



# *Tax Changes 2012–2013*

The province is pleased to provide modest but real tax reductions that will help tens of thousands of Nova Scotians.

Nova Scotians shared the challenge of getting the province back to balance. The province's fiscal discipline will generate a large enough surplus to allow government to reduce the HST by one percentage point in 2014 and another one percentage point in 2015.

## *Personal Income Tax Credits—\$7.5 million*

Increases to three non-refundable personal income tax credits will allow about 78,000 Nova Scotians to keep more of their income.

### **Budget 2012 will**

- increase the dependant amount to \$8,481 to match the basic personal amount. This will provide total savings of \$1.4 million, with an average benefit of \$99 for about 14,000 tax filers in Nova Scotia. This non-refundable credit is claimed by filers with no spouse or common-law partner and who have children under the age of 18.
- increase the spouse amount to \$8,481 to match the basic personal amount. This increase will provide total savings of \$4.6 million, with an average benefit of \$103 to approximately 44,000 tax filers in Nova Scotia. This non-refundable credit is claimed by filers with a spouse or common-law partner.
- increase the disability amount to \$7,341. The average benefit will be \$75 for about 20,000 Nova Scotians and will provide total savings of \$1.5 million. This non-refundable credit is claimed by filers who are disabled or who have a dependant with a disability.

## ***Nova Scotia Affordable Living Tax Credit and Poverty Reduction Credit—\$3 million***

Both the Nova Scotia Affordable Living Tax Credit and the Poverty Reduction Credit will be increased to help reduce the impact of rising prices on everyday needs. Effective July 1, 2012, these programs will continue to help make life more affordable for thousands of low-income families in Nova Scotia.

### **Budget 2012 will**

- increase the Affordable Living Tax Credit amount to \$255 for an individual adult and to \$60 for a dependant child, helping approximately 240,000 Nova Scotians
- increase the Poverty Reduction Credit to \$250 per year, helping approximately 15,000 families

## ***Tax Reduction for Small Business—\$10 million (for the 2013 tax year)***

For the third year in a row the government will further reduce the provincial tax rate for small businesses. Last year, the rate dropped from 4.5 per cent to 4.0 per cent and the year before it dropped from 5.0 per cent to 4.5 per cent. Previously this rate had not changed in 20 years.

### **Budget 2012 will**

- drop the small business corporate income tax rate from 4.0 per cent to 3.5 per cent, effective January 1, 2013.

Eligible small businesses can apply this rate on the first \$400,000 of taxable income. The combined impact of these rate decreases will save small businesses an additional \$21.5 million in 2012–2013, rising to \$30 million annually by 2013–2014.

## ***Large Corporations Tax—\$16.3 million***

The province will keep the commitment to eliminate the Large Corporations Tax on capital of non-financial institutions as of July 1, 2012. Approximately 2,700 Large Corporate Tax filers will benefit from the elimination of this tax.

## ***Tax Reduction for Low-Income Seniors—\$7.7 million***

The province is committed to ensuring that seniors receiving the Guaranteed Income Supplement (GIS) will get a refund if they pay provincial income tax. Seniors do not have to apply for the refund, and there is no form to fill out. However, it is important that seniors receiving GIS file their tax returns annually.

### **Budget 2012 will**

- put a minimum of \$50, or an average of about \$450, in provincial income tax back in the hands of about 17,000 low-income seniors receiving the Guaranteed Income Supplement.

## ***Graduate Retention Rebate—\$11.2 million***

The province will continue to provide an incentive for new graduates to live and work in Nova Scotia. University graduates (bachelor, master and doctorate) who graduated in 2009 and after are eligible to reduce their Nova Scotia income taxes by a maximum of \$2,500 per year in the year of graduation and in each of the next five years, to a maximum of \$15,000 over the six-year period. For individuals who complete diploma or certificate programs (from college or university) in 2009 and after, the Graduate Retention Rebate provides a tax credit worth a maximum of \$1,250 per year, totaling a maximum of \$7,500 over the six-year period.

The Graduate Retention Rebate will benefit over 8,000 graduates by providing an average income tax rebate of approximately \$1,300 in 2012–2013.

## ***Equity Tax Credit & Labour-Sponsored Venture Capital Tax Credit—\$6.6 million***

The Equity Tax Credit and the Labour-Sponsored Venture Capital Tax Credit were scheduled to expire on February 29, 2012. They have both been extended for a ten-year period to February 28, 2022.