levied and administered plan that provides retirement, disability and survivors' benefits, certain children's benefits and death benefits. Employees and employers, including the self-employed, must contribute to the plan.

For the 2017 calendar year, the CPP contribution rate, by both the employee as well as the employer on behalf of the employee, is 4.95% on maximum contributory earnings of \$51,800, less an exemption of \$3,500. The maximum contribution is \$2,564.10; for the self-employed, the maximum contribution is \$5,128.20 (2 times \$2,564.10).

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For more information please contact:
Canada Pension Plan
Phone: 1.800.277.9914
Website: www.hrsdc.gc.ca/eng/isp/cpp/cpptoc.shtml

Federal Employment Insurance

Employment insurance is levied at the federal level in Canada. Both the employee and the employer contribute to the plan, but the employer contributes an amount equal to 1.4 times the amount paid by the employee.

For the 2017 calendar year, the employment insurance rate is 1.63% on maximum insurable earnings of \$51,300. The maximum contribution for an employee is \$836.19 and the maximum contribution for an employer is \$1,170.67 (1.4 times \$836.19).

For more information please contact:
Website: www.servicecanada.gc.ca/eng/sc/ei/index.shtml

Manitoba Health and Post-Secondary Education Tax Levy

The Health and Post-Secondary Education Tax Levy (HE Levy) is a tax imposed on remuneration that is paid to employees. The HE Levy is paid by employers with a permanent establishment in Manitoba. Employers with total remuneration in a year of \$1.25 million or less are exempted (see note below). Associated groups (associated corporations/certain corporate partnerships) must share the \$1.25 million exemption based on the total of their combined yearly payroll.

Total Yearly Payroll	HE Levy Rate
\$1.25 million or less	Exempt
Between \$1.25 million and \$2.5 million	4.3% on the amount in excess of \$1.25 million (notch provision)
Over \$2.5 million	2.15% of the total payroll (the first \$1.25 million is not a deduction)

Note: Employers that do not maintain a permanent establishment in Manitoba during an entire year are required to prorate the amount of the exemption or notch provision (as the case may be) for that year.

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CORPORATION TAX RATES
Federal Rates

The basic rate of Part I tax is 38% of your taxable income, 28% after federal tax abatement. After the general tax reduction, the net tax rate is 15%.

For Canadian-controlled private corporations claiming the small business deduction the net tax rate is 10.5%.

Provincial or Territorial Rates

Generally, provinces and territories have two rates of income tax – a lower rate and a higher rate.

Lower rate

The lower rate applies to the income eligible for the federal small business deduction. One component of the small business deduction is the business limit. Some provinces or territories choose to use the federal business limit. Others establish their own business limit.

Provincial and territorial lower and higher tax rates not including Quebec and Alberta.

Higher rate

The higher rate applies to all other income.

Provincial and territorial tax rates (except Quebec and Alberta)

The following table shows the income tax rates for provinces and territories (except Quebec and Alberta, which do not have corporation tax collection agreements with the CRA).

Province or Territory	Lower Rate	Higher Rate
Newfoundland and Labrador	3%	15%
Nova Scotia	3%	16%
New Brunswick	3.5%	14%
Prince Edward Island	4.5%	16%
Ontario	4.5%	11.5%
Manitoba	Nil	12%
Saskatchewan	2%	12%
British Columbia	2.5%	11%
Nunavut	4%	12%
Northwest Territories	4%	11.5%
Yukon	3%	15%

These rates are in effect January 1, 2017.

Source: Canada Revenue Agency

Updated: May 2017