

Community Update: Business Tax Measures

Nov 18, 2017

This Community Update includes information about several provincial changes that may impact your business that were announced as part of the *BC Budget Update of September 2017*. Some of these changes are briefly outlined in this bulletin. If you have further questions, please do not hesitate to reach out to my Community Office.



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The **Small Business Corporate Income Tax Rate** will decrease from 2.5% to 2% effective April 1, 2017.

A **Small Business Task Force** has been established to help strengthen and grow the sector in BC.

The **Small Business Venture Capital Tax Credit** budget has increased from \$35 million to \$38.5 million, allowing up to \$11.7 million in additional equity financing for qualifying corporations annually.

Several **Business Tax Credits** have been extended:

- Scientific research and experimental development tax credit (to August 31, 2022)
- Training tax credits (to December 31, 2018)
- Book publishing tax credit (to March 31, 2018)

The **Interactive Digital Media Tax Credit (IDMTC)** can be claimed by corporations with annual qualifying BC labour expenses that exceed \$2M for tax years that end on or after February 22, 2017, even if their principal business is not the development of interactive digital media products.

Preferential Tax Treatment for Credit Unions will continue at 100%, instead of 60%, as was previously scheduled.

The **International Business Activity Program** is eliminated, effective September 12, 2017. International business activities no longer qualify for personal or corporate income tax refunds.

The **Carbon Tax Rate** will increase by \$5 per tonne of CO₂e, effective April 1, 2018. After September 11, 2017, the requirement to prepare the Carbon Tax Report and Plan will no longer apply.

PST on Electricity Use by Businesses will be reduced to 3.5% from 7% in 2018 and then eliminated entirely by April 1, 2019.

Medical Services Plan (MSP) Premiums will be reduced by 50% effective January 1, 2018. This is the first step towards phasing out MSP Premiums entirely.

The **General Corporate Income Tax Rate** will increase to 12% from 11%, effective January 1, 2018. Canadian-controlled private corporations that have taxable capital under \$10 million are generally eligible for the small business rate on their first \$500,000 of taxable income. Income that is not eligible for the small business rate is taxed at the general corporate income tax rate.